



Unitywater

ANNUAL REPORT

2014-2015

Serving you today, investing in tomorrow.



About this report

The 2014-15 Annual Report for Unitywater has been prepared in accordance with the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2009* and the *Annual report requirements for Queensland Government agencies*, June 2015 edition.

To meet State Government requirements, a limited number of copies of this report were printed.

We encourage interested individuals or groups to view the report online and/or download a copy from www.unitywater.com/annualreport

Where this is not possible, a small number of copies are available from our Customer Service Counters at 33 King Street, Caboolture and 6-10 Maud Street, Maroochydore, between the hours of 8.30am and 5pm, Monday to Friday.

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Unitywater is committed to providing accessible services to Queensland residents from all cultural and linguistic backgrounds. If you have difficulty understanding this Annual Report and require an interpreter please contact the Translating and Interpreting Service (TIS National) by telephoning 131 450.

Unitywater

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Unitywater Annual Report 2014-15

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Dear Minister

I am pleased to present the Annual Report 2014-15 and financial statements for Unitywater.

I certify that this Annual Report complies with:

- The prescribed requirements of the *Financial Accountability Act 2009*
- The *Financial and Performance Management Standard 2009*
- The detailed requirements set out in the *Annual report requirements for Queensland Government agencies*.

A checklist outlining the annual reporting requirements can be found on page 32 of this annual report or accessed at www.unitywater.com

Yours sincerely

A handwritten signature in blue ink that reads "Jim Soorley".

Jim Soorley
Chairman

4 September 2015

About us

Unitywater is a statutory authority, formed under the *South-East Queensland Water (Distribution and Retail Restructuring) Act 2009*. Governed by an independent Board, we have a Participation Agreement with the Moreton Bay Regional Council, Sunshine Coast Council and the Noosa Council. We service these local authority areas on behalf of their citizens.

What we do

Twenty-four hours a day, seven days a week, Unitywater's priority is providing our customers with a high quality, safe and reliable sewerage and water service that is economically and environmentally sustainable. We:

- maintain and supply drinking quality water to homes, businesses and public areas
- collect, treat and dispose of sewage
- produce and provide recycled water to residential and commercial customers and community groups
- manage trade waste from our business and industrial customers
- build, manage, operate and maintain our sewerage and water infrastructure, including recycled water assets
- provide around the clock response to sewerage, water and recycled water emergencies
- manage customer and stakeholder enquiries
- issue and manage sewerage, water supply and recycled water accounts
- provide returns to our participating councils
- provide responsive 24/7 incident, media and public information to ensure that our communities are prepared, informed and supported as needed.

Our vision

We aim to be a sustainable, industry-leading community and customer-oriented water and allied services business

Our purpose

Keeping our communities healthy

Our values

Reliability

We mean and do what we say: consistently, professionally in a timely manner

Safety

We think, walk and talk safety everyday and have the systems and processes in place to protect us, our customers, the community and the environment from our activities

Honesty and integrity

The work we do is always and only in the best interests of our customers, stakeholders, community and the environment

Efficiency

We don't waste time, money or effort because we have the right people in the right place getting it right the first time

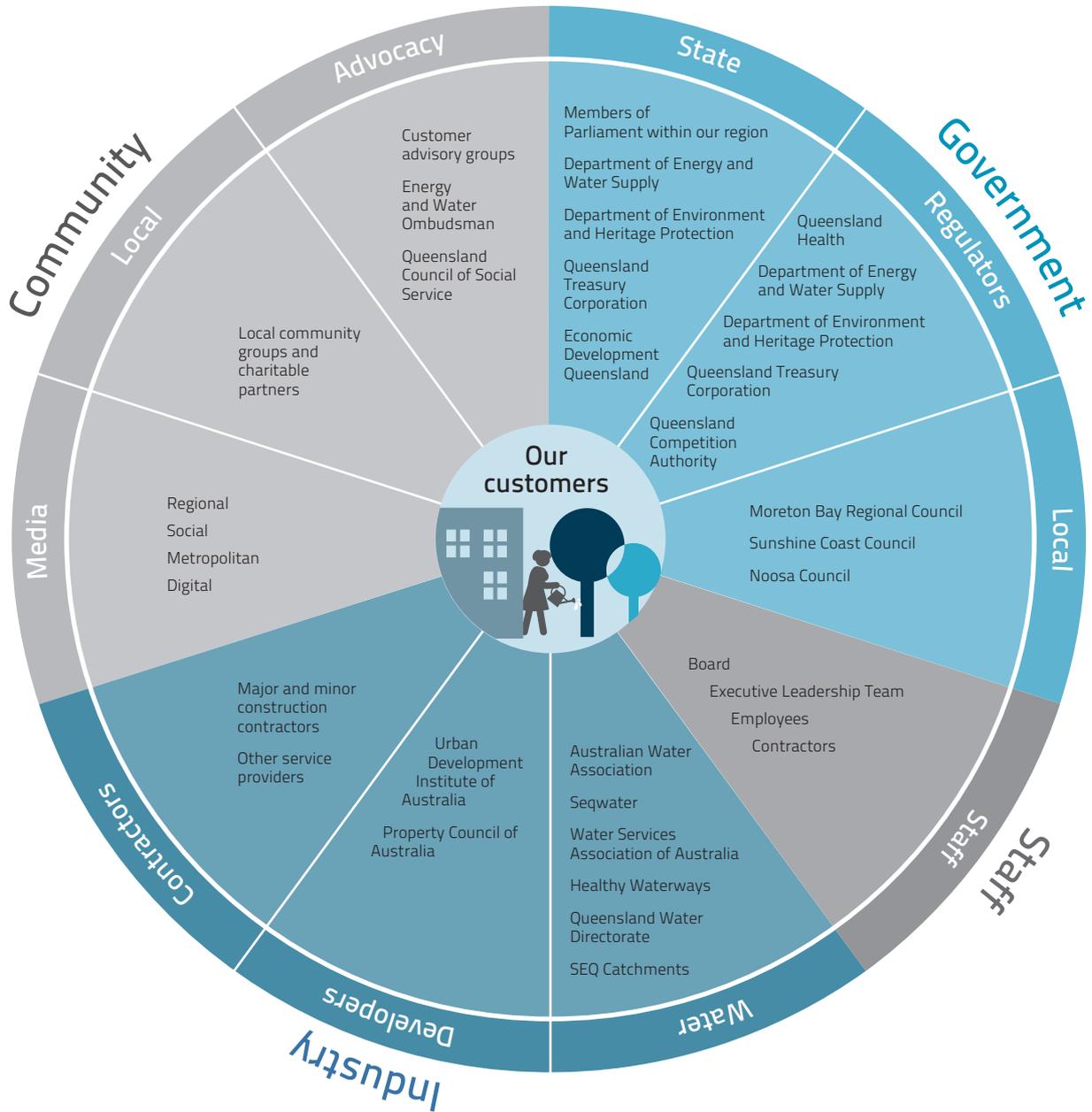
One team

No one succeeds at the expense or exclusion of others, and we are proud of our collective success

Innovation

We seek new ways of doing things better

Our stakeholders



Our strategic goal: Reduce our total cost to serve

Strategic priorities

Enhance
Customer
Value

Improve
Sustainability

Pursue
Efficiency

Strategies

Provide effective,
low cost customer
service

Inform and engage
stakeholders

Reduce the cost of
regulation

Generate a profit on
new products and
services

Meet governance
and compliance
requirements

Create a safe, proud and
productive culture

Develop smarter systems
and processes

Improve asset
performance

Operate efficiently

Unitywater's Corporate Strategic Plan 2015–20 is a five-year roadmap that takes us as an organisation to achieve our strategic goal of reducing our total cost to serve. This report describes and quantifies the strides we have made towards these goals.

Unitywater's business direction and service delivery aligns broadly with the State Government's objectives for the community, which aim to protect the environment through ensuring sustainable management of natural resources, and deliver new infrastructure and quality frontline services.

Strategic risks

Unitywater has identified and assessed the strategic risks and opportunities that it faces in the following areas:

- Safety
- Water quality
- Customer service
- Financial sustainability
- Regulatory compliance and policy
- Climate change
- Workforce planning
- Asset management

Unitywater manages these risks and opportunities through its strategic initiatives and annual business planning.

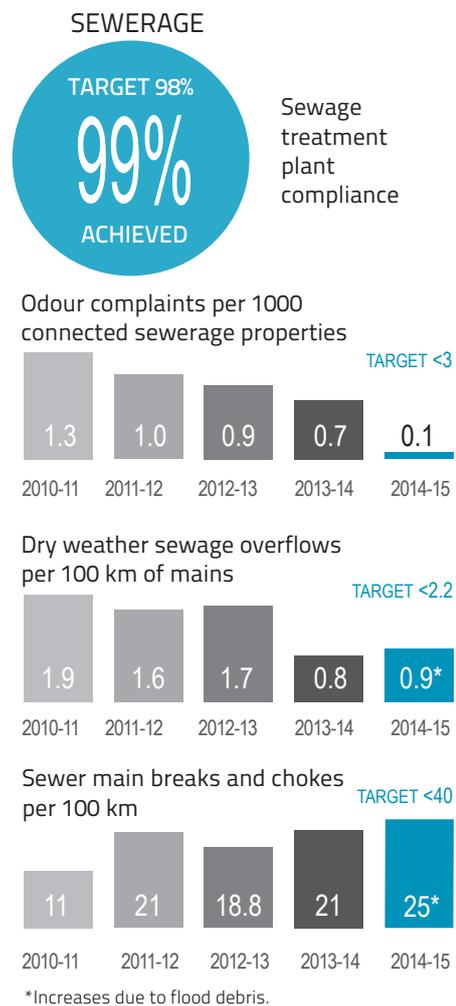
Key facts for 2014-15

Unitywater operates and maintains \$3.1 billion of assets across our service area. Throughout 2014-15 we grew our investment in this critical infrastructure while achieving savings across our operations:

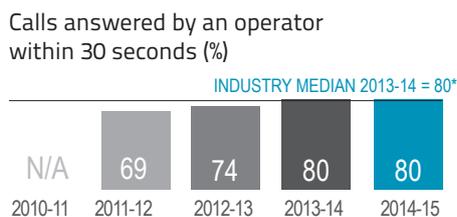
- We supplied more than 760,000 people across 5223 square kilometres with sewerage and water services.

- Our customer satisfaction rating reached 6.7.
- We invested \$35.8 million in water supply infrastructure.
- We invested \$57.4 million in sewerage infrastructure.

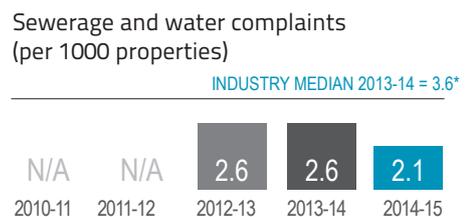
Meeting service standards



CUSTOMER SERVICE

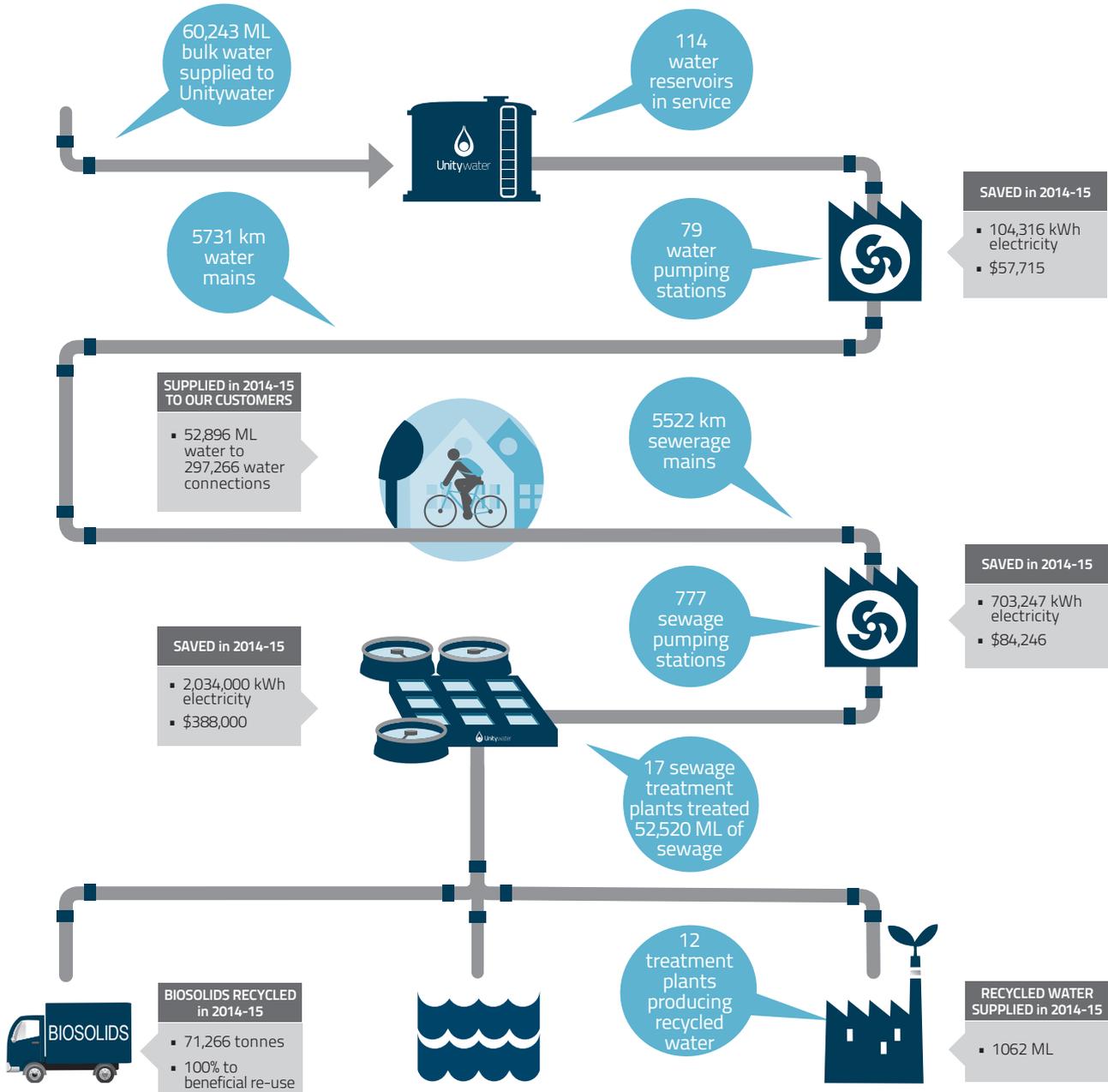


*Australian utilities with 100,000+ connected properties (National Performance Report 2013-14 Urban Water Utilities)

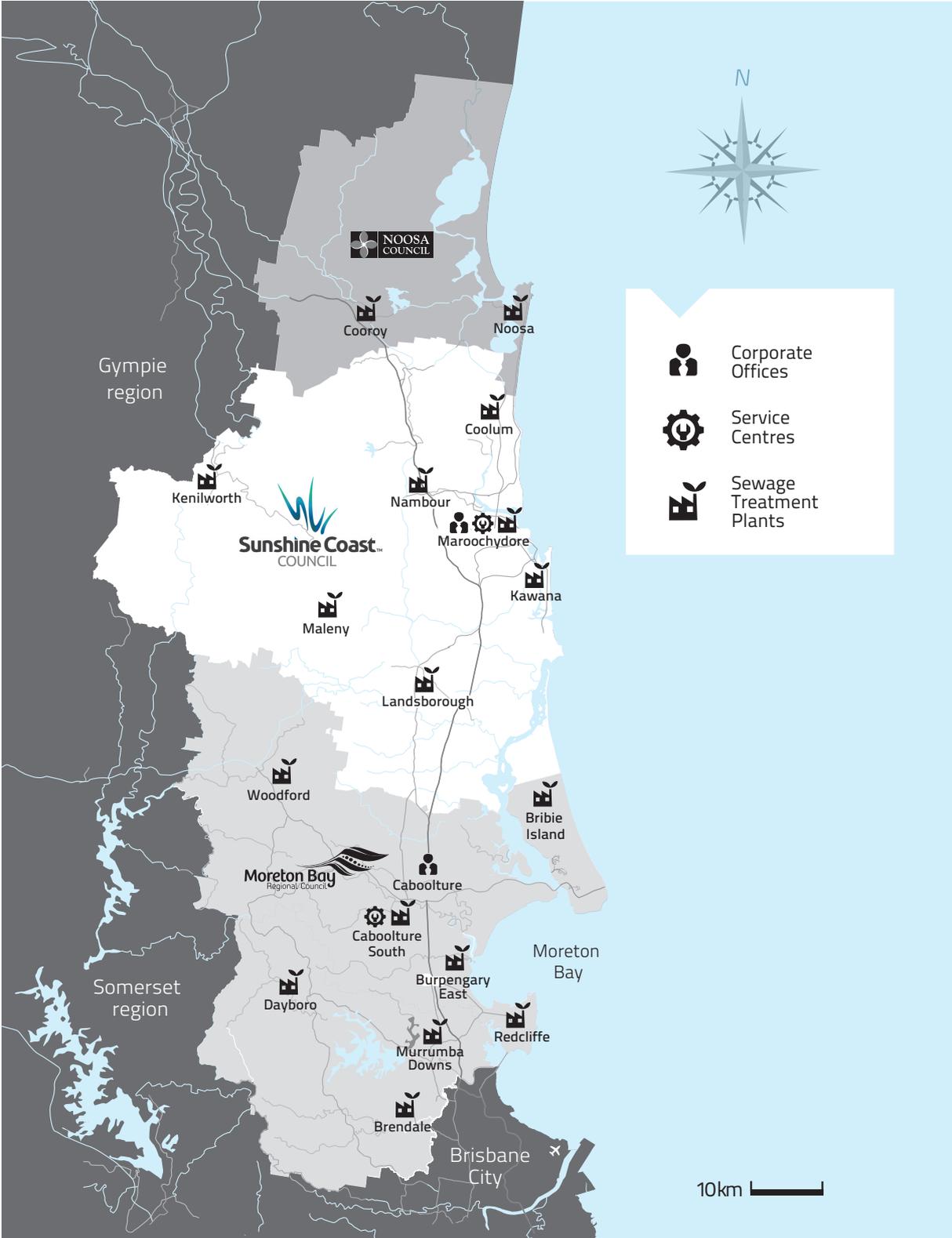


*Australian utilities with 100,000+ connected properties (National Performance Report 2013-14 Urban Water Utilities)

The following summarises our sewerage and water operations for the year:



Unitywater's service area



Message from the Chairman and CEO

We are very pleased to present our 2014-15 Annual Report, marking five years of Unitywater operations. This report provides a summary of our operational performance, governance and compliance practices and the audited financial report.

In these five years we have made considerable progress towards our vision of becoming an industry leading water and allied services business that places the customer at the heart of everything we do.

Maintaining our community's assets

Unitywater continued to respond to emergency sewerage and water incidents 24 hours a day seven days a week and carried out thousands of planned maintenance activities to keep the sewerage and water network and treatment plants operating efficiently. In the process, our crews travelled 6.5 million kilometres across the region to maintain these vital assets.

Making prices fairer

One of our most important achievements since our formation, and one that wrapped up in 2014-15, is the delivery of our two and a half year program of tariff reform. We have successfully transitioned from a complex set of tariffs, fees and charges inherited from six councils to a fairer, more consistent pricing structure with an emphasis on user pays. Pricing reform has resulted in a \$4 million annual revenue loss to Unitywater but more importantly ensured over 140,000 of our customers were financially better off.

Working with communities

Our upgraded Maleny Sewage Treatment Plant and its associated wetlands won the Business Award for the Best Specific Environmental Initiative in the UN World Environment Day Awards in June 2015. We share this prestigious award with the community of Maleny, whose support was vital in helping us create this important facility.

Community engagement remains key in putting a face to Unitywater and this year our many community programs included working with Caloundra locals to choose the design and paint a mural on the landmark Queen Street reservoir. Customer satisfaction is at an all-time high of 6.7 out of 10.

Working with the development industry

Unitywater experienced an unprecedented increase in developer applications of 436% to 9500 for the financial year. This increase coincided with the launch of the new South East Queensland Utility Model.

Unitywater managed this increase with additional resources, and by ensuring we were able to process applications within the specified timeframe as the year progressed.

Innovations and upgrades

Any revenue loss is counterbalanced by our continued focus on reducing our operating costs. With electricity as our second highest cost after salaries and wages, initiatives to cut our energy bills include installing energy efficient pumps, trialling micro hydro generators to harvest electricity from pressure reduction facilities and water mains, and installing a 95 kilowatt solar power system on the roof of our Northern Service Centre in Maroochydore.

Other important innovations marking the 2014-15 year include our completion of the replacement and upgrade of 11 legacy SCADA systems to achieve one sophisticated network monitoring and control system at a cost of \$50 million. Improved centralised monitoring and control of almost 1000 sewerage and water assets has contributed to fewer sewerage overflows and more efficient deployment of field crews.

We also trialled different chemicals in partnership with industry and academia to explore more effective techniques to reduce sewerage odour complaints from our operations.

Workforce and leadership

The Unitywater of the future depends on our people and we have begun a three year program of Workforce Transformation that raises the bar on our teamwork, leadership and effectiveness of all of our employees.

Safety performance

We are immensely proud of all our people and how they have continued their focus on achieving Zero Harm, driving down the Lost Time Injury Frequency Rate to a record low of 0.8. We have further reduced the Significant Injury Frequency Rate by 58% to 8.

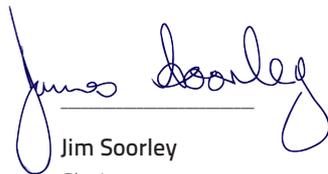
Environmental performance

We continued our program of upgrading our sewage treatment plants to meet both environmental standards and community expectations. The process to upgrade the Redcliffe Sewage Treatment Plant has begun, with a contract awarded to design, build, operate and maintain the plant. Our \$42 million upgrade of the Nambour Sewage Treatment Plant opened early in 2015, providing significant reduction in nitrogen (13 tonnes per annum) and phosphorous (seven tonnes per annum) into the Maroochy River.

We continued to work on preventing stormwater entering the sewerage network with a further 7,300 customer properties inspected for non-compliant plumbing and 13.2 kilometres of sewer for stormwater infiltration.

Financial performance

Unitywater made a loss of \$8.6 million after excluding developer contributions (comprising gifted assets and cash) of \$128.9 million from profit after tax. This compares to an adjusted profit of \$4.4 million in 2013-14. An increase in developer cash contributions for the year and prior year retained earnings enabled Unitywater to fund a \$93.2 million investment in water and sewerage infrastructure without further borrowings. We also provided total returns to the Participating Councils comprising tax equivalents, participation returns and interest on loans of \$133.0 million, the same as returns provided in 2013-14.



Jim Soorley
Chairman

4 September 2015



George Theo
Chief Executive Officer

4 September 2015

The year in review

In the five years since our establishment, Unitywater has overseen many significant improvements in our operations and accelerated our journey of transformation to become an industry leader that places our customers at the heart of everything we do.

Innovation

Much more than just an operation of traditional pipes and pumps, our business innovated within a number of fields in 2014-15, including partnering with experts to develop software, installing hardware, trialling new technologies and working with university researchers.

SCADA upgrade completed

During the year we completed a project to consolidate and upgrade 11 different legacy systems inherited by Unitywater into one sophisticated network monitoring SCADA (Supervisory Control and Data Acquisition) system. The \$50 million project, which began in 2010, delivers the ability to monitor around 405,000 points and control almost 1000 Unitywater infrastructure assets, thus delivering more responsive network management.

To see a video presentation of the SCADA project go to unitywater.com/SCADA or scan here.



Mechanical Workshop and Electrical Training Rig opened

To aid the training of our workforce in SCADA, in September 2014 we opened our Mechanical Workshop and Electrical Training Rig at our Northern Service Centre in Maroochydore. This workshop consolidates all Unitywater's workshop activity into one location and provides a highly sophisticated training environment that simulates switchboard and SCADA controls to help develop the skills of our electricians. It also acts as a test environment for telemetry adjustments that supported energy optimisation projects (see Driving down costs, page 15).

Forecasting tool developed

The Demand Modelling and Tracking Tool (DMaTT) was developed in partnership with software vendor Sizztech to forecast growth and network demand and to track development. The tool improves our strategic planning processes and consequently the justification of capital works. Demand projections prepared using DMaTT will be published in Unitywater's Netserv Plan.

Void protection

By adding a dash of innovation to a commercially available safety barrier, Unitywater staff have devised a void protection system to prevent falls into open access hatches. Throughout the year, we continued our program of retrofitting sewage pump stations with almost 400 of our in-house designed aluminium safety grates.

Remote inspection of reservoirs

Instead of sending a diver to inspect the interior of the Tanawha and Peregian reservoirs, we found a safer and more cost effective solution in a remotely operated vehicle (ROV). Before a diver enters a reservoir, it must be taken off the water supply network. With appropriate health and safety procedures, the ROV can be used while the reservoir remains connected to the network, resulting in considerable savings.

Ice pigging program

And in another first for Unitywater, we partnered with specialist company Aqualogy Environment Ltd to clean water mains using a new process called ice pigging. The process cleans water mains by forcing an ice slurry through them to remove sediments, and is more effective and uses much less water than traditional cleaning techniques. The ice pigging program balances the need to clean the network to minimise water quality impacts on customers with the need to keep operating costs low.

To see a video presentation of Unitywater's ice pigging activity go to unitywater.com/Projects/Ice-Pigging or scan here.



Research agreement with USC

Unitywater and the University of the Sunshine Coast joined forces during the year to launch a comprehensive study to understand the types of wildlife that are being attracted to the rehabilitated wetlands receiving treated effluent from the Maleny Sewage Treatment Plant. The four-year research project will look for and monitor all the species that return to the area.

Cloevis trial with UQ

In another joint academic project, Unitywater teamed with researchers from the University of Queensland during the year to trial a new chemical product designed to fight hydrogen sulphide odours and corrosion in the sewerage network. The product, Cloevis, has had its cost and effectiveness assessed against other methods during a six month trial which returned positive results. The university is currently formulating the product's business model.

Unitywater app

Another in-house innovation this year is the development of the Unitywater Mobile App. Using a smartphone or tablet, our customers and stakeholders can easily report issues they may see with our sewerage and water operations using the app, without the need to call us.

Emergency home assistance insurance

During the year Unitywater teamed with international insurer MAPFRE Assistance to pilot home emergency services in the Pine Rivers area of Moreton Bay. A Home Emergency Repair Service product and a Water Leak Insurance product were offered to our customers.

Awards

Unitywater's value of innovation is illustrated by the following industry awards won by us during 2014-15:

- UN World Environment Day Business Award for Best Specific Environmental Initiative to Maleny Sewage Treatment Plant and wetlands (June 2015)
- Australian Water Association Queensland Infrastructure Innovation Award to Maleny Sewage Treatment Plant and wetlands (September 2014)
- Queensland Project Management Achievement Awards: Organisation/Change Management Award for our Customer Service and Billing Solution (September 2014)
- Australian Water Association Queensland Program Innovation Award to Unitywater's World Toilet Day Art Prize 2013 (September 2014)
- Australian Business Awards for Technology and Innovation to Magnesium Hydroxide Liquid Batching Plant (July 2014)
- Most Active Member Award to Unitywater in the Isle Global Technology Approval Group Awards 2015

Driving down costs

Keeping abreast of our customers' feedback is vital to Unitywater and we ask them on a quarterly basis how we are faring against their expectations. Overwhelmingly the biggest overall impact on Unitywater's value to our customers is always price.

Price freeze

Our efforts to drive down costs enabled Unitywater to announce in April 2015 that we will not raise sewerage and water prices during the 2015-16 year, with the exception of trade waste, recycled water and a small number of miscellaneous fees and charges. When compared to forecast CPI, the price freeze will save the average residential household \$34 a year in the Moreton Bay region and \$27 in the Sunshine Coast and Noosa regions.

Energy optimisation

After labour, energy accounts for the largest cost across Unitywater's sewerage and water network operations. With a 2014-15 energy bill of \$9.8 million, we have been actively working to drive this cost lower into the future.

- During the year we drew together key staff to participate in an innovation workshop with the goal of identifying ways Unitywater could cut its energy bill. The ideas generated by the workshop are in addition to the following programs that were implemented in 2014-15.
- By identifying and examining processes at sewage treatment plants that are typically energy hungry, Unitywater was able to adjust them without compromising the quality of treatment. By the end of June, this had resulted in a saving of 2.03 gigawatt hours, worth \$388,000.
- By reviewing the way in which our largest and most expensive sewage and water pumping stations operate, adjustments have been made to 14 stations to operate pumps in the most efficient configuration and times without compromising performance of the networks. By the end of June, this had resulted in savings worth \$141,961.
- The large and flat roof of our Northern Service Centre, opened in 2013-14 in Maroochydore, proved a prime location for the Sunshine Coast's largest roof-mounted solar power system. Commissioned in March, the 95kW system uses 350 solar panels to generate around 75 per cent of that complex's energy needs. The \$156,000 system is expected to pay for itself in less than four years.
- During the year Unitywater renegotiated new energy contracts for both large and small sites, resulting in a reduction of energy charges for small sites until the end of 2016-17 and large sites until end of 2017-18.
- Unitywater teamed with Xylem to trial then install energy efficient pumps and controllers at six pump stations during the year. The advanced system optimises pumps to operate at the most efficient setting, pumping the most sewage using the least amount of energy. The controllers also have the ability to detect and reverse blockages, reducing call-out costs.
- Another well advanced joint project between Unitywater and Nextera Energy involves the planned installation of two micro hydroelectric generators into the water network at Diddillibah and Meridan Plains, to capture lost energy and convert it to renewable energy. The energy generated by these pressure reducing turbines is intended to be sold into the electricity network with a percentage of revenue to come to Unitywater, helping to offset Unitywater's energy bill.

To see a video presentation of the solar power system at the Northern Service Centre go to youtu.be/KNJkoTYY8mY or scan here.



- Towards the end of 2014-15, Unitywater consolidated all our energy initiatives under an Energy Reduction Program with the goal of reducing our energy bill by 25% by June 2018 compared with 2013-14.

Changing how we bill our customers

Following our tariff reform for residential customers in 2013-14, we delivered new and simple ways for our customers to do business with us. Customers electing to take control of their own accounts is reducing the amount of time needed by our call centre to service their enquiries.

- To complement our electronic billing initiative, we began offering Smoothpay to our customers in December. This tool allows customers to budget for their Unitywater bills by opting to pay in either fortnightly or monthly instalments spread evenly over the year. It also allows customers to pay off existing debts of up to \$500 and is interest-free with no additional fees or charges.
- Unitywater now offers all our customers the convenience of receiving their bills by email or SMS and managing their own accounts online.

Customers are able to:

- check their account balance
- download their transaction history

- set up direct debit and payment plans to suit their circumstances
- update their details
- request infrastructure plans, search certificates and standard connections for sewerage and water services.

By the end of the year 8.5% of our customers had signed up. Customers electing to query and manage their own accounts is reducing the amount of time needed by our call centre to service their needs.

- Unitywater continued our program of tariff reform during the 2014-15 year, rolling out changes to the following customer segments:
 - Retirement villages
 - Residential unit complexes
 - Non-residential (including vacant land, mixed use and council accounts).

Tariff reform delivers consistent charges to our customers regardless of where in our service area they live. We have reduced a complex set of fees and charges and increased the customer's control over their bill but adopting a user-pays approach. At the end of 2014-15 less than two per cent of Unitywater's customers remain to be transitioned to the new pricing structure.

Tariff reform has resulted in a \$4 million per annum revenue loss to Unitywater.

Tariff reform bill impact 2014-15



Retirement villages



Non-residential



Retirement unit complexes

Infrastructure and operations

Unitywater actively seeks ways of reducing the cost of our operations without compromising the quality of our service. In pursuing this goal, we completed the following projects during the year:

- To help us achieve our goal of operational excellence, we began implementing an optimisation project to achieve sustainable reductions in chemicals and labour costs, as well as energy (see energy optimisation on page 15), at our sewage treatment plants. The project is expected to achieve an annual saving of \$2.6 million.
- By closing the Suncoast Sewage Treatment Plant in July, Unitywater reduced the number of our sewage treatment plants to 17. The closure was made possible by the successful commissioning of an under-river pipeline that diverts the sewage load to Maroochydore Sewage Treatment Plant and reduces that plant's cost per megalitre of sewage treated.
- In March we brought together representatives from our key engineering, IT, retail and communications suppliers to proactively encourage them to work with us on transformative solutions, rather than maintaining a transactional, product-based relationship. During the open discussion, we sought their ideas on how we might continue our downward pressure on costs that can translate to our customers' bills. Indications are that suppliers are embracing the opportunity to offer innovative, partnership-based solutions.
- By negotiating a new print solution with one supplier across all our sites, Unitywater will save more than \$70,000 per annum. The arrangement has significantly reduced our per page print costs, wastage and administration costs.
- Also negotiated with one supplier was a bundling of Unitywater's meter supply, logistics, installation, reading service and administration. The new supply arrangement, which began in late March, permits savings through efficiencies and centralisation and had provided an estimated saving of approximately \$435,000 by the end of year.

Efficiencies leading to cost savings are benefiting Unitywater through the online contractor induction program. From February, the new system has allowed one person to manage all our contractors' requirements, for example verification of competencies and documentation, while ensuring compliance with Unitywater's policies and procedures.

Working with communities

As an essential service provider and significant employer, we have much to share beyond supplying sewerage and water services with the communities in our service area. By forging partnerships with our community and stakeholders we build trust, raise awareness and improve communication.

Unitywater actively engaged with local businesses and business groups, community organisations and local government throughout 2014-15. Our many interactions and programs helped put a face to Unitywater and improve how we are working together to make the Moreton Bay, Sunshine Coast and Noosa regions even better places to live.

Murals program

During the year members of the local community pitched in to choose designs and help paint eye-catching murals on three of our prominent water assets that were regularly the victim of graffiti attacks. The community artworks were co-ordinated by a not-for-profit group that engages local disadvantaged youth and known taggers, working side-by-side with trained local artists. The community's response to the murals at reservoirs in Ferny Hills and Caloundra and a pump station in Scarborough has been universally positive.

Men's Sheds sponsorships

Two vacant buildings at the Noosa Sewage Treatment Plant were made available to the fledgling Noosa Men's Shed group in October. Under our 10-year agreement, the group won't pay rent until they have a chance to establish themselves. In a similar gesture, our community sponsorship program funded the network connection fees for the Pomona and Deception Bay Men's Shed groups.

Community events

- To celebrate the opening of the upgraded Nambour Sewage Treatment Plant in March, Unitywater invited the local community to an open day where they could see for themselves what happens after they flush.
- Unitywater partnered with Noosa Council, Moreton Bay Regional Council and Sunshine Coast Council to deliver activities for Healthy Waterways' Connect to Your Creek Week campaign in March. The program featured a range of partnership activities including an open day at the Murrumba Downs treatment plant and education centre, a photography competition, a tap water promotion and a grazing management workshop.
- Working with local bushcare groups, Osprey House Environmental Centre and Moreton Bay Regional Council, Unitywater staff continued our Creekside Greening program by helping to plant a further 1500 seedlings at the Pine Rivers Wetland Reserve. The planting added to the riparian vegetation we jointly planted a year earlier.
- Under the same program, our staff teamed with members of the Maleny District Green Hills Fund to plant 100 Richmond Birdwing Butterfly vines in the established riparian forest at Maleny Community Precinct.
- In August we began offering a water Refill Station as well as our existing mobile Hydration Station to community organisations wanting to provide free, fresh water to people attending their events. In total the Hydration Station was loaned to 52 events and the Refill Station to 18 events, attended by a total of 716,000 people.

- Unitywater staff were involved in a number of charity and worthwhile causes during the year including Leukaemia Foundation's Shave for a Cure, WaterAid's Walk for Water, Christmas hampers for the Salvation Army and raising funds for Charity Water through participating in Mindful in May. Several of our staff also came together to knit pouches to home and comfort injured wildlife at the Australia Zoo Wildlife Hospital.

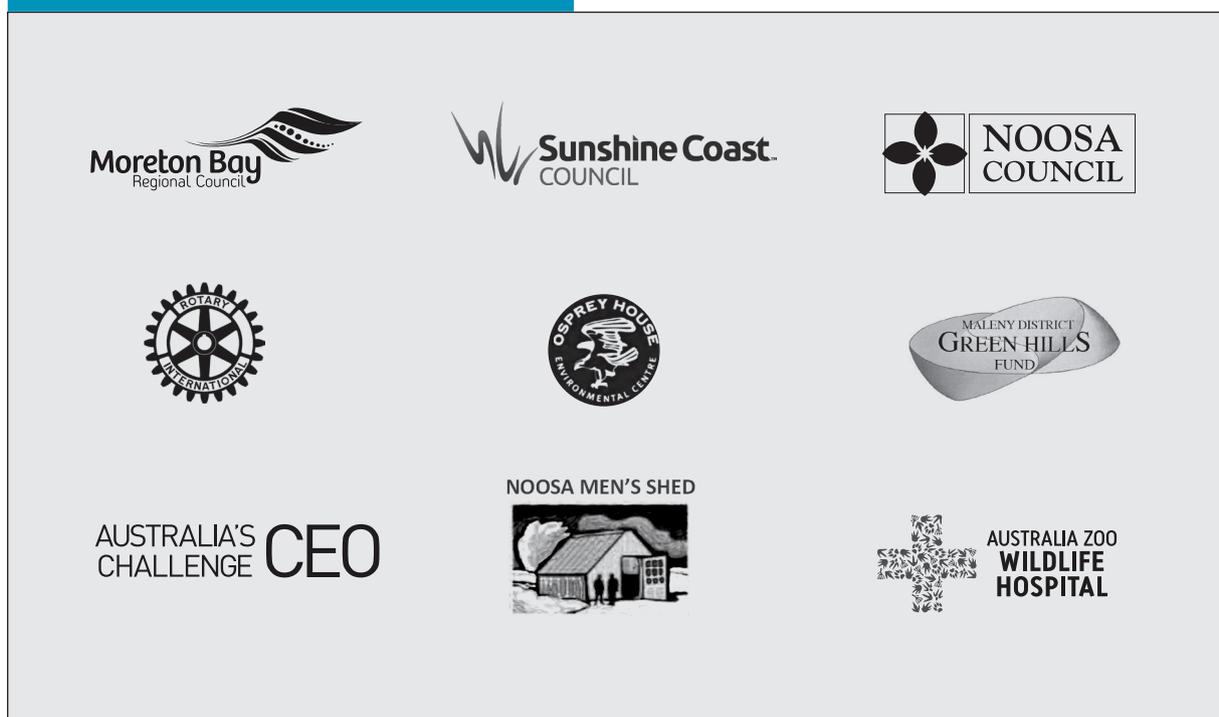
Promoting awareness and education

- In July Unitywater teamed up with Australia Zoo to promote the Get Back to Tap for Turtles campaign. Throughout the month school students pledged to drink tap water instead of buying bottled water, and they learned about the impacts of plastic waste on marine life and the environment. In August Unitywater joined Terri, Bindi and Robert Irwin of Australia Zoo to award winning school Burnside State School with a chilled water refill station for the school to fill up reusable bottles into the future. The campaign raised \$10,000 for the Australia Zoo

Wildlife Hospital. The successful campaign was launched again in May for its second year.

- Children's television programs Totally Wild and Toasted TV both visited Murrumba Downs Sewage Treatment Plant through the year to film educational episodes. The programs took their young audiences through the fun and fascinating world of sewage.
- Unitywater's Chief Executive Officer continued his involvement in Australia's CEO Challenge, raising awareness and funds for the prevention of domestic violence. By the conclusion of the Challenge in November, our CEO had raised just over \$16,500 through fundraising events and raffles. The CEO reached in excess of 200,000 people through his awareness campaign.
- Throughout the year we initiated or accepted several invitations to make formal presentations to community groups on subjects of interest such as sewerage services and the impacts of our tariff reform program.

Community partners



Planning for the future

Netserv Plan

In October 2014 we published our Netserv Plan, as required under the *South-East Queensland Water (Distribution and Retail Restructuring) Act 2009*. This document describes the business and infrastructure approach Unitywater is currently taking to provide safe, reliable and secure water supply and sewerage services to our customers. Importantly, it also outlines our investment strategy to make sure we deliver the right infrastructure to meet our customers' needs for the next 30 years. The Netserv Plan can be downloaded from unitywater.com/netserv

Nambour Sewage Treatment Plant upgrade

Serving the communities of Nambour, Woombye, Palmwoods, Eumundi and Yandina, the upgraded Nambour Sewage Treatment Plant was officially launched in March. The \$42 million plant uses membrane bioreactor technology, eliminating an annual 13 tonnes of nitrogen and seven tonnes of phosphorus from treated effluent, helping to ensure the health of the Maroochy River. The plant is designed to meet the future needs of the equivalent of 45,000 people.

To see a video presentation of the construction of the Nambour Sewage Treatment Plant upgrade go to youtu.be/Blxi_frta1Y or scan here



Treatment Services Plan

During the year Unitywater continued our implementation of our Treatment Services Plan, which spells out how we will provide sustainable and holistic sewage treatment services to our customers. Initiatives included the Board's approval of the upgrade of the Kawana Sewage Treatment Plant which has been identified as a central hub in the long term strategy for the Sunshine Coast. The planning process for the upgrades of the Landsborough and Noosa sewage treatment plants was also completed, identifying significant capital cost savings compared to original forecasts.

Moreton Bay Rail Link

Unitywater has overseen the relocation of eight kilometres of water and sewerage mains and construction of new pump stations and manholes by the contractor leading the Rail Link project. Those changes to Unitywater assets cost approximately \$10 million. All but \$250,000 worth of the construction was funded by the Rail Link project, not Unitywater customers.

To see a video presentation of Unitywater's Moreton Bay Rail Link activity go to youtu.be/LfP1b56q4gM or scan here



Caloundra South Infrastructure Agreement

The year saw Unitywater and Stockland complete negotiations on commercial terms for the Caloundra South Infrastructure Agreement. Under the agreement Unitywater will provide the external sewerage and water connecting works to service the future development of Caloundra South by 2026. This development is set to provide 20,000 new homes by 2049.

Redcliffe Sewage Treatment Plant

In January we awarded TRILITY Pty Ltd the contract to implement our long-term plan to rehabilitate the Redcliffe Sewage Treatment Plant.

This is the first time Unitywater has awarded a contract encompassing the complete design, build, operation and maintenance scope of works. The capital works investment is estimated to be \$28.6 million.

TRILITY will operate and maintain the STP through to November 2022.

Palmview Infrastructure Agreement

During the year Unitywater and Sunshine Coast Council signed an infrastructure agreement with the three landowners in the Palmview Structure Plan Area. This agreement sets out a mechanism for providing sewerage and water infrastructure to service the planned 7000 homes scheduled for this area by 2035.

Building capability

In order to fulfil our vision of being an industry leader, we constantly look for ways of building the capabilities of our people, systems and processes. During 2014-15 we built our capability through the following projects and initiatives.

Workforce transformation

So that we can deliver outstanding service to our customers in the most efficient and cost effective way, Unitywater began our Workforce Transformation program through the year.

This over-arching program aims for a safer, more engaged and productive workforce to meet the organisation's needs into the future. All Unitywater's people-related programs contribute to Workforce Transformation, which will continue for the next three years. New programs introduced during the year include:

- Leadership development program
- Employee wellbeing program to enable our people to perform at their best
- Refining and reorganising our processes as part of a leaner organisation.

Leadership development program

Launched in November and completed in June, the leadership development program guided all Unitywater executive, branch and section managers through a series of comprehensive modules aimed at boosting their leadership qualities and skills. Each course targeted particular management groups with foundations, practical training and resources.

Additionally, a frontline leadership program ran over the course of the year targeting skills-building for frontline managers and team leaders in performance development planning and performance management, setting work objectives that support strategic goals, team effectiveness, communications, and managing a safe working environment.

Unitywater Graduate Program

For the third year, Unitywater undertook a selection process to appoint three outstanding young graduates completing their studies in civil, electrical and chemical engineering to our Unitywater Graduate Program.

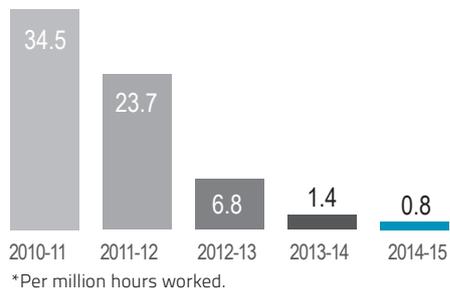
Unitywater Scholarship in Engineering

In August, a third year student at the University of the Sunshine Coast was awarded the Unitywater Scholarship in Engineering. The award includes the opportunity for vacation work and inclusion in our graduate program as well as financial support for their studies.

Safety record

Throughout the year we continued our Zero Harm initiative. This program has increased our safety capability, improved our safety systems and proactive injury management, and implemented culture-based safety initiatives. We also extended Zero Harm to our management of contractors and saw improvements in relationships and safety performance.

Lost time injury frequency rate*



Certification and accreditation

Unitywater has received recertification of its Environmental Management Standard ISO 14001, Quality Management System ISO 9001 and the Safety Management Standard AS/NZ 4801. The recertification process involved being externally audited by SCiQual, who recommended recertification after successful audit outcomes.

In October Unitywater's laboratory successfully underwent a full technical audit for field sampling, microbiology and media preparation, and a surveillance audit for chemical testing as part of its accreditation under NATA (National Association of Testing Authorities, Australia). The laboratory is accredited to AS ISO/IEC 17025-2005.

Financial performance

Unitywater made a loss of \$8.6 million after excluding developer contributions (comprising gifted assets and cash) of \$128.9 million from profit after tax. This compares to an adjusted profit of \$4.4 million in 2013-14. Unitywater continues to rely on developer cash contributions as a key source of funding for ongoing investment in water and sewerage infrastructure.

The statement of comprehensive income below highlights the reliance by Unitywater on developer contributions.

	2010-11 \$M	2011-12 \$M	2012-13 \$M	2013-14 \$M	2014-15 \$M
Revenue					
Utility charges	350.9	394.0	414.0	448.2	474.2
Fees and charges	10.3	5.5	5.7	7.7	7.7
Developer contributions	94.4	71.7	81.6	80.1	128.9
Other income	18.1	17.0	15.6	14.5	13.8
Total revenue	473.7	488.2	516.9	550.5	624.6
Operating expenses					
Bulk water purchases	(67.7)	(91.0)	(112.0)	(131.3)	(143.7)
Employee expenses	(66.1)	(72.5)	(68.2)	(69.6)	(70.2)
Supplies and services	(73.0)	(72.9)	(68.0)	(70.1)	(69.5)
Depreciation and amortisation	(83.1)	(76.6)	(79.6)	(81.1)	(92.4)
Finance and borrowing costs	(86.9)	(89.7)	(93.3)	(75.7)	(82.2)
Other expenses	(6.1)	(5.4)	(4.3)	(4.0)	(2.4)
Total operating expenses	(382.9)	(408.1)	(425.4)	(431.8)	(460.4)
Profit before tax	90.8	80.1	91.5	118.7	164.2
Tax expense	(21.8)	(20.6)	(25.8)	(34.2)	(43.9)
Profit after tax*	69.0	59.5	65.7	84.5	120.3
Developer contributions	94.4	71.7	81.6	80.1	128.9
Profit/(Loss) ex developer contributions	(25.4)	(12.2)	(15.9)	4.4	(8.6)

*Prior years' profits have been restated. Further details are set out in the Financial Statements.

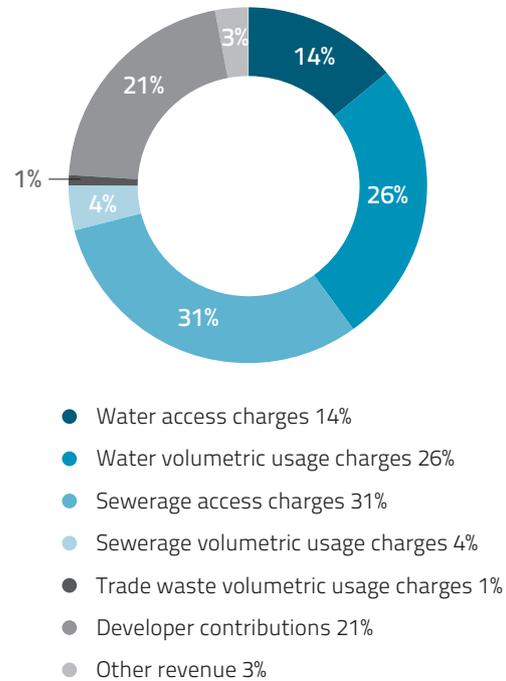
Revenue

In 2014-15, revenue increased by \$74.2 million or 13.5 per cent.

This change was primarily driven by a \$48.8 million (61 per cent) increase in developer contributions as a result of an increase in the property market over the last year.

Utility revenue has increased by \$26.0 million or 5.8 per cent as a result of bulk water price increases, connections growth and a 3.5% increase in price.

The adjacent figure shows where Unitywater's revenue came from in 2014-15.

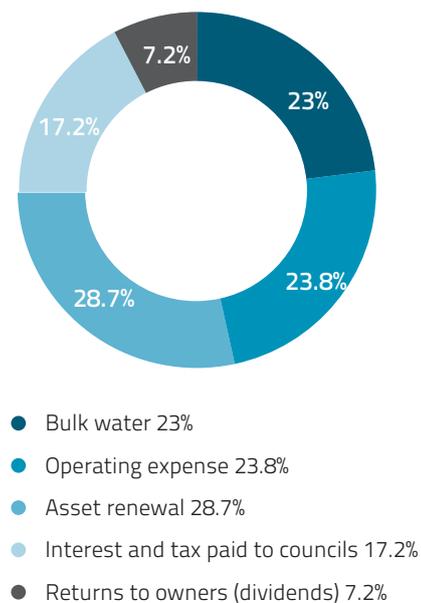


Expenses

Operating expenses increased by \$28.6 million from 2013-14. This change is primarily driven by higher bulk water costs of \$12.4 million, an increase in depreciation expenses of \$4.6 million and an increase in borrowing costs due to additional borrowings of \$78 million in 2013-14.

Our continued focus on key strategic initiatives aimed at driving down costs throughout 2014-15 realised a reduction in controllable operating costs. We have maintained operating costs such as employee expenses, supplies and services at 2013-14 levels despite additional expenditure being incurred as a result of customer growth, increases in prices paid to suppliers and restructuring costs incurred during the year.

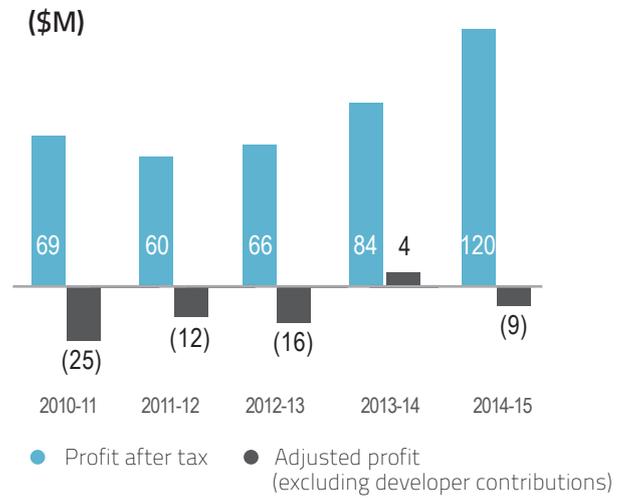
The number of full time equivalent staff reduced from 828 to 749 during the year, and this reduction is expected to assist with continuing the trend of maintaining controllable operating costs.



Profit/Loss

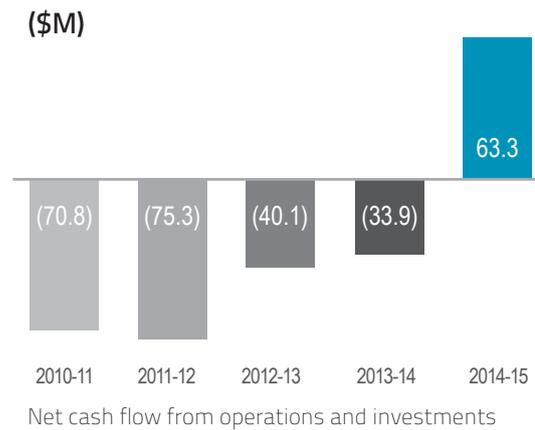
Excluding developer contributions, Unitywater made a loss after tax of \$8.6 million for 2014-15.

Developer contributions include cash to fund water and sewerage infrastructure, and infrastructure given to Unitywater to manage and maintain into the future.



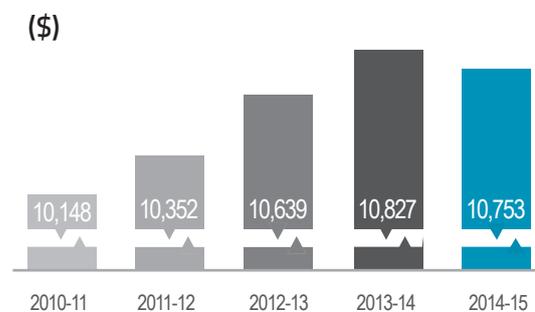
Cashflow

A decrease in the capital program and a large increase in developer contributions resulted in a positive cashflow position for 2014-15.



Assets invested per customer

Our \$93 million investment in water supply and sewerage infrastructure in 2014-15 was funded by developer cash contributions and prior year retained earnings. Unitywater continues to invest in infrastructure to support our growing customer base with a strong focus on innovation in investment.



Our structure

Our Board

Unitywater's independent skills-based Board guides our Executive Leadership Team to fulfil its vision to create a sustainable, industry-leading, community and customer oriented water and allied services business.

The combination of Board members' qualifications, skills and experience ensures a strong commercial focus, with emphasis on identifying efficiencies across the organisation and passing on cost savings to customers.

Under the Participation Agreement, the performance of the Board is evaluated annually and reported to our participating councils.

The terms of the original board members expired on 30 June 2015. Mr Jim Soorley and Ms Sharon Doyle have each been re-appointed by the participating councils for a further three year term, expiring on 30 June 2018. Ms Megan Houghton was also eligible for reappointment, but has subsequently advised that she will not be seeking reappointment due to her acceptance of a senior role in the State Government. Mr Barry Casson and Mr Mike Williamson have also been reappointed for a second term of 18 months each, which will allow a staged replacement of Board members to ensure continuity and stability to the business. A new Board member to replace Ms Houghton will need to be appointed by the participating councils.

Jim Soorley AM

BA (Psych), MA (Org Psych)

Chairman

Jim was Lord Mayor of Brisbane from 1991 to 2003, presiding over an annual budget of \$1.6 billion and a workforce of 7,000. Jim currently chairs several boards. He also works as a consultant to improve business efficiency.

Sharon Doyle

LLB (Hons), BIT (Dist), GradDip Bus Admin, GAICD

Sharon has a broad range of commercial experience across a range of industries. She is the Managing Director of the corporate advisory firm, InterFinancial, and is a non-executive director of Social Investments Australia, an impact investment fund manager. Sharon has held leadership roles in Mincom Limited, a global software company, and as a commercial and corporate lawyer at Allens Arthur Robinson.

Megan Houghton

BCom, BA (Econ), GAICD

Megan has more than 19 years' experience as a senior executive in the Australian energy, water and sustainability industries in areas including corporate strategy, customer management, digital engagement, financial and economic performance. Megan has held CEO and senior executive roles in national energy and sustainability companies and was previously a Director Corporate Finance and Strategy with Pricewaterhouse

Coopers. Megan has also held non-executive directorships for the last six years with companies including Urbis and Wide Bay Water.

Barry Casson

CA, MAICD

Barry is a qualified Chartered Accountant and has worked in accounting, finance and corporate management for more than 40 years. His roles have predominantly been in the mining sector. Barry currently serves as a non-executive director on the boards of Archipelago Metals Limited and Metallica Minerals Limited, is a Director and Company Secretary of CassTech Limited and is Company Secretary for Archipelago Metals Limited.

Mike Williamson

FAICD

Mike brings to Unitywater more than 30 years' experience in the fields of water and sewage management, waste minimisation, resource recovery, engineering and project management. He has held positions as Managing Director of CH2M HILL Australia and Managing Partner of global consulting firm Environmental Resources Management. Since 2001 he has been Chairman of the Oil Stewardship Advisory Council and has held Board positions with Keep Australia Beautiful and Special Olympics NSW. Mike is a qualified marine and mechanical engineer and is a Fellow of the Australian Institute of Company Directors.

Board meeting attendance 2014-15

Board Member	Eligible to attend	Meetings attended
Jim Soorley	10	9
Sharon Doyle	10	9
Megan Houghton	10	10
Barry Casson	10	9
Mike Williamson	10	10

Board committees 2014-15

A number of committees aid the Board in the execution of its duties.

Committee	Scope of activities	Members	Meetings attended
Audit and Risk Committee	The Audit and Risk Committee helps the Board to fulfil its corporate governance responsibilities by reviewing Unitywater's safety reports, risk management reports and annual financial reports. In addition, it provides oversight and direction with respect to internal control systems, insurance, and audit and regulatory compliance processes.	Barry Casson (Chair)	3
		Megan Houghton	4
		Sharon Doyle	4
Capital Works Committee	The Capital Works Committee reviews, oversees and reports to the Board on the appropriateness of Unitywater's capital works practices for projects above \$5 million. Its role includes a detailed review of the annual program of capital works and associated budget.	Mike Williamson (Chair)	6
		Jim Soorley	6
		Sharon Doyle	6
Nominations and Remuneration Committee	The Nominations and Remuneration Committee supports the Board by conducting detailed examination of the remuneration framework for all staff. It also assists the Board to meet its decision-making obligations under the incentive framework for senior staff.	Sharon Doyle (Chair)	2
		Barry Casson	2
Environment Committee	The Environment Committee provides direction on environmental improvement and alternative servicing strategies, such as new and technologically innovative ways of managing carbon and other environmental matters that contribute to cost reduction.	Megan Houghton (Chair)	3
		Jim Soorley	1
		Mike Williamson	3

Executive Leadership Team

The Executive Leadership Team, headed by the Chief Executive Officer, leads the daily operation of Unitywater and delivers on corporate objectives.

The team is firmly focused on improving customer service, achieving operational efficiencies and providing high quality, affordable and sustainable sewerage services and water supply that provide benefits to customers, stakeholders, our community and the environment.

George Theo

MBA (Bus), BEng (Civil), CPEng, Ass Dip Mun (Eng), MIEAust, GAICD
CHIEF EXECUTIVE OFFICER

George brings more than 29 years' experience to Unitywater and a wealth of knowledge of the water industry through previous roles with global consulting company GHD, Brisbane Water (now Queensland Urban Utilities) and City West Water, Victoria. George was Unitywater's Chief Operating Officer prior to taking up the position of CEO.

Glen Babington csc

MBA, BA (Hons), GAICD

EXECUTIVE MANAGER INFRASTRUCTURE SERVICES

Before joining Unitywater, Glen was involved in the South East Queensland (SEQ) water industry through the formation of the SEQ Distribution Entity and Queensland Urban Utilities. He has a background in leading large field-based organisations in defence and mining, along with strategic planning and marketing experience in the aerospace industry.

Judy Bailey

Grad Dip Admin, MAICD

EXECUTIVE MANAGER RETAIL SERVICES

Judy has extensive executive management experience across diverse industries in major public and private sector environments. Previously responsible for managing budgets up to \$222 million, she has a successful track record in organisational strategy and change, business reform and the delivery of improved services to the community.

Kenan Hibberd

BCom, CAHRMI

EXECUTIVE MANAGER PEOPLE, CULTURE AND SAFETY

Kenan has more than 20 years' experience in human resources in both the public and private sectors. He has held senior management positions in national and international organisations in the industrial services, engineering, logistics and health sectors.

Simon Taylor

BSc (Hons), MSc (Eng), CPEng (IPENZ), RPEQ, MIEAust, MAICD, CWEM, FRGS

EXECUTIVE MANAGER INFRASTRUCTURE
PLANNING AND CAPITAL DELIVERY

In Simon's 30 years in the water industry he has held senior management positions in water utilities and water industry regulators, led strategic planning investigations, managed teams and a wide range of projects covering most aspects of the water cycle. Simon also has extensive experience of achieving water and wastewater outcomes in the SEQ water industry. His leadership experience covers infrastructure planning, project and capital delivery as well as utility regulation.

Pauline Thomson

BBus (Acc), CPA, GAICD

CHIEF FINANCIAL OFFICER

Pauline is a Certified Practising Accountant and brings more than 25 years' experience in retail, distribution and transmission entities across the energy and water sectors. Her leadership experience includes leading teams in a range of senior commercial, finance and regulatory roles.

Jane Nant

BA (Hons), LLB (Hons), LLM, Grad Dip ACG, GAICD, AGIA

GENERAL COUNSEL AND COMPANY SECRETARY

Jane is an experienced lawyer and senior executive with post-graduate qualifications in environmental and planning law as well corporate governance. Jane started her career in private practice with top tier law firms, before moving to in-house roles in the property development, construction and water sectors.

Our people

Unitywater continues to train and develop our staff to create a highly competent workforce with the optimal skills, knowledge, attitudes and behaviours that support the needs of our customers and our business.

Workforce Transformation

In order to deliver outstanding service to our customers in the most efficient and cost effective way, Unitywater began our Workforce Transformation program through the year. This over-arching program aims for a safer, more engaged and productive workforce to meet the organisation's needs into the future. All Unitywater's people-related programs contribute to Workforce Transformation, which will continue for the next three years. New programs introduced during the year include:

- our leadership development program
- an employee wellbeing program to enable our people to perform at their best, and
- the reorganisation and refinement of our processes.

Workforce planning

The year saw Unitywater embed business-wide workforce planning into our annual business planning cycle, resulting in the development of our Strategic Workforce Plan 2015-2020.

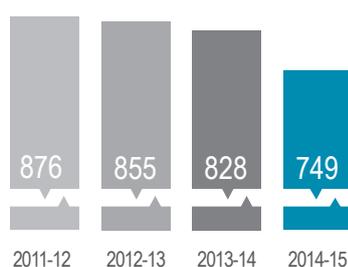
This plan focuses on how Unitywater will attract, develop and retain our workforce for the future as well as managing the Workforce Transformation program (above). The plan includes building capability and diversity, lifting employee engagement, aligning our values and developing our leaders.

Unitywater's health and wellbeing program welcomed the highly regarded sports star Alistair Lynch, who runs his own company that specialises in health and wellbeing of personnel in the workplace. At workplace presentations made available to all staff, Mr Lynch shared his experience of facing chronic fatigue and depression and gave insight into better health in everyday life and managing a work-life balance.

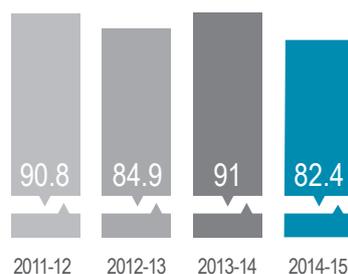
Performance development program

Throughout the year, Unitywater intensified its focus on actively developing leadership skills within our organisation (see page 21 Building capability).

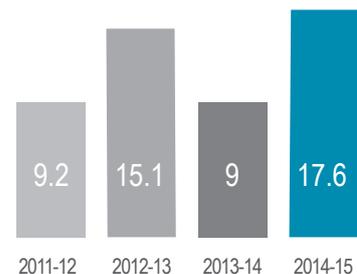
Full time equivalent employees



Permanent retention rate (%)



Permanent separation rate (%)



Our leadership training enhances our existing employee performance management framework, which is structured to attract, retain and continually improve our people's role in meeting the needs of our customers.

The framework starts at the recruitment phase and managers use appropriate tools and techniques to ensure that the most suitable candidates are identified up front.

All shortlisted candidates must complete safety behavioural testing as part of the interview process to ensure they understand Unitywater's commitment to safety.

New staff undertake a full day corporate induction on their first day, including induction into critical corporate systems and safety processes. Site-specific induction takes place on the second day of employment.

Staff performance is managed and measured through six-monthly and annual performance and development planning, and any performance issues are addressed using processes outlined in Unitywater's policies and other internal procedures.

Our Reward and Recognition Program recognises individual and/or team success through team functions, Executive Leader award presentations, bi-monthly award presentations by the Chairman and annual excellence awards including Employee of the Year. For the 2014-15 year this was Greg Burnett.

To further improve our performance in the areas of safety, health and wellbeing, environment and quality, Unitywater consolidated teams responsible for these areas into one branch. The simpler structure is designed to achieve more efficient and effective operations across these vital areas.

To further emphasise the importance of safety in the workplace, for the first time Unitywater extended drug and alcohol education, awareness and behaviours to include all staff including those who are office-based. It is a condition of entry to Unitywater workplaces that all employees, contractors and visitors can be tested at any time.

During the year we again asked our employees to provide management with clear feedback through the 2014-15 employee engagement survey. The survey showed the overall score remaining static from the previous year. High scores are still being received around key safety measures, including 84% of respondents agreeing or strongly agreeing that 'Workplace safety and security are considered important at Unitywater' and 91% of respondents agreeing or strongly agreeing that 'I do everything possible at all times to ensure we achieve zero harm'.

The highest increases in engagement overall were in the categories of: reward and recognition, empowerment and autonomy, future vision from senior leadership, and brand pride and credibility.

Kim champions adult literacy and numeracy

Following the successful rollout of Unitywater's field-based digital literacy program, Learning and Development Programs Manager Kim Moore has taken Unitywater's achievement Australia-wide as a champion of the new National Foundation Skills Framework Strategy.

In September, Kim's presentation of an employer's perspective on the Australian Core Skills Framework was deemed a feature of the Australian Council for Adult Literacy's Queensland conference. She was then invited to address the national Australian Council for Adult Literacy conference in May.

As one of several workplace champions, Kim is actively sharing her experience with her industry peers, including the Queensland Water Directorate.

Equity and diversity

In order to improve Unitywater's approach to equity and diversity, during the year we undertook a formal review to identify Unitywater's challenges and opportunities in this area. As a result of the review the organisation has developed a program of work over the next three years to develop an integrated approach to diversity and drive a culture across Unitywater that is inclusive and equitable.

Industrial and employee relations framework

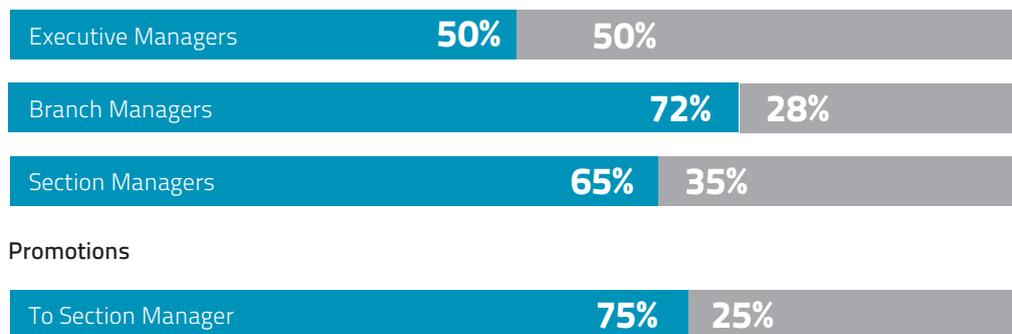
Unitywater's Certified Agreement provides stability and security for staff by setting out agreed terms and conditions of employment.

Our Certified Agreement consultative process is driven by a Joint Consultative Committee that consists of Unitywater managers, staff members and union representatives.

The Unitywater Certified Agreement No. 1 had a nominal expiry date of 30 June 2014, however changes to the Queensland *Industrial Relations Act 1999* and a recent decision of the High Court of Australia that has impacted on Unitywater has meant that negotiations for a new Certified Agreement have not been able to commence.

Flexible working arrangements are available to staff under the Certified Agreement. Work options include full time, part time, casual, job sharing and work from home. Unitywater also offers leave provisions that accommodate the planned and unplanned events that occur in our employees' lives.

Gender balance in management



Risk management and accountability

Our business-wide approach to identifying, prioritising and managing risks underpins our commitment to good management and corporate governance. Our approach is aligned with the framework outlined in ISO 31000-2009 Risk Management – principles and guidelines.

The Audit and Risk Committee (see page 26 for details) is responsible for assisting the Board to discharge its corporate governance responsibilities to exercise due care, diligence and skills in regard to risk management and auditing.

The Executive Leadership Team is responsible for implementing the treatments required to ensure risks are managed within the Board's directed risk tolerances. The team reports to the Audit and Risk Committee on the effectiveness of internal control systems in managing Unitywater's risk profile.

Unitywater is conscious of its public standing and ethical and legal responsibilities, including provisions under the *Public Sector Ethics Act 1994*, *Public Interest*

Unitywater's Code of Conduct aligns to the Public Sector Ethics Act's ethics, principles and values.

Record keeping

Unitywater makes and keeps full and accurate records of its activities in accordance with the standards and policies issued by the Queensland State Archives.

Our record keeping is informed by the *Public Records Act 2002*, Information Standard 40: Recordkeeping, and Information Standard 31: Retention and Disposal of Public Records.

Our record keeping program is documented through our policies and procedures. We have developed appropriate record keeping systems and tools such as an Electronic Document and Records Management System (EDRMS) and a Business Classification Scheme.

We proactively communicate with all staff about their record keeping obligations via training workshops, individual training and the use of fact sheets.

In 2014-15 we:

- commenced a review of the Business Classification Scheme (BCS) to further assist the business in their information management obligations

- commenced mapping the new BCS to approved retention and disposals schedules, and
- reviewed and improved the management of our inactive hard copy records.

In 2015-16 Unitywater will look to:

- introduce an Information Governance Framework
- implement the revised Business Classification Scheme
- investigate core business systems and their compliance with the *Public Records Act 2002*.

Internal audit

Unitywater has established an internal audit function to provide assurance to the Board that Unitywater's financial and operational controls designed to manage the organisation's risks and achieve the entities objectives are operating in an efficient, effective and ethical manner. The function is undertaken by independent internal auditors who work in accordance with a strategic and annual plan approved by the Audit and Risk Committee, in accordance with the Internal Audit Charter and the Treasury's Audit Committee Guidelines. In 2014-15 the internal auditors have successfully completed all audits identified in the annual plan, as well as an assurance mapping project to inform future audit planning.

Complaints management

Under our Customer Charter we have thorough internal processes to investigate and resolve customer complaints. We manage complaints in accordance with AS ISO 10002-2006 Customer Satisfaction Guidelines for Complaints Handling in Organisations.

If complaints are not resolved to a customer's satisfaction they can be referred to the Energy and Water Ombudsman Queensland (EWOQ) for review. During the reporting period 133 matters were referred to EWOQ by customers.

Consultancies and overseas travel

Details of spending on consultants and overseas travel undertaken by Unitywater representatives can be accessed at the Queensland Government Open Data website www.qld.gov.au/data

Annual Financial Report

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Board Members' report

The Board of the Northern SEQ Distributor-Retailer Authority trading as Unitywater ("Unitywater") is pleased to submit this Annual Financial Report of Unitywater for the financial year ended 30 June 2015. The Board Members' Report is as follows:

Board

The names of the Board Members in office at any time during, or since the end of, the year are:

Jim Soorley – Chairman

Barry Casson

Sharon Doyle

Megan Houghton

Mike Williamson

These Board Members have been in office since the start of the financial year to the date of this report, unless otherwise stated.

Please refer to the Board profiles' section of the Unitywater Annual Report 2014-15 for details of Board Members' qualifications, experience and special responsibilities.

Principal activities

The principal activities of Unitywater during the financial year were water supply and sewage collection, transport and treatment services to the Moreton Bay, Sunshine Coast and Noosa communities. On 19 December 2013, the Minister for Energy and Water Supply approved the amendments to the Participation Agreement required to accommodate Noosa Council as a participant from 1 January 2014. On 1 January 2014, the Sunshine Coast Council transferred 110,869,501 Participation Rights for consideration of \$60,978,225 to Noosa Council, being 4.25% of total Participation Rights.

Operating results

The profit of Unitywater after providing for income tax equivalent expense, amounted to \$120,302,277 (2014: \$84,466,024).

Review of operations

A review of Unitywater's operations during the financial year and the results of those operations are contained in the Unitywater Annual Report 2014-15.

Events after the reporting period

In the opinion of the Board Members there has not been any item, transaction or event of a material or an unusual nature that has arisen between the end of the financial year and the date of this report that is likely to significantly affect the operations of Unitywater, the results of those operations or the state of affairs of Unitywater, in future financial years.

Future developments

Unitywater will continue to pursue its policy of delivering high quality and affordable water supply and sewerage services for customers in the Sunshine Coast, Moreton Bay and Noosa regions.

Environmental regulations

Unitywater's operations are subject to environmental regulations under both Commonwealth and State legislation.

Unitywater's Board maintains oversight of key environmental risks and obligations and is committed to achieving a high standard of environmental performance. The Board has established appropriate governance arrangements in relation to the environment.

Unitywater is responsible for the regular monitoring of environmental exposures, review of incident trends, environmental initiatives, endorsement of recommendations for environmental improvement policies, programs and investments, as well as compliance with environmental regulations.

Participation returns

Participation returns paid or declared by Unitywater during the 2014-15 financial year were:

	Total amount 2015 \$000	Total amount 2014 \$000
Final participation return	45,126	48,274

Refer to Note 23 of the financial statements for details of participation returns paid or payable.

Board Members' benefits and interests in contracts

Between 1 July 2014 and 30 June 2015, no Board Member has received or become entitled to receive a benefit, other than those benefits disclosed in Note 29 of the financial statements.

Indemnification of Board Members and Officers

Indemnification of Board Members of Unitywater

Unitywater has agreed to indemnify Jim Soorley, Sharon Doyle, Megan Houghton, Barry Casson and Mike Williamson, being current Board Members of Unitywater, and other former Board Members of Unitywater, against all liabilities to another person (other than Unitywater or a related body corporate) that may arise from their position as a Board Member of Unitywater, except where the liability arises out of conduct involving a lack of good faith or liability against which Unitywater is not permitted by law to exempt or indemnify the Board Member in accordance with the *South East Queensland Water (Distribution and Retail Restructuring) Act 2009*.

Indemnification of Board Members of Unitywater and Officers appointed to external boards and committees

Unitywater has agreed to indemnify any Board Members or Officers who are nominated by Unitywater's Board to represent Unitywater on external boards and committees to the extent as follows:

- a Indemnities provided to former Board Members continue for seven years following their resignation from that position, in accordance with the terms of the deed of indemnity.
- b Other Officers appointed to external boards and committees are indemnified in accordance with the terms of Unitywater's Directors' and Officers' Liability insurance policy.

Insurance premiums

Premiums have been paid on policies of insurance for former and current Board Members and Officers. Disclosure of the nature of the liability covered by and premiums paid under these contracts of insurance is prohibited by the terms of the insurance contracts.

Board Members' meetings

The numbers of meetings of Unitywater's Board Members and each Board Committee held and attended by each Board Member during the year ended 30 June 2015 were:

UNITYWATER	BOARD MEETINGS		COMMITTEE MEETINGS							
			Audit and risk		Environment		Nominations and remuneration		Capital works	
	A	B	A	B	A	B	A	B	A	B
Board Members										
Jim Soorley – Chairman	9	10	-	-	1	3	-	-	6	6
Barry Casson	9	10	3	4	-	-	2	2	-	-
Sharon Doyle	9	10	4	4	-	-	2	2	6	6
Megan Houghton	10	10	4	4	3	3	-	-	-	-
Mike Williamson	10	10	-	-	3	3	-	-	6	6

A - Number of meetings attended

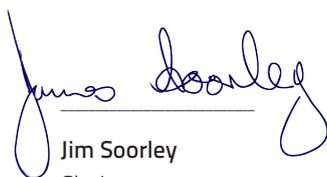
B - Number of meetings held during the year

Remuneration of Board Members and executives

Refer to Note 29 of the financial statements for details of Board Members' and executives' remuneration.

Rounding of amounts

Amounts in the financial statements and Board Members' Report have been rounded to the nearest thousand dollars, unless otherwise stated.



Jim Soorley
Chairman
Unitywater

24 August 2015
Caboolture, Queensland

Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 \$'000	2014 Restated* \$'000
Income			
Utility charges	4	474,201	448,190
Fees and charges	5	7,709	7,748
Developer contributions	6	128,914	80,064
Grants and subsidies		4,268	4,443
Interest revenue		2,278	1,731
Other income	7	7,303	8,317
Total income		624,673	550,493
Expenses			
Bulk water purchases		(143,697)	(131,330)
Employee expenses	8	(70,158)	(69,591)
Supplies and services	9	(69,535)	(70,056)
Depreciation and amortisation	15,16	(85,695)	(81,054)
Impairment losses	15	(6,703)	-
Finance and borrowing costs	10	(82,157)	(75,680)
Other expenses	11	(2,490)	(4,055)
Total expenses		(460,435)	(431,766)
Profit before income tax equivalent		164,238	118,727
Income tax equivalent expense	21	(43,936)	(34,261)
Profit for the year		120,302	84,466
Total comprehensive income for the year		120,302	84,466

* Refer note 31 for details regarding the restatement as a result of an error.

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

AS AT 30 JUNE 2015

	Notes	2015 \$'000	2014 Restated* \$'000	1 July 2013 Restated* \$'000
Current assets				
Cash and cash equivalents	12	32,615	21,694	38,469
Trade and other receivables	13	109,915	113,951	108,057
Inventories	14	1,306	1,881	2,219
Prepayments		2,623	1,762	2,105
Total current assets		146,459	139,288	150,850
Non-current assets				
Trade and other receivables	13	3,798	-	-
Property, plant and equipment	15	3,160,689	3,093,508	2,978,823
Intangible assets	16	31,960	35,334	29,400
Total non-current assets		3,196,447	3,128,842	3,008,223
Total assets		3,342,906	3,268,130	3,159,073
Current liabilities				
Trade and other payables	17	91,482	100,912	113,270
Loans and borrowings	18	2,452	9,407	8,795
Employee benefits	19	9,232	9,173	8,465
Other liabilities	20	6,528	6,961	4,017
Total current liabilities		109,694	126,453	134,547
Non-current liabilities				
Loans and borrowings	18	1,557,652	1,560,104	1,491,512
Employee benefits	19	9,543	11,770	12,789
Deferred tax liabilities	21	78,632	57,594	44,208
Total non-current liabilities		1,645,827	1,629,468	1,548,509
Total liabilities		1,755,521	1,755,921	1,683,056
Net assets		1,587,385	1,512,209	1,476,017
Equity				
Contributed equity	22	1,434,782	1,434,782	1,434,782
Retained earnings		152,603	77,427	41,235
Total equity		1,587,385	1,512,209	1,476,017

*Refer note 31 for details regarding the restatement as a result of an error.

The Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2015

	Notes	Retained earnings \$'000	Contributed equity \$'000	Total \$'000
Balance at 1 July 2013		47,174	1,434,782	1,481,956
Correction of error (net of tax)	31	(5,939)	-	(5,939)
Restated total equity at the beginning of the financial year		41,235	1,434,782	1,476,017
Participation return to owners of the Authority	23	(48,274)	-	(48,274)
Total distributions to owners of the Authority		(48,274)	-	(48,274)
Profit for the year		84,466	-	84,466
Total comprehensive income for the year		84,466	-	84,466
Balance at 30 June 2014		77,427	1,434,782	1,512,209
Participation return to owners of the Authority	23	(45,126)	-	(45,126)
Total distributions to owners of the Authority		(45,126)	-	(45,126)
Profit for the year		120,302	-	120,302
Total comprehensive income for the year		120,302	-	120,302
Balance at 30 June 2015		152,603	1,434,782	1,587,385

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 Inflow (Outflow) \$'000	2014 Inflow (Outflow) \$'000
Cash flows from operating activities			
Receipts from customers		488,299	462,465
Developer contributions		67,270	40,245
Government grants and subsidies		4,268	4,443
Interest received		2,278	1,731
GST input tax credits from ATO		14,937	20,620
GST collected from customers		538	659
Payments to suppliers		(219,898)	(216,210)
Employee expenses		(74,334)	(67,930)
Finance and borrowing costs		(81,603)	(80,304)
Income tax equivalent		(29,438)	(6,198)
GST paid to suppliers		(15,475)	(21,279)
Net cash provided by operating activities	12(b)	156,842	138,242
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		1,660	664
Payments for property, plant and equipment		(87,017)	(163,173)
Payments for intangibles		(8,231)	(9,614)
Net cash used in investing activities		(93,588)	(172,123)
Cash flows from financing activities			
Borrowings from Queensland Treasury Corporation		91,104	168,001
Borrowing redemptions		(100,512)	(98,796)
Participation return payments		(42,925)	(52,099)
Net cash (used in)/provided by financing activities		(52,333)	17,106
Net increase (decrease) in cash and cash equivalents		10,921	(16,775)
Cash and cash equivalents at beginning of financial year		21,694	38,469
Cash and cash equivalents at end of financial year	12(a)	32,615	21,694

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

1 Reporting Authority

The Northern SEQ Distributor-Retailer Authority trading as Unitywater "Unitywater" has been established under the *South East Queensland Water (Distribution and Retail Restructuring) Act 2009* (the Restructuring Act) and is a Queensland statutory body under the *Financial Accountability Act 2009* and under the *Statutory Bodies Financial Arrangement Act 1982*.

Unitywater is governed by an independent Board under the Northern *SEQ Distributor-Retailer Authority Participation Agreement* and the Restructuring Act on behalf of its three Participating Councils, Moreton Bay Regional Council, Sunshine Coast Council and Noosa Council.

In accordance with the Restructuring Act Unitywater expires at the end of 99 years from when it was established on 3 November 2009 and the Participants become the successor in law of the assets and liabilities in accordance with their Participation Rights at the expiry date of the Northern SEQ Distributor-Retailer Authority.

The Participant's total initial contribution to Unitywater has been calculated using a regulatory asset base (RAB) valuation approved by the Queensland Government to represent the market value of the business. The assets, liabilities, and employees of the Participant Councils' water distribution and sewerage operations were transferred to Unitywater under the Restructuring Act on 1 July 2010. On 23 September 2013, the Restructuring Act was amended to include Noosa Council as a Participating Local Government for the Northern SEQ Distributor-Retailer commencing 1 January 2014. The initial Participants (being Moreton Bay Regional Council and Sunshine Coast Council) agreed to change the participants' rights under the Participation Agreement to include Noosa Council. Accordingly, the Sunshine Coast Council transferred 110,869,501 Participation Rights to Noosa Council on 1 January 2014.

Unitywater is a "for profit" entity and is required to provide commercial returns to its Participants per the Participation Agreement based on each Participants share of the RAB, comprising debt and Participation Rights as agreed by the Councils and Unitywater.

Unitywater's primary activities in the local government areas of Moreton Bay Regional Council, Sunshine Coast Council and Noosa Council include:-

- a purchase of water
- b distribution of water
- c provision of water and sewerage services to customers
- d charge customers for these relevant services
- e manage customer enquiries, service requests and complaints.

2 Basis of preparation

a Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with:

- i Applicable *Australian Accounting Standards (AASBs)* (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB).
- ii The *Financial Accountability Act 2009*.
- iii The *Financial and Performance Management Standard 2009*.
- iv Queensland Treasury and Trade's *Financial Reporting Requirements for Queensland Government Agencies* (as applicable under the Restructuring Act).
- v *Statutory Bodies Financial Arrangement Act 1982*.
- vi Other authoritative pronouncements.

The financial statements were authorised for issue by the Board on 24 August 2015.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

2 Basis of preparation

b Measurement of fair values

Unitywater's accounting policies and disclosures require the measurement of fair values for non-financial assets relating to property, plant and equipment and financial instruments. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy based on the inputs used in the valuation techniques as follows:

- i Level 1: quoted prices in active markets for identical assets or liabilities.
- ii Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- iii Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset could be categorised in different levels of the fair value hierarchy, the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Unitywater recognises any evident transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair value is included in Note 15(c) Property plant and equipment and Note 25(d) Financial instruments.

c Functional and presentation currency

The financial statements are presented in Australian dollars, which is Unitywater's functional currency. Amounts included in the financial statements have been rounded to the nearest thousand dollars, unless disclosure of the full amount is specifically required.

d Going concern

These financial statements have been prepared on a going concern basis.

e Use of estimates and judgements

The preparation of financial statements requires management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

Note 3(a) (i)	Utility charges
Note 3(a) (iii)	Developer contribution (non-cash)
Note 3(g) (iii)	Asset Valuation
Note 3(g) (v)	Depreciation
Note 3(i)	Impairment
Note 3(l)	Employee benefits
Note 3(p)	Income tax equivalents
Note 27	Commitments
Note 28	Contingencies

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

a Revenue

Revenue is measured at the fair value of the consideration received or receivable net of the amount of goods and services tax (GST). Revenue is recognised when the amount can be reliably measured and it is probable that future economic benefits will flow to Unitywater.

i Utility charges

Utility charges are recognised as revenue on an accrual basis in the period to which they relate. Unitywater invoices Moreton Bay, Sunshine Coast and Noosa customers quarterly. Unitywater accrues for volumetric water revenue based upon historical usage patterns for the period between the date of the last water meter reading and the end of the reporting period. Unitywater accrues for access charges based upon each customer's access fees for the number of days from the last billing period to the end of the reporting period.

ii Fees and charges

Revenue from fees and charges is recognised as revenue upon delivery of services to the customers. This revenue consists of fees and charges for applications, information searches, connections, disconnections, inspections, testing and issuing permits.

iii Developer contributions

Unitywater finances part of its capital works infrastructure program through non-refundable contributions from developers which are applied to the cost of these works. These contributions received may be in the form of a non-cash contribution (assets) and/or a cash contribution.

Non-cash contributions (assets)

Non-cash contributions from developers such as water and sewerage infrastructure are recognised as revenue and as non-current assets when Unitywater obtains control of the assets and becomes liable for any ongoing maintenance. These contributed assets are recognised at their fair value.

Cash contributions

Non-refundable cash contributions from developers towards the cost of water supply and sewerage infrastructure for assets already constructed or for which there are no performance obligations are recognised as revenue when received or receivable. Cash developer contributions for specific assets are recognised as a liability where that specific asset has not been constructed at 30 June 2015. Cash developer contributions for applications initiated prior to 1 July 2014 may be collected by the Participating Councils on behalf of Unitywater and transferred to Unitywater when received.

Refunds payable to developers are recognised as a liability upon either subsequent take up of excess demand by other developers or where construction of the asset has been lawfully completed or in accordance with the agreement with the developer.

iv Grants and subsidies

Unconditional Government grants and subsidies are recognised as revenue on receipt or when it is probable that the economic benefits will flow to Unitywater and the value of that benefit can be reliably measured.

v Interest revenue

Interest revenue is recognised as it is earned.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

3 Significant accounting policies

a Revenue

vi Other income

Revenue from rendering of a service is recognised as revenue upon the delivery of the service to the customer. Lease income from operating leases where Unitywater is the lessor is recognised in income on a straight line basis over the period of the lease. Insurance proceeds and compensation revenue are recognised as revenue when received.

b Bulk water purchases

Bulk water purchases consist of water purchased from Seqwater which is the sole supplier of bulk water to Unitywater. The price that Unitywater must pay for bulk water purchases is set under the Queensland Bulk Water Supply Agreement. Bulk water purchases are recognised as an expense in the period that the water is consumed.

c Finance and borrowing costs

Finance and borrowing costs comprise:

- i interest expense on bank overdrafts, short-term and long-term borrowings
- ii bank fees and charges.

Finance and borrowing costs are recognised as an expense using the effective interest method in the period in which they arise. Finance and borrowing costs that are not settled in the period in which they arise are accrued as interest payable. Finance and borrowing costs directly attributable to a specific capital project that takes more than 12 months to prepare for its

intended use, are added to the cost of those assets.

d Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at bank, cheques receipted but not banked, deposits held on call and other short-term highly liquid investments. Bank overdrafts are reported as part of short-term borrowings in current liabilities in the Statement of Financial Position and are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

e Receivables

Trade and other receivables are recognised at amounts due at the time of sale or service delivery. Trade receivables are generally due for settlement 30 days from invoice date. Other receivables are due in accordance with their contractual terms.

Collectability of trade receivables is reviewed on an ongoing basis with provision being made for impairment as a proportion of the age of the debt. Individual debts that are uncollectable are written off when identified. Movements in the provision for impairment are recognised as an expense in that period. All known bad debts were written-off at 30 June 2015.

f Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is assigned on a weighted average basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition. Inventory is reviewed on a regular basis to recognise obsolescence, slow moving inventories and damaged goods. Any write down of inventories are recognised as an expense.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

3 Significant accounting policies

g Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses. Items of property, plant and equipment with a total value in excess of the following thresholds are recognised in the year of acquisition:-

Asset Type	Threshold
Land	\$1
Buildings	\$5,000
Plant and equipment – fleet	\$5,000
Plant and equipment – other	\$1,000
Infrastructure	\$1

Infrastructure assets are defined as a group of separately identifiable assets which, when considered together, are operating to achieve the objectives of the provision of a particular service.

All infrastructure assets deemed to form part of a major network (for example water supply and sewerage services) will be recorded as an asset regardless of the cost of the individual asset.

i Acquisition of property, plant and equipment

Acquisitions of property, plant and equipment are initially recorded at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including engineering design fees and all other establishment costs.

ii Capital and operating costs

Salaries, wages and materials expenditure incurred in the acquisition or construction of assets is treated as capital expenditure. Routine operating maintenance and repair costs to maintain the operational capacity of the asset is expensed as incurred, while expenditure that relates to replacement of a major component of an asset to maintain its service potential is capitalised.

Costs incurred subsequent to the initial asset purchase are capitalised when the expenditure improves the condition of the asset beyond its originally assessed standard of performance or capacity.

iii Asset valuation

Each class of property, plant and equipment is carried at fair value or cost, less where applicable, any accumulated depreciation and impairment losses. Fair value is measured in accordance with *AASB 116 Property, Plant and Equipment* and Queensland Treasury and Trade's *Non-Current Asset Policies for the Queensland Public Sector*.

Land, buildings and infrastructure assets are measured at fair value using an income approach based on discounted future cash flows. Valuations are undertaken annually to ensure that the carrying value of the assets does not differ materially from that which would be determined using fair value at the end of the reporting period. Due to the specialised nature of this class of asset where there is generally no active market, the fair value is determined using information from a variety of sources, the results of which are evaluated considering the reasonableness of the range of values indicated by those results. The key assumptions for fair value assessment are disclosed in Note 15(c).

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

3 Significant accounting policies

g Property, plant and equipment

Unitywater has an established control framework with respect to the measurement of fair values. This includes a valuation team that oversees all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer (CFO). Discussions of valuation processes and results are held between the CFO and the Audit and Risk Committee at least once a year, in line with Unitywater's annual reporting dates.

iv Capital work in progress

The cost of property, plant and equipment being constructed includes the cost of purchased services, materials, direct labour, borrowing costs and an appropriate proportion of overheads attributable to bringing assets into service.

v Depreciation

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and commissioned ready for use. Land is not depreciated as it has an unlimited useful life.

Property, plant and equipment is depreciated on a straight-line basis over the estimated useful life of each item of property, plant and equipment.

Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate and are depreciated accordingly. Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable

amount is depreciated over the remaining useful life of the asset.

Major spares purchased specifically for particular assets are capitalised and depreciated on the same basis as the asset to which they relate.

Depreciation methods, estimated useful lives and residual values of property, plant and equipment are reviewed annually and adjusted if appropriate.

The estimated useful lives for each class of depreciable assets are:

Class of fixed asset	Useful life
Buildings	60 years
Infrastructure assets	
Water infrastructure assets	10 – 100 years
Sewer infrastructure assets	15 – 160 years
Plant and equipment	
Motor vehicles	2 – 4 years
Heavy equipment	4 – 15 years
Office, IT and scientific equipment	3 – 30 years

Changes to useful lives

In the 2014-15 year the ongoing review of estimated useful lives has resulted in some changes to the rates applied for linear assets (i.e. mains, manholes and fittings) within the water and sewerage infrastructure categories as well as impacting Information Technology (IT) hardware. These changes were effective from 1 July 2014.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

3 Significant accounting policies

g Property, plant and equipment

In making these changes management have considered Unitywater's specific asset usage, history and performance, manufacturer information and industry behaviour for similar assets. In recent years Unitywater has progressively improved and optimised asset management systems and processes, resulting in management's current confidence that the business is now positioned to be able to manage assets to achieve these revised useful lives.

For linear assets within the water and sewerage infrastructure categories the overall outcome has been to move average useful lives from a very conservative position to a less conservative position. For IT hardware the outcome has been to apply slightly less aggressive useful lives.

Management consider these changes to useful lives to be changes in estimates in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* and the estimated future impact by category is set out below.

Further ongoing review is progressing for other areas, particularly relating to the non-linear assets (i.e. treatment plants, pump stations and reservoirs) within the water and sewerage infrastructure categories. At this time the review has not yet progressed to a point where management is able to reasonably estimate if there will be any opportunity to move to less conservative useful lives for these areas and for the moment management believe the current useful lives remain appropriate.

The impact on annual depreciation expense from the above changes to useful lives as recognised in the 2014-15 financial year and estimated for future years is set out below:

Class of fixed asset	2014-15 impact \$M	Estimated 2015-16 impact \$M	Estimated 2016-17 impact \$M	Estimated 2017-18 impact \$M
Infrastructure assets				
Water infrastructure assets	(6.5)	(6.5)	(5.9)	(6.0)
Sewerage infrastructure assets	(9.2)	(8.9)	(8.8)	(8.8)
Plant and equipment				
Office, IT and scientific equipment	0.7	-	0.3	1.1
Total impact	(15.0)	(15.4)	(14.4)	(13.7)

vi Gains and losses on disposals

Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the asset at the time of disposal. These gains and losses are included in the Statement of Comprehensive Income.

h Intangible assets

Intangible assets with a cost greater than \$1,000 are capitalised. Subsequent expenditure is capitalised when it increases the future economic benefits embodied in the specific asset to which it relates.

Intangible assets are recognised and carried at cost less accumulated amortisation and accumulated impairment losses.

i Computer software

Costs associated with the development and implementation of new systems and computer software have been capitalised and are amortised on a straight-line basis over its estimated useful life.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

3 Significant accounting policies

h Intangible assets

The cost of internally generated computer software includes the cost of all materials, direct labour, other directly attributable costs, borrowing costs and an appropriate proportion of overheads attributable during the development of the software.

ii Utility easements

Payments made to land owners to acquire an easement are capitalised. Easements represent the right to access Unitywater infrastructure on the land owner's property. Easements that have been acquired where no payments have been made are not capitalised.

iii Amortisation

Amortisation is recognised on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The useful lives of intangible assets are reviewed annually and adjusted if appropriate.

The estimated useful lives are:

Class of intangible asset	Useful life
Computer software	4 – 10 years
Utility easements	Indefinite

Changes to useful lives

In the 2014-15 year the ongoing review of estimated useful lives has resulted in some changes to the rates applied for computer software. These changes were effective from 1 July 2014.

In making these changes management have considered Unitywater specific asset usage and industry behaviour for similar assets. For computer software the outcome has been to apply slightly less aggressive useful lives.

Management consider these changes to useful lives to be changes in estimates in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* and the estimated future impact by category is set out below.

The impact from the above changes to useful lives as recognised in the 2014-15 financial year and estimated for future years is set out below:

Class of intangible asset	2014-15 impact \$M	Estimated 2015-16 impact \$M	Estimated 2016-17 impact \$M	Estimated 2017-18 impact \$M
Computer software	1.9	1.6	0.7	0.7

i Impairment

The carrying amounts of Unitywater's non-current assets are reviewed annually to determine whether there is any indication of impairment. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount.

The recoverable amount of an asset is the higher of its net selling price (fair value less costs to sell) and the value to be realised through using the assets (value in use). In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The fair value of Unitywater's assets has been estimated using an income based approach and assessed against recoverable amount. Refer to Note 15(d).

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

3 Significant accounting policies

i Impairment

Impairment losses are recognised as an expense unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation reserve of the relevant asset to the extent available.

An impairment loss is reversed when there is an indication the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

j Payables

Trade and other payables represent the value of goods and services provided to Unitywater prior to the end of the financial year that remain unpaid. Trade and other payables are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase price less any applicable discounts. Amounts owing are unsecured and are generally settled on 30 day terms or as contractually required.

k Financial instruments

Financial instruments are recognised initially at fair value when the related contractual rights or obligations exist. Subsequent to initial recognition these financial instruments are measured as described below.

Financial assets are derecognised if the contractual rights to the cash flows from the financial assets expire or if the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset are transferred. Financial liabilities

are derecognised if the obligations specified in the contract expire or are discharged or cancelled.

Financial instruments are classified and measured as follows:

- i cash and cash equivalents – held at fair value
- ii receivables – held at amortised cost
- iii payables – held at amortised cost
- iv borrowings – held at amortised cost.

Cash and cash equivalents are held at fair value and are valued using Level 1 observable input.

Borrowings are initially recognised at fair value, plus any transaction costs directly attributable to the borrowings, and then subsequently held at amortised cost using the effective interest method. Finance and borrowing costs that are not settled in the period in which they arise are accrued as interest payable.

Principal repayments for debt funding with Queensland Treasury Corporation and the Participating Councils are due at the end of the life of the loans as per their terms and conditions. Principal repayments for the working capital facilities are made throughout the life of the facility in accordance with the schedule of repayments.

Unitywater does not enter into transactions for speculative purposes, or for hedging.

l Employee benefits

A liability is recognised for benefits accruing to employees for salaries and wages, annual leave, leave in lieu and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Current liabilities recognised for employee benefits expected to be settled within 12 months are measured at their nominal value using current salary and wage rates and related on-costs.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

3 Significant accounting policies

I Employee benefits

A non-current liability is recognised for employee benefits where the liability is not expected to be settled wholly within 12 months after the end of the period. The benefits are measured at the present value of the estimated future cash flows to be made by Unitywater for services provided by employees up to the end of the reporting period. These cash flows are discounted using rates attaching to Australian Government bonds at the end of the reporting period which most closely match the terms of maturity of the related liabilities.

i Salaries and wages

A liability for salaries and wages is recognised and measured as the amount unpaid at the reporting date at current salary and wage rates in respect of employees' services up to that date.

ii Annual leave

A liability for annual leave accrued up to the end of the reporting period is recognised and is based on current salary and wage rates and includes related employee on-costs.

iii Leave in lieu

A liability for leave in lieu is accrued up to the end of the reporting period and represents the amount unpaid at the reporting date at current salary and wage rates and includes related employee on-costs.

iv Sick leave

Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised.

As sick leave is non-vesting, an expense is recognised for this leave as taken.

v Long service leave

Liabilities for long service leave where employees have completed the required period of service and are expected to take the leave within 12 months are recognised as current liabilities at nominal values. The remaining unvested liabilities are recognised as non-current liabilities.

The non-current liability for long service leave is measured using the expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future salary and wage rates and related on-costs, experience of employee departures and periods of service. Expected future non-current payments are discounted using market yields at the reporting date on Australian Government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

vi Superannuation schemes

Unitywater contributes to the Local Government Superannuation Scheme (Qld) (LG Super) for employees under both defined benefit scheme and accumulation superannuation scheme. Unitywater has no liability to or interest in LG Super other than the payment of the statutory contribution. Contributions are expensed when incurred. Refer to Note 24.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

3 Significant accounting policies

I Employee benefits

vii Termination benefits

Termination benefits are payable when employment is terminated by Unitywater before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. Termination benefits are recognised at the earlier of when Unitywater can no longer withdraw the offer of those benefits and when Unitywater recognises costs for a restructure. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer.

viii Key management personnel and remuneration

Key management personnel and remuneration disclosures are made in accordance with section 5 of the *Financial Reporting Requirements for Queensland Government Agencies* issued by Queensland Treasury and Trade. Refer to Note 29.

m Unearned revenue

Unitywater receives rental revenue for telecom towers in advance of the period and this is deferred as unearned revenue and progressively recognised in the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

n Leases

Leases in which Unitywater assumes all of the risks and rewards of ownership are classified as finance leases. Unitywater as a statutory body cannot enter into a finance lease without the approval of the Queensland Treasurer and at the end of the reporting date had no finance leases.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases and are not recognised in Unitywater's Statement of Financial Position. Operating lease payments are expensed in the period incurred and are representative of the pattern of benefits derived over the lease term.

o Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flow on a net GST basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

p Income tax equivalents

Unitywater is subject to the Local Government Tax Equivalents Regime (LGTER). Under the LGTER Unitywater is required to make income tax equivalent payments to the Participating Councils in accordance with the requirements of its Participation Agreement.

Income tax equivalent expense comprises current and deferred tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, at tax rates applicable to the income tax year, less any instalments paid and any adjustment to tax payable in respect of the previous year.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

3 Significant accounting policies

p Income tax equivalents

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse. A deferred tax asset is recognised for unused tax losses, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and deferred tax liabilities have been offset as there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on Unitywater.

q Participation returns

The Participating Councils (Moreton Bay Regional Council, Sunshine Coast Council and Noosa Council) are required by the *South East Queensland Water (Distribution and Retail Restructuring) Act 2009* (the Restructuring Act) to enter into an agreement (a Participation Agreement) to determine each entity's Participation Rights in Unitywater. The Participation Agreement specifies the Participants' Rights to participate in a distribution of profits of Unitywater in proportion to the percentage set out next to the Participants name in the Register of Participation Rights. During the period from 15 March to 15 April in each financial year Unitywater must give to the Participants:

- i an estimate of Unitywater's net profit for the financial year
- ii the amount of the Participation return to be paid for the financial year, including the amount payable for different Participation Rights.

A provision is made for the amount of any Participation return declared by the Board on or before the end of the financial year but not distributed at the end of the reporting period. A liability for Participation return payable is recognised in the reporting period in which the returns are declared for the entire undistributed amount.

r Comparatives

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

s New and revised accounting standards

Unitywater did not voluntarily change any of its accounting policies during 2014-15. There are no Australian Accounting Standard changes applicable for the first time for 2014-15 that have a material impact on Unitywater's financial statements.

Unitywater is not permitted to early adopt a new or amended accounting standard ahead of the specified commencement date unless approval is obtained from Queensland Treasury and Trade. Consequently, Unitywater has not applied any Australian Accounting Standards and interpretations that have been issued but are not yet effective. Unitywater applies standards and interpretations in accordance with their respective commencement dates.

At the date of authorisation of the financial report, certain new accounting standards and interpretations have been published that are not mandatory for the reporting period ending on 30 June 2015. Our assessment of the impact of these new standards and interpretations is set out below.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

3 Significant accounting policies

s New and revised accounting standard

AASB 15 *Revenue from Contracts with Customers* will become effective from reporting periods beginning on or after 1 January 2017. This standard contains much more detailed requirements for the accounting for certain types of revenue from customers. Depending on the specific contractual terms, the new requirements may potentially result in a change to the timing of revenue from sales of goods and services, such that some revenue may need to be deferred to a later reporting period to the extent that the entity has received cash but has not met its associated obligations (such amounts would be reported as a liability (unearned revenue) in the meantime. Unitywater is yet to complete its analysis of current arrangements for sale of its goods and services,

but at this stage does not expect a significant impact on its present accounting practices.

AASB9 *Financial Instruments* and AASB9 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)* will become effective from reporting periods beginning on or after 1 January 2018. The main impacts of these standards are that they will change the requirements for the classification, measurement, impairment and disclosures associated with the department's financial assets. AASB 9 will introduce different criteria for whether financial assets can be measured at amortised cost or fair value.

All other Australian Accounting Standards and Interpretations with future commencement dates are either not applicable to Unitywater's activities, or have no material impact on Unitywater.

4 Utility charges

Water access charges
Water volumetric charges
Sewerage access charges
Sewerage volumetric charges

	2015 \$'000	2014 \$'000
Water access charges	86,867	83,041
Water volumetric charges	164,146	149,463
Sewerage access charges	193,171	191,396
Sewerage volumetric charges	30,017	24,290
	474,201	448,190

5 Fees and charges

Application fees
Permits and licences
Connection fees
Search fees
Other fees and charges

	2015 \$'000	2014 \$'000
Application fees	1,560	1,799
Permits and licences	554	465
Connection fees	2,130	2,356
Search fees	2,625	2,490
Other fees and charges	840	638
	7,709	7,748

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

6 Developer contributions

	2015 \$'000	2014 \$'000
Developer contributions – assets	66,241	36,558
Developer contributions – cash	62,673	43,506
	128,914	80,064

7 Other income

	2015 \$'000	2014 \$'000
Private works	4,563	3,821
Rent revenue	1,406	1,220
Other revenue	1,334	3,276
	7,303	8,317

8 Employee expenses

	2015 \$'000	2014 \$'000
Salaries and wages	54,114	53,876
Restructuring costs	2,689	2,202
Employer superannuation contribution	6,397	6,818
Payroll tax	3,362	3,509
Board Members' fees	351	334
Other employee expenses	3,245	2,852
	70,158	69,591

The number of employees as at 30 June including both full time and part time employees measured on a full time equivalent basis (reflecting Minimum Obligatory Human Resource Information (MOHRI)) is:

	2015	2014
Number of employees	749	828

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

9 Supplies and services

	2015 \$'000	2014 \$'000
Materials and services	65,694	67,209
Consultants and legal fees	3,090	2,285
Other supplies and consumables	751	562
	69,535	70,056

Consultants are classified according to the Queensland Government Procurement Policy definition.

10 Finance and borrowing costs

	2015 \$'000	2014 \$'000
Interest costs	82,251	79,047
Interest costs – capitalised	(1,445)	(4,658)
Other financial costs	1,351	1,291
	82,157	75,680

11 Other expenses

	2015 \$'000	2014 \$'000
Insurance	1,541	1,632
Audit fees (internal and external)*	568	557
Regulatory fees	324	481
Impairment of trade receivables	(1,907)	168
Gain/Loss on disposal of property, plant and equipment	1,423	478
Industry membership	295	340
Other	246	399
	2,490	4,055

*Total external audit fees paid to the Queensland Audit Office relating to the 2014/15 financial statements are estimated to be \$235,000 (2014: \$218,000). There are no non-audit services included in this amount.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

12 Cash and cash equivalents

a Cash and cash equivalents

	2015 \$'000	2014 \$'000
Cash on hand	1,374	237
Bank balances	31,241	21,457
Cash and cash equivalents in the Statement of Cash Flows	32,615	21,694

b Reconciliation of cash flows from operating activities

	2015 \$'000	2014 Restated \$'000
Cash flows from operating activities		
Profit for the year	120,302	84,466
Adjustments for:		
Depreciation	77,983	77,374
Amortisation of intangible assets	7,712	3,680
Loss on disposal of property, plant and equipment	1,423	478
Donated assets	(66,241)	(36,558)
Impairment losses on property, plant and equipment	6,703	-
Impairment losses on trade receivables	(1,907)	168
Change in assets and liabilities		
Change in trade and other receivables	2,148	(6,063)
Change in inventories	575	338
Change in prepayments	(858)	342
Change in trade and other payables	(9,434)	(2,003)
Change in employee benefits	(2,167)	(312)
Change in other liabilities	(434)	2,945
Change in deferred tax liabilities	21,037	13,387
Net cash provided by operating activities	156,842	138,242

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

13 Trade and other receivables

	2015			2014		
	Current \$'000	Non-current \$'000	Total \$'000	Current \$'000	Non-current \$'000	Total \$'000
Current						
Trade debtors	109,274	3,798	113,072	110,694	-	110,694
Less: Provision for impairment	(1,502)	-	(1,502)	(3,500)	-	(3,500)
	107,772	3,798	111,570	107,194	-	107,194
GST receivable	1,991	-	1,991	1,979	-	1,979
Receivables from Participating Councils	152	-	152	4,773	-	4,773
Other receivables	-	-	-	5	-	5
Total	109,915	3,798	113,713	113,951	-	113,951

Trade debtors are interest bearing once they become due. Receivables from Participating Councils consist of developer contributions collected by the Participating Councils that are payable to Unitywater and other minor receivables. The non-current trade debtor balance relates to a developer contribution due in 2016-17.

	2015 \$'000	2014 \$'000
Movements in the provision for impairment loss		
Balance at 1 July	3,500	3,500
Decrease in allowance	(259)	-
Decrease in allowance for developer debt	(1,739)	-
Balance at 30 June	1,502	3,500

14 Inventories

	2015 \$'000	2014 \$'000
Stores	1,306	1,881
Total	1,306	1,881

An amount of \$2,617,031 (2014: \$2,440,076) of inventory was recognised as an expense during the year.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

15 Property, plant and equipment

a Carrying amount

	Land	Buildings	Infrastructure	Plant and equipment	Work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2015						
Gross carrying amount	52,431	17,668	3,350,860	59,250	72,289	3,552,498
Accumulated depreciation	-	(1,133)	(368,750)	(15,223)	-	(385,106)
Accumulated impairment losses	-	-	(6,703)	-	-	(6,703)
Carrying amount	52,431	16,535	2,975,407	44,027	72,289	3,160,689
2014						
Gross carrying amount	48,370	17,153	3,090,062	50,527	196,385	3,402,497
Accumulated depreciation	-	(725)	(296,068)	(12,196)	-	(308,989)
Accumulated impairment losses	-	-	-	-	-	-
Carrying amount	48,370	16,428	2,793,994	38,331	196,385	3,093,508

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

15 Property, plant and equipment

b Movements

	Land	Buildings	Infrastructure	Plant and equipment	Work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2015						
Carrying amount (opening)	48,370	16,428	2,793,994	38,331	196,385	3,093,508
Additions	-	-	-	-	88,890	88,890
Transfers from work in progress	4,061	525	195,648	12,572	(212,806)	-
Contributed assets	-	-	66,241	-	-	66,241
Disposals	-	(10)	(835)	(2,239)	(180)	(3,264)
Depreciation	-	(408)	(72,938)	(4,637)	-	(77,983)
Impairment ¹	-	-	(6,703)	-	-	(6,703)
Carrying amount (closing)	52,431	16,535	2,975,407	44,027	72,289	3,160,689
2014						
Carrying amount (opening)	48,370	11,946	2,714,812	32,405	171,290	2,978,823
Additions	-	-	-	-	157,012	157,012
Transfers from work in progress	-	4,678	117,089	9,780	(131,547)	-
Contributed assets	-	-	36,558	-	-	36,558
Disposals	-	-	(381)	(760)	(370)	(1,511)
Depreciation	-	(196)	(74,084)	(3,094)	-	(77,374)
Carrying amount (closing)	48,370	16,428	2,793,994	38,331	196,385	3,093,508

1 In March 2015 a decision was made to close the South Caboolture Advanced Recycled Water Treatment Plant. The plant was already in care and maintenance mode and there is now no future revenue generation expected from it, thus in advance of final decommissioning the assets relating to the plant have been written down to their recoverable amount. Recoverable amount has been determined by reference to the fair value less cost of disposal relating to the plant's assets, which was assessed as \$nil based on the limited potential for the plant's remaining assets to realise proceeds (e.g. scrap value) in excess of disposal costs. The resultant impairment loss of \$6.7M has been recognised in the statement of comprehensive income.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that takes more than 12 months to prepare for its intended use or sale (qualifying asset) are capitalised as part of the cost of the asset.

Unitywater capitalised finance and borrowing costs amounting to \$1,444,969 (2014: \$4,658,018) on qualifying assets during the year ended 30 June 2015. The rate used to determine the amount of borrowing costs eligible for capitalisation was 4.37% (2014: 4.26%), which is the effective interest rate of the specific borrowing.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

15 Property, plant and equipment

c Measurement of fair value

The fair value measurement for land, building and infrastructure assets of \$3.0 billion (2014: \$2.9 billion) has been categorised as a Level 3 in the fair value hierarchy Refer to Note 2(b).

As the fair value is not materially different from the carrying value of property, plant and equipment as at 30 June 2015, the carrying amount is considered to be representative of fair value and therefore no revaluation increment or revaluation decrement has been taken up. The following table presents Level 3 items for the year ended 30 June 2015 for recurring fair value measurements.

	Land \$'000	Buildings \$'000	Infrastructure \$'000	Total \$'000
2015				
Carrying amount (Opening)	48,370	16,428	2,793,994	2,858,792
Additions	4,061	525	261,889	266,475
Disposals	-	(10)	(835)	(845)
Depreciation and impairment	-	(408)	(79,641)	(80,049)
Carrying amount (Closing)	52,431	16,535	2,975,407	3,044,373

i Valuation techniques and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of the infrastructure assets, the significant unobservable inputs and the inter-relationship existing between the significant unobservable inputs and fair value measurement.

ii Valuation inputs and relationships to fair value

Unobservable inputs	Basis	Range of inputs	Relationship between unobservable inputs and fair value
Revenue growth rate	Average growth as forecast by management	4.11% – 4.67%	The higher the annual revenue cashflow growth rate, the higher the fair value
Operating expenses growth rate	Average growth as forecast by management	3.71%	The higher the operating expenditure, the lower the fair value
Capital expenses growth rate	Average growth as forecast by management	7.24%	The higher the capital expenditure, the lower the fair value
Terminal value	Gordon Growth Model, Regulatory Asset Base and RAB x 1.1	\$4,106M – \$4,722M	The higher the terminal value, the higher the fair value
Weighted Average Cost of Capital	Developed by management in conjunction with independent experts	7.2%	The higher the weighted average cost of capital, the lower the fair value

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

15 Property, plant and equipment

d Impairment testing

Following an assessment of fair value, Unitywater undertook an impairment review. Internal indicators of impairment including obsolescence and physical damage, significant changes with an adverse effect and internal reporting concerning economic performance of an asset were considered, together with external sources of information such as changes in technological, market, economic or legal environment, changes in regulated environment, policy and/or legislative changes and market interest rate changes.

e Impact of possible changes in key assumptions

The values assigned to the key assumptions for fair value and recoverable amount assessment represent Unitywater's assessment of future trends in the water industry, including the continued application of the building block methodology currently applied by the Queensland Competition Authority under Price Monitoring of the South East Queensland Distributor-Retailers, and are based on both external and internal sources.

16 Intangible assets

a Carrying amount

	Software \$'000	Utility easements \$'000	Work in progress \$'000	Total \$'000
2015				
Cost	44,280	2,657	2,005	48,942
Accumulated amortisation	(16,982)	-	-	(16,982)
Carrying amount	27,298	2,657	2,005	31,960
2014				
Cost	39,733	2,100	3,085	44,918
Accumulated amortisation	(9,584)	-	-	(9,584)
Carrying amount	30,149	2,100	3,085	35,334

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

16 Intangible assets

b Movements

	Software \$'000	Utility easements \$'000	Work in progress \$'000	Total \$'000
2015				
Carrying amount (opening)	30,149	2,100	3,085	35,334
Additions	-	-	4,338	4,338
Transfers from work in progress	4,861	557	(5,418)	-
Disposals	-	-	-	-
Amortisation	(7,712)	-	-	(7,712)
Carrying amount (closing)	27,298	2,657	2,005	31,960
2014				
Carrying amount (opening)	27,919	117	1,364	29,400
Additions	-	-	9,665	9,665
Transfers from work in progress	5,910	1,983	(7,893)	-
Disposals	-	-	(51)	(51)
Amortisation	(3,680)	-	-	(3,680)
Carrying amount (closing)	30,149	2,100	3,085	35,334

17 Trade and other payables

	2015 \$'000	2014 \$'000
Current		
Trade creditors	22,239	23,758
Participation return payable	23,472	21,271
Interest payable	20,250	19,697
Accrued expenses	14,793	18,992
Income tax equivalent payable	8,743	15,282
Other	1,985	1,912
Total	91,482	100,912

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

18 Loans and borrowings

a Compositions of loans

	2015 \$'000	2014 \$'000
Current		
Participating Councils		
Working capital	2,452	9,407
Total	2,452	9,407
Non-current		
Participating Councils		
Working capital	-	2,452
Subordinated debt	1,160,652	1,160,652
Queensland Treasury Corporation Loans		
Client Specific Pool	397,000	397,000
Total	1,557,652	1,560,104

No assets have been pledged as security for any liabilities. All borrowings are in Australian dollar denominated amounts and carried at amortised cost. There have been no defaults or breaches of the loan agreements during the year.

The Participating Councils senior and subordinated loans were renegotiated. The terms of these loans are 20 years commencing on 1 July 2013 and terminating on

30 June 2033 with an extension clause of 10 years and aggregation of the senior and subordinated loans into a single tranche of subordinated debt at variable interest rates on a portfolio based approach.

The weighted average rate of borrowings for the year is 5.19% (2014: 5.11%). Interest payments are made quarterly in arrears at rates ranging from 4.37% to 6.79% (2014: 4.25% to 6.79%).

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

18 Loans and borrowings

b Financing arrangements at balance date

	2015 \$'000	2014 \$'000
The Authority has access available at balance date to the following facilities:		
Bank overdraft	50	50
Credit card	750	750
Working capital	52,452	61,860
Loans	1,617,652	1,609,652
	1,670,904	1,672,312
Facilities not utilised at balance date:		
Bank overdraft	50	50
Credit card	725	679
Working capital	50,000	50,000
Loans	60,000	52,000
	110,775	102,729

19 Employee benefits

	2015 \$'000	2014 \$'000
Current		
Accrued salaries and wages	3,843	3,058
Annual leave	4,403	4,928
Long service leave	696	825
Rostered days off	282	361
Other employee entitlements	8	1
Total	9,232	9,173
Non-current		
Annual leave	1,252	1,678
Long service leave	8,291	10,092
Total	9,543	11,770

Refer to Note 24 for details of the amount of superannuation contributions paid by Unitywater for the benefit of the employees to their respective superannuation plans.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

20 Other liabilities

	2015 \$'000	2014 \$'000
Current		
Unearned revenue	4,952	4,105
Security deposits and retentions	1,576	856
Provision for restructuring	-	1,962
Other payables	-	38
Total	6,528	6,961

21 Income tax

a Income tax equivalents

	2015 \$'000	2014 Restated \$'000
Income tax equivalents recognised in profit or loss		
Current tax expense		
Current income tax charge	22,899	20,875
Current tax expense	22,899	20,875
Deferred tax expense		
Deferred income tax charge	21,037	13,386
Deferred tax expense	21,037	13,386
Total income tax equivalent expense	43,936	34,261
Reconciliation of effective tax rate		
Profit (loss) before income tax equivalent	164,238	118,727
Income tax equivalent expense at 30%	49,271	35,618
Non deductible expenses	7	7
Change in unrecognised temporary differences subject to initial recognition exemption	(5,342)	(1,364)
Income tax equivalent expense	43,936	34,261

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

21 Income tax

b Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2015	2014	2015	2014 Restated	2015	2014 Restated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment	-	-	(80,376)	(60,246)	(80,376)	(60,246)
Employee benefits	3,385	3,990	-	-	3,385	3,990
Other provisions and accruals	486	1,714	-	-	486	1,714
Formation costs	2	3	-	-	2	3
Other items	23	25	(2,152)	(3,080)	(2,129)	(3,055)
Tax asset (liability)	3,896	5,732	(82,528)	(63,326)	(78,632)	(57,594)
Set off	(3,896)	(5,732)	3,896	5,732	-	-
Net tax asset (liability)	-	-	(78,632)	(57,594)	(78,632)	(57,594)

c Movements in deferred tax assets and liabilities

	Assets		Liabilities		Net	
	2015	2014	2015	2014 Restated	2015	2014 Restated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July	5,732	5,892	(63,326)	(50,100)	(57,594)	(44,208)
Current year's income tax equivalent expense	(1,836)	(160)	(19,202)	(13,226)	(21,038)	(13,386)
Balance at 30 June	3,896	5,732	(82,528)	(63,326)	(78,632)	(57,594)

d Unrecognised deferred tax assets and liabilities

Deferred tax assets and liabilities have not been recognised in respect of the following:

	Assets		Liabilities		Net	
	2015	2014	2015	2014 Restated	2015	2014 Restated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Depreciating assets transferred from Councils on 1 July 2010	-	-	(12,663)	(7,501)	(12,663)	(7,501)
Employee provisions transferred from Councils on 1 July 2010	1,537	1,717	-	-	1,537	1,717
Tax asset (liability)	1,537	1,717	(12,663)	(7,501)	(11,126)	(5,784)
Set off	(1,537)	(1,717)	1,537	1,717	-	-
Net tax asset (liability)	-	-	(11,126)	(5,784)	(11,126)	(5,784)

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

22 Contributed equity

	2015 \$'000	2014 \$'000
Contributed equity	1,434,782	1,434,782
	1,434,782	1,434,782

On 1 July 2010, the Moreton Bay Regional Council and the Sunshine Coast Council transferred their water businesses to Unitywater. The transfer comprised assets, liabilities and employees of the Participant Councils water distribution and sewerage operations.

On 30 May 2011 the Minister for Energy and Water Utilities advised Unitywater and the Participating Councils of the final determination of Unitywater's Regulated Asset Base (RAB) at 1 July 2010. An amended Participation Agreement was submitted to the Minister on 1 July 2011 reflecting each Council's Participation Rights based on the value of each participating local

government's contribution to the RAB.

On 19 December 2013 the Minister for Energy and Water Supply approved the amendments to the Participation Agreement required to accommodate Noosa Council as a participant from 1 January 2014. On 1 January 2014 the Sunshine Coast Council transferred 110,869,501 Participation Rights for consideration of \$60,978,225 to Noosa Council, being 4.25% of total Participation Rights.

The contribution to RAB by each participating local government and allocation of Participation Rights are as follows:

Total Participation RAB made up of:	Moreton Bay Regional Council	Sunshine Coast Council	Noosa Council	Total
	\$'000	\$'000	\$'000	\$'000
Debt (45%)	683,665	440,356	49,891	1,173,912
Equity (55%)	835,591	538,213	60,978	1,434,782
Total Participation RAB	1,519,256	978,569	110,869	2,608,694
Contributed equity %	58.24%	37.51%	4.25%	100%
Net liabilities transferred from Participants	(6,640)	(5,947)	(674)	(13,261)
Net assets transferred from Participants	1,512,616	972,622	110,195	2,595,433

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

23 Participation returns

The following Participation returns have been paid or are payable at 30 June 2015:

	2015 \$'000	2014 \$'000
In accordance with the Participation Agreement, an interim participation return was declared on 28 January 2015 and paid on 13 February 2015.	21,654	27,003
The Board declared the final participation return payment on 24 June 2015. Payment will be made by 30 September 2015.	23,472	21,271
Total participation return paid/payable	45,126	48,274
Moreton Bay Regional Council	26,281	28,115
Sunshine Coast Council	16,927	19,255
Noosa Council	1,918	904
Total	45,126	48,274

24 Superannuation

Local Government Superannuation Scheme – LG Super

Unitywater contributes to the Local Government Superannuation Scheme (Qld) (the scheme). The scheme is a multi-employer plan as defined in the Australian Accounting Standard *AASB 119 Employee Benefits*.

The Queensland Local Government Superannuation Board, the trustee of the scheme, advised that the local government superannuation scheme was a complying superannuation scheme for the purpose of the Commonwealth Superannuation Industry (Supervision) legislation.

The scheme has three elements of which two are relevant to Unitywater, referred to as the Regional Defined Benefits Fund (Regional DBF) and the Accumulation Benefits Fund (ABF).

The ABF is a defined contribution scheme as defined in *AASB 119 Employee Benefits*. Unitywater has no liability to or interest in the ABF other than the payment of the statutory contributions as required by the *Local Government Act 2009*.

The Regional DBF is a defined benefit plan as defined in *AASB 119 Employee Benefits*. Unitywater is not able to account for the Regional DBF as a defined benefit plan in accordance with *AASB 119 Employee Benefits* because the scheme is unable to account to Unitywater for its proportionate share of the defined benefit obligation, plan assets and costs. The funding policy adopted in respect of the Regional DBF is directed at ensuring that the benefits accruing to members and beneficiaries are fully funded as they fall due.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

24 Superannuation

To ensure the ongoing solvency of the Regional DBF, the scheme's trustee can vary the rate of contributions from relevant employers subject to advice from the scheme's actuary. As at the reporting date, no changes had been made to prescribed employer contributions which remain at 12% of employee assets and there are no known requirements to change the rate of contributions.

Any amount by which either fund is over or under funded would only affect future benefits and contributions to the Regional DBF, and is not an asset or liability of Unitywater. Accordingly there is no recognition in the financial statements of any over or under funding of the scheme.

As at the reporting date, the assets of the scheme are sufficient to meet the vested benefits.

The most recent actuarial assessment of the scheme was undertaken at 1 July 2012. The actuary indicated that "the Regional DBF is currently in a satisfactory but modest financial position and remains vulnerable to adverse short and medium term experience."

Following the previous actuarial assessment in 2009, participating employers were advised by the trustee of

the scheme, following advice from the scheme's actuary, that additional contributions may be imposed in the future at a level necessary to protect the entitlements of Regional DBF members. In the 2012 actuarial report the actuary has recommended no change to the employer contribution levels at this time.

Under the *Local Government Act 2009* the trustee of the scheme has the power to levy additional contributions on councils and local government entities that have employees in the Regional DBF, when the actuary advises such additional contributions are payable - normally when the assets of the Regional DBF are insufficient to meet members' benefits.

There are currently 71 entities contributing to the Regional DBF plan and any changes in contribution rates would apply equally to all 71 entities. Unitywater made less than 4% of the total contributions to the plan in the 2014-15 financial year. The next actuarial investigation will be made at 1 July 2015.

The amount of superannuation contributions by superannuation plan type and fund incurred by Unitywater is as follows:

	2015 \$'000	2014 \$'000
Superannuation plan		
Regional defined benefit fund - LG Super	901	1,063
Accumulation benefit fund - LG Super	5,985	6,248
Other Defined Contribution funds	366	464
Total	7,252	7,775

A portion of the above superannuation contributions related to work performed on capital projects which were capitalised. The amount recognised as an expense during the financial year is \$6,397,398 (2014: \$6,817,843).

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

25 Financial instruments

Financial risk management

Overview

Unitywater's activities expose it to a variety of financial risks including credit risk, liquidity risk, market risk, interest rate risk and operational risk.

Risk management framework

The Board has overall responsibility for the establishment and oversight of the risk management framework. The Board established the Audit and Risk Committee, which is responsible for developing and monitoring risk management policies. The committee reports regularly to the Board on its activities.

Exposure to financial risks is managed in accordance with Unitywater's approved policies on financial risk management. These policies focus on managing the volatility of financial markets and seek to minimise potential adverse effects on the financial performance of Unitywater. Unitywater measures risk exposure using a variety of methods, as follows:

Risk Exposure	Measurement Method
Credit risk	Ageing analysis
Liquidity risk	Maturity analysis
Interest rate risk	Sensitivity analysis

Credit risk

Credit risk is the risk of financial loss to Unitywater if a customer or another party fails to meet its obligations. Unitywater is exposed to credit risk through its customers, investments with the Queensland Treasury Corporation (QTC) and deposits held with banks. Unitywater has a concentration of credit risk from receivables due from its customers. The QTC Fund is an asset management portfolio with investments in a wide variety of high credit rating counterparts. Deposits are capital guaranteed. Other investments are held with regulated financial institutions that have a credit rating of at least A+.

Liquidity risk

Liquidity risk is the risk that Unitywater may encounter difficulty in meeting obligations associated with financial liabilities. Unitywater is exposed to liquidity risk through its trading in the normal course of business, and through borrowings from the QTC for asset acquisitions and capital works and from Moreton Bay Regional Council, Sunshine Coast Council and Noosa Council for its working capital requirements. Unitywater manages its exposure to liquidity risk by maintaining sufficient cash deposits and undrawn facilities, both short and long term, to cater for unexpected volatility in cash flows.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

25 Financial instruments

Market risk

Unitywater does not trade in foreign currency and is not materially exposed to commodity price ranges. Unitywater is exposed to interest rate risk through its borrowings from QTC and Participating Councils, and cash deposited in interest bearing accounts. Unitywater manages that part of its portfolio by setting, monitoring and adjusting the terms and duration of its loan portfolio as allowed under its commercial financing contract, with QTC and the Participating Councils.

Interest rate risk

Interest rate risk is the risk that a value of a financial instrument or cash flow associated with the instrument will fluctuate due to changes in market interest rates. Unitywater is exposed to interest rate risk through its borrowings with QTC and the Participating Councils, investment with QTC and cash deposited in interest bearing accounts. The risk in borrowing is effectively managed by borrowing from financial institutions that provide access to floating funding sources such that the desired interest rate risk exposure can be constructed.

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with Unitywater's processes, personnel, technology and infrastructure, and from external factors other than

credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of Unitywater's operations.

Unitywater's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to Unitywater's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. This responsibility is supported by the development of overall standards for the management of operational risk in the following areas:

- a Requirements for appropriate segregation of duties, including the independent authorisation of transactions.
- b Requirements for the reconciliation and monitoring of transactions.
- c Compliance with regulatory and other legal requirements.
- d Documentation of controls and procedures.
- e Training and professional development.
- f Risk mitigation, including insurance where this is effective.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

25 Financial instruments

a Categorisation of financial instruments

Unitywater has the following categories of financial assets and financial liabilities:

Category	Notes	2015 \$'000	2014 \$'000
Financial assets			
Cash and cash equivalents	12	32,615	21,694
Trade and other receivables	13	109,915	113,951
Total		142,530	135,645
Financial liabilities			
Trade and other payables	17	91,482	100,912
Loans and borrowings	18	1,560,104	1,569,511
Total		1,651,586	1,670,423

b Credit risk exposure

Exposure to credit risk for Unitywater exists in respect of all financial assets recognised in the Statement of Financial Position, such as trade and other receivables and cash and cash equivalent.

In respect of trade and other receivables, Unitywater is obliged to service all customers in its service area without regard to customer credit quality. Unitywater manages credit risk in accordance with its Credit Management Policy, which outlines credit collection processes, continuing service provision whilst minimising risks associated with fulfilling payment requirements, customer awareness regarding the use of appropriate payment options and plans to reduce likelihood of non-payment and provisions for those customers suffering genuine financial hardship. Exposure to credit risk is monitored on an ongoing basis.

In respect to cash and cash equivalents, Unitywater only deals with creditworthy counterparties and recognised financial intermediaries as a means of mitigating against

the risk of financial losses from default. Unitywater's Investment and Cash Management Policy provides a high level framework which prescribes the credit rating of counterparties.

The maximum exposure to credit risk at 30 June 2015 in relation to each class of recognised financial asset is the gross carrying amount of those assets inclusive of any provision for impairment (Refer Notes 12 and 13).

No collateral is held as security and no credit enhancements relate to financial assets held by Unitywater.

No financial assets and financial liabilities have been offset and presented net in the Statement of Financial Position.

The method of calculating any impairment provision for risk is based on Unitywater's past experience and industry experience as a proportion of outstanding debt. The recognised impairment provision for receivables is \$1,501,967 (2014: \$3,500,000) for the current year.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

25 Financial instruments

b Credit risk exposure

Ageing past due, but not impaired, as well as impaired financial assets are disclosed in the following tables:

	Gross \$'000	Impairment \$'000	Total \$'000
Trade and other receivables			
2015			
Not past due	102,093	-	102,093
Past due 0-30 days	5,454	-	5,454
Past due 31- 60 days	1,218	-	1,218
Past due 61- 90 days	1,438	-	1,438
More than 91 days	5,012	1,502	3,510
	115,215	1,502	113,713
2014			
Not past due	96,262	-	96,262
Past due 0-30 days	6,100	-	6,100
Past due 31- 60 days	1,270	-	1,270
Past due 61- 90 days	1,812	-	1,812
More than 91 days	12,007	3,500	8,507
	117,451	3,500	113,951

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

25 Financial instruments

c Liquidity risk

Unitywater is exposed to liquidity risk in respect of its payables and borrowings from QTC and Participating Councils.

The following table sets out the liquidity risk of financial liabilities held by Unitywater. It represents the contractual maturity of financial liabilities, including interest payments, calculated based on undiscounted cash flows.

	Financial liabilities				Total cash flows \$'000
	Carrying amount	Cash flows payable in			
	\$'000	<1 year \$'000	1-5 years \$'000	>5 years \$'000	
2015					
Trade and other payables	91,482	91,482	-	-	91,482
PLG Loans	1,160,652	62,211	248,843	1,969,393	2,280,447
QTC borrowings	397,000	16,913	67,513	392,401	476,827
Working capital facilities	2,452	2,494	-	-	2,494
Total	1,651,586	173,100	316,356	2,361,794	2,851,250
2014					
Trade and other payables	100,912	100,912	-	-	100,912
PLG Loans	1,160,652	65,017	262,978	2,081,076	2,409,071
QTC borrowings	397,000	17,529	70,166	393,103	480,798
Working capital facilities	11,859	9,976	2,494	-	12,470
Total	1,670,423	193,434	335,638	2,474,179	3,003,251

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

25 Financial instruments

d Market risk

Unitywater does not trade in foreign currency and is not materially exposed to commodity price changes. Unitywater is exposed to interest rate risk through borrowings with QTC and the Participating Councils, investment with QTC and cash deposited in interest bearing accounts.

Profile

At the reporting date the interest rate profile of Unitywater's interest bearing financial instruments was:

	2015 \$'000	2014 \$'000
Fixed rate instruments		
Financial liabilities	2,452	11,859
	2,452	11,859
Variable rate instruments		
Financial assets	31,241	21,457
Financial liabilities	1,557,652	1,557,652
	1,588,893	1,579,109

Sensitivity analysis for variable rate instruments

The following sensitivity analysis depicts the outcome to profit and loss if interest rates would change by +/- 1% from the year end rates applicable to Unitywater's financial assets and liabilities. The calculations assume that the rate would be held constant over the next financial year, with the change occurring at the beginning of that year, except for the current year financial liabilities which assume periodic refinancing.

	Interest rate risk				
		-1%	+1%		
	Net carrying amounts	Profit	Equity	Profit	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
2015					
Financial assets	31,241	(312)	(312)	312	312
Financial liabilities	(1,557,652)	778	778	(766)	(766)
Sensitivity (net)	(1,526,411)	466	466	(454)	(454)
2014					
Financial assets	21,457	(215)	(215)	215	215
Financial liabilities	(1,557,652)	781	781	(771)	(771)
Sensitivity (net)	(1,536,195)	566	566	(556)	(556)

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

25 Financial instruments

d Market risk

Fair value

Unitywater has not recognised any financial assets or financial liabilities at fair value, except for cash and cash equivalents.

The fair value of cash, trade and other receivables and payables is assumed to approximate the value of the original transaction, less any allowance for impairment.

Cash and cash equivalent is held at fair value and is valued using Level 1 observable input. The fair value of interest bearing loans and borrowings is calculated based on discounted expected future cash flows. The fair values of the loans and borrowings, together with the carrying amounts, are as follows:

	Carrying amount \$'000	Fair value \$'000
2015		
Participating Councils		
Working capital	2,452	2,452
Subordinated loans	1,160,652	1,191,210
QTC borrowings		
Client Specific Pool	397,000	413,807
Total	1,560,104	1,607,469
2014		
Participating Councils		
Working capital	11,859	11,981
Subordinated loans	1,160,652	1,173,854
QTC borrowings		
Client Specific Pool	397,000	408,513
Total	1,569,511	1,594,348

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

26 Operating leases

a Leases as lessee

Commitments under non-cancellable operating leases at reporting date are inclusive of anticipated GST and are payable as follows:

	2015 \$'000	2014 \$'000
Less than one year	2,710	2,700
Between one and five years	11,469	11,079
More than five years	13,038	15,251
	27,217	29,030

Unitywater leases various land, buildings, and vehicles. The leases have varying terms, escalation clauses and renewal rights. On renewal the terms of the leases are renegotiated.

During the year an amount of \$2,419,223 (2014: \$3,427,928) was recognised as an expense in the Statement of Comprehensive Income in respect of operating leases.

b Leases as lessor

Commitments under non-cancellable operating leases at reporting date are inclusive of anticipated GST and are receivable as follows:

	2015 \$'000	2014 \$'000
Less than one year	1,609	1,604
Between one and five years	4,884	5,200
More than five years	9,176	10,096
	15,669	16,900

Unitywater leases sites to telecommunication carriers for installation and operation of mobile telecommunication facilities.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

27 Commitments

a Capital expenditure commitments

Material classes of capital expenditure commitments inclusive of anticipated GST, contracted for at reporting date but not recognised in the accounts as payable are as follows:

	2015 \$'000	2014 \$'000
Property, plant and equipment		
Within one year	22,499	18,704
One year and no later than five years	8,240	64
	30,739	18,768

b Other expenditure commitments

Operating expenditure contracted but not yet provided for and payable at the end of the period are as follows:

	2015 \$'000	2014 \$'000
Within one year	20,086	16,111
One year and no later than five years	28,167	11,188
More than five years	-	8,558
	48,253	35,857

28 Contingencies

No amounts for contingent assets or liabilities have been provided in the financial statements.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

29 Key management personnel

a Board Members

Board Members' remuneration is established under the Participation Agreement and is with the unanimous agreement of the Participants. Board Members' fees include fees paid for membership of Unitywater's Board and relevant Board committees. The Board Members who were paid, or were due to be paid from Unitywater were:

	2015 Remuneration \$	2014 Remuneration \$
Jim Soorley	110,250	105,000
Barry Casson	58,800	56,000
Sharon Doyle	64,050	61,000
Megan Houghton	58,800	56,000
Mike Williamson	58,800	56,417
	350,700	334,417

b Board Members' transactions

A number of the Board Members hold positions in other entities that may result in them having control or significant influence over the financial or operating policies of those entities.

Jim Soorley is a consultant for RP Data Pty Ltd. Unitywater made payments of \$7,247 (2014: \$7,247) for property information services during the financial year. This entity was engaged on an arm's length basis under commercial terms and conditions.

Sharon Doyle is a Director of InterFinancial Pty Ltd. Unitywater made payments of \$2,500 (2014: \$42,600) for corporate advisory services during the financial year. This entity was engaged on an arm's length basis under commercial terms and conditions.

c Loans to key management personnel

None of the key management personnel have personal loans with Unitywater outstanding at 30 June 2015 (2014: Nil).

d Key executive management personnel transactions

Key executive management personnel of Unitywater or their related parties conduct transactions with Unitywater on terms and conditions no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-related entities on an arm's length basis.

A related party of the Chief Financial Officer, Stratboard Pty Ltd was engaged by the Chief Executive Officer during the prior financial year. Unitywater paid \$0 (2014: \$24,338) for corporate strategy services to Stratboard Pty Ltd during the financial year. This entity was engaged on an arm's length basis under commercial terms and conditions.

All other transactions with key executive management personnel that occurred during the financial year related to the domestic supply of water and sewerage services, and were trivial in nature.

e Key executive management personnel

The following details for key executive management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of Unitywater during the year. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

29 Key management personnel

e Key executive management personnel

Position	Responsibilities	Current incumbents	
		Contract classification	Date appointed to position
Chief Executive Officer	Accountable to the Board for the overall management and operation of the Authority as well as to ensure the successful delivery of the Authority's strategic direction.	Contract of employment	16 July 2012
Executive Manager Infrastructure Services	Responsible for managing all aspects of the day-to-day operation and maintenance of the water reticulation network, recycled water network, sewage collection network and sewage treatment plants of the Authority.	Contract of employment	29 April 2013
Executive Manager Infrastructure Planning & Capital Delivery	Responsible for water and sewerage asset management including planning, design and capital delivery, drinking water quality monitoring and assurance, and development services of the Authority.	Contract of employment	29 April 2013
Executive Manager Retail	Responsible for ensuring the Authority's commercial and regulatory obligations to customers, community and government are met through the effective management and leadership of communications, stakeholder engagement, customer service, business improvement measures and revenue assurance.	Contract of employment	1 July 2010
Chief Financial Officer	Responsible for managing strategy and business development, corporate performance, financial reporting, tax, treasury, financial systems, procurement, pricing and economic regulation, whilst incorporating the strategy and management of data, information, its underlying technology and security for the Authority and information technology.	Contract of employment	24 January 2011
Executive Manager People Culture & Safety	Responsible for workforce strategy, safety, environmental compliance, quality systems, records management, human resources practices, policies and procedures of the Authority.	Contract of employment	2 July 2012
General Counsel and Company Secretary ¹	Responsible for the company secretariat, governance, internal audit, risk and compliance, and legal functions of the Authority.	Contract of employment	1 July 2014

¹ The Counsel and Company Secretary position was appointed on 5 May 2014, however only became part of the Executive Leadership Team as at 1 July 2014.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

29 Key management personnel

f Remuneration for key executive management personnel

Remuneration and other terms of employment for Unitywater's key executive management personnel are formalised in contracts of employment.

Contracts of employment make a provision for an appropriate combination of competitive fixed and variable remuneration components.

The fixed component of remuneration is linked to an assessment of the job size and value based on independent market advice and evaluation. A Fixed Annual Remuneration (FAR) concept for the structure of executive remuneration is utilised. The market median of remuneration in the Power, Water and Utilities: Government Business Enterprises is used as a basis for determining the FAR for executive managers. While the FAR is capped, the executive then has the flexibility to decide the composition of the total fixed remuneration, which could include cash salary, motor vehicle, additional superannuation, plus any fringe benefits tax incurred. No other non-cash benefits are provided to executives as the FAR concept captures various benefits structured within a total cost rather than a base salary plus benefits approach.

Annual increases in remuneration are in accordance with recommendations endorsed by the Nominations and Remuneration Committee and approved by the Board in line with the governance arrangements for executive managers provided by Unitywater.

The variable component of remuneration is provided to executive managers through an annual incentive payment scheme. This scheme is designed to effectively reward a combination of key behaviours, capability and performance aligned with business, divisional and individual goals and targets. The performance payment is contingent upon the Board's assessment of Unitywater's overall performance. Performance

payments may not exceed a maximum of twenty per cent of the individual's FAR figure and require endorsement by the Nominations and Remuneration Committee and approval by the Board.

Where employment is terminated due to Unitywater's operational requirements, a redundancy payment is payable in accordance with the *Industrial Relations Act 1999 (QLD)*. The payment is based on the individual's FAR figure and period of service;

- i 12 months service 4 weeks redundancy payment
- ii 24 months service 6 weeks redundancy payment
- iii 36 months service 7 weeks redundancy payment

An additional weeks redundancy payment per year of service is payable thereafter with a cap at sixteen weeks for twelve years service.

A termination payment made will comprise all entitlements accrued under the contract and where the executive has completed seven years of service the payment will include long service leave of 0.8667 or 1.3 weeks for each completed year of service.

All remuneration component amounts are reviewed annually by the Nominations and Remuneration Committee and the Board. All amendments to the remuneration policy for key executive management personnel are reviewed by the Nominations and Remuneration Committee for endorsement prior to submission to the Board.

Post employment benefits include superannuation contributions. Long term employee benefits include long service leave accrued up to the end of the reporting period.

Total fixed remuneration is calculated on a 'total cost' basis and includes the base and non-monetary benefits, long term employee benefits and post employment benefits. All executives were employed for the entire financial year unless otherwise disclosed.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

29 Key management personnel

f Remuneration for key executive management personnel

1 July 2014 – 30 June 2015

Position	Short term employee benefits		Post employment benefits	Long term employee benefits ¹	Total remuneration
	Monetary	Non-monetary benefits			
	\$	\$	\$	\$	\$
Chief Executive Officer	340,066	-	32,553	5,468	378,087
Executive Manager Infrastructure Services	228,620	14,852	21,752	3,763	268,987
Executive Manager Infrastructure Planning & Capital Delivery	220,682	-	20,977	2,227	243,886
Executive Manager Retail	226,062	9,682	25,360	(14,777)	246,327
Chief Financial Officer	284,194	-	27,014	5,057	316,265
Executive Manager People Culture & Safety	218,561	-	20,776	2,364	241,701
General Counsel & Company Secretary	176,328	-	16,761	1,878	194,967
Total remuneration	1,694,513	24,534	165,193	5,980	1,890,220

1 Long term employee benefits represent the movements in the provision for long service leave. This represents amounts provided for, not amounts that have been paid. A number of factors impact upon the provision including earning and taking of leave, changes to escalation rates, discount rates, and probability factors of employees reaching the required length of service to be eligible for long service leave. When an employee leaves prior to the requisite period of service being completed a reversal of the long service leave accrual is made.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

29 Key management personnel

f Remuneration for key executive management personnel

1 July 2013 – 30 June 2014

Position	Short term employee benefits		Post employment benefits	Long term employee benefits ¹	Termination benefits	Total remuneration
	Monetary	Non-monetary benefits				
	\$	\$	\$	\$	\$	\$
Chief Executive Officer	338,527	-	25,572	4,163	-	368,262
Executive Manager Infrastructure Services	223,945	15,316	21,134	3,468	-	263,862
Executive Manager Infrastructure Planning & Capital Delivery	216,426	-	20,030	2,611	-	239,067
Executive Manager Retail	220,600	12,705	26,598	7,509	-	267,412
Chief Financial Officer	271,193	-	25,183	3,270	-	299,646
Executive Manager People Culture & Safety	217,162	-	20,097	2,175	-	239,434
Chief Information Officer ² (1 Jul 2013 - 16 Apr 2014)	162,004	-	21,394	(7,222)	101,684	277,861
Chief Information Officer (acting) ² (28 Apr 2014 - 30 Jun 2014)	34,354	-	3,178	482	-	38,014
Total remuneration	1,684,211	28,020	163,186	16,456	101,684	1,993,557

1 Long term employee benefits include long service leave accrued up to the end of the reporting period. This represents amounts payable if the required period of service is completed, not amounts that have been paid. When an employee leaves prior to the requisite period of service being completed an adjustment of the long service leave accrual is made.

2 In July 2014 the position of Chief Information Officer was abolished. Responsibility for the Information Communication and Technology Division was transferred to the Chief Financial Officer.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

29 Key management personnel

g Performance payments

The performance assessment process occurs after the end of the financial year. Payment of performance bonuses occurs in the year following actual performance.

The basis for performance bonuses paid this financial year is set out below:

Position	Date paid	Basis for payment
Chief Executive Officer	23 Dec 2014	Individual performance payments are based upon achievement of corporate, divisional and individual targets.
Executive Manager Infrastructure Services	17 Oct 2014	
Executive Manager Infrastructure Planning & Capital Delivery	17 Oct 2014	
Executive Manager Retail Services	17 Oct 2014	
Chief Financial Officer	17 Oct 2014	
Executive Manager People Culture & Safety	17 Oct 2014	

The aggregate performance bonuses paid to key executive management personnel after performance reviews are completed and endorsed by the Nominations and Remuneration Committee are as follows:

	2015 Remuneration \$	2014 Remuneration \$
Performance payments	190,208	280,581

At the date of certification the performance assessment process for the financial year ended 30 June 2015 was still being conducted.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

30 Related parties

Transactions with Participating Councils

The amount of revenue and expenditure included in the Statement of Comprehensive Income, and the amount receivable or payable to Participating Councils are as follows:

	Moreton Bay Regional Council		Sunshine Coast Council		Noosa Council ¹		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Revenue								
Utility charges	5,098	4,427	3,580	4,018	869	298	9,547	8,743
Utility rebates	-	(4)	-	-	-	-	-	(4)
Other revenue	765	1,128	1,622	1,120	111	50	2,498	2,298
	5,863	1,827	5,202	5,138	980	348	12,045	11,037
Expenses								
Supplies and services	1,441	1,827	31	1,092	9	1	1,481	2,920
Interest on loans	37,238	36,940	23,967	25,211	2,692	1,324	63,897	63,475
Taxation equivalents	14,203	12,978	9,147	8,811	1,036	495	24,386	22,284
Participation returns	26,281	28,115	16,927	19,255	1,918	904	45,126	48,274
	79,163	79,860	50,072	54,369	5,655	2,724	134,890	136,953
Amounts receivable								
Utility charges	640	593	492	366	172	77	1,304	1,036
Other receivables	101	43	73	6	(1)	-	173	49
Developer contributions - cash	-	1,297	137	3,382	14	94	151	4,773
	741	1,933	702	3,754	185	171	1,628	5,858
Amounts payable								
Interest payable	9,279	9,207	5,961	5,943	673	662	15,913	15,812
Supplies and services	57	36	1	66	-	-	58	102
Taxation equivalents	5,958	9,720	3,837	6,638	435	332	10,230	16,690
Participation returns	13,670	12,388	8,804	7,979	998	904	23,472	21,271
	28,964	31,351	18,603	20,626	2,106	1,898	49,673	53,875
Loans and borrowings								
Loans	677,025	677,025	434,409	434,409	49,218	49,218	1,160,652	1,160,652
Working capital	1,226	5,930	1,226	5,930	-	-	2,452	11,860
	678,251	682,955	435,635	440,339	49,218	49,218	1,163,104	1,172,512

Amounts owing are unsecured and are expected to be settled in cash.

¹ Noosa Council commenced operations on 1 January 2014.

Refer to Note 29 for details about related party transactions with Key Management Personnel.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

31 Restated balances

As part of the restructure of water entities in South East Queensland, the Sunshine Coast and Moreton Bay Regional Councils transferred assets to Unitywater as at 1 July 2010 ("transferred assets"). The requirements of the recognition exemption sections of AASB112 *Income Taxes* (paragraphs 15 and 24) are applicable in relation to these transferred assets resulting in any Deferred Tax Assets or Liabilities arising on the acquisition of the transferred assets not being recognised and no Deferred Tax Asset or Liability balances or movements are ever recognised in future periods in relation to these assets as the assets are depreciated or disposed. However, the temporary differences arising between the carrying amount and the tax base of the assets subsequently acquired by Unitywater is recognised as a taxable temporary difference in accordance with AASB112 (paragraph 17(b)).

Unitywater had classified its accounting and tax asset base between the transferred assets and subsequent additions for the purpose of determining Deferred Tax balances, however it has been identified in the 2015 financial year that this sub classification within the asset register has been flawed, thus distorting the value of the transferred assets with a resulting impact on Deferred Tax balances.

Investigation has quantified the impact and also determined that a portion relates to prior periods.

Year	Adjustment to Income Tax Equivalent Expense \$'000	Adjustment to Deferred Tax Liability (cumulative) \$'000
2011	(454)	(454)
2012	4,175	3,721
2013	2,218	5,939
2014	1,546	7,485
	<u>7,485</u>	

The adjustment has been treated as an error with retrospective adjustment in accordance with the requirements of AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. As a result, comparative balances have been restated as detailed below.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 30 JUNE 2015

31 Restated balances

Statement of comprehensive income (extract)	30 June 2014 \$'000	Increase/ (Decrease) \$'000	30 June 2014 Restated \$'000
Income tax equivalent expense	32,715	1,546	34,261
Profit for the year	86,012	(1,546)	84,466
Total comprehensive income for the year	86,012	(1,546)	84,466

Statement of financial position (extract)	30 June 2014 \$'000	Increase/ (Decrease) \$'000	30 June 2014 Restated \$'000	30 June 2013 \$'000	Increase/ (Decrease) \$'000	1 July 2013 Restated \$'000
Non-current liabilities						
Deferred tax liabilities	50,109	7,485	57,594	38,269	5,939	44,208
Total non-current liabilities	1,621,983	7,485	1,629,468	1,542,570	5,939	1,548,509
Total liabilities	1,748,436	7,485	1,755,921	1,677,117	5,939	1,683,056
Net assets	1,519,694	(7,485)	1,512,209	1,481,956	(5,939)	1,476,017
Equity						
Retained earnings	84,912	(7,485)	77,427	47,174	(5,939)	41,235
Total Equity	1,519,694	(7,485)	1,512,209	1,481,956	(5,939)	1,476,017

Management Certificate

FOR THE YEAR ENDED 30 JUNE 2015

Certificate of Unitywater for the year ended 30 June 2015

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), relevant sections of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with section 62(1)(b) of the Act we certify that in our opinion:

- a The prescribed requirements for establishing and keeping the accounts have been complied with in all material respects.
- b The statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of Unitywater for the financial year ended 30 June 2015 and of the financial position at the end of that year.
- c These assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.

Jim Soorley

BA (Psych), MA (Org Psych), AM

Chairman



Signature
24 August 2015

George Theo

MBA, BEng (Civil), Ass Dip (Mun Eng),
CPEng, GAICD

Chief Executive Officer



Signature
24 August 2015

Pauline Thomson

BBus (Acc), CPA, GAICD

Chief Financial Officer



Signature
24 August 2015

INDEPENDENT AUDITOR'S REPORT

To the Board of Northern SEQ Distributor-Retailer Authority

Report on the Financial Report

I have audited the accompanying financial report of Northern SEQ Distributor-Retailer Authority, which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Chairman, Chief Executive Officer and Chief Financial Officer.

The Board's Responsibility for the Financial Report

The Board is responsible for the preparation of the financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, including compliance with Australian Accounting Standards. The Board's responsibility also includes such internal control as the Board determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial report including any mandatory financial reporting requirements approved by the Treasurer for application in Queensland.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Opinion

In accordance with s.40 of the *Auditor-General Act 2009* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the Northern SEQ Distributor-Retailer Authority for the financial year 1 July 2014 to 30 June 2015 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



N GEORGE CPA
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane

Summary of compliance

Summary of requirement		Basis for requirement	Annual report reference
Letter of compliance	A letter of compliance from the accountable officer or statutory body to the relevant Minister(s)	ARRs – section 8	Page 4
Accessibility	Table of contents	ARRs - section 10.1	Page 3
	Glossary	ARRs - section 10.1	Page 34
	Public availability	ARRs – section 10.2	Inside cover
	Interpreter service statement	<i>Queensland Government Language Services Policy</i> ARRs – section 10.3	Inside cover
	Copyright notice	<i>Copyright Act 1968</i> ARRs – section 10.4	Inside cover
	Information licensing	<i>QGEA – Information licensing</i> ARRs – section 10.5	N/A
General information	Introductory information	ARRs – section 11.1	Page 5
	Agency role and main functions	ARRs – section 11.2	Page 5
	Operating environment	ARRs – section 11.3	Page 5
	Machinery of government changes	ARRs – section 11.4	N/A
Non-financial performance	Government’s objectives for the community	ARRs – section 12.1	Page 7
	Other whole-of-government plans/specific initiatives	ARRs – section 12.2	N/A
	Agency objectives and performance indicators	ARRs – section 12.3	Page 7
	Agency service areas and service standards	ARRs – section 12.4	Page 7, 8
Financial performance	Summary of financial performance	ARRs – section 13.1	Page 22
Governance – management and structure	Organisational structure	ARRs – section 14.1	Page 25, 26
	Executive management	ARRs – section 14.2	Page 27
	Government bodies (statutory bodies and other entities)	ARRs – section 14.3	N/A
	<i>Public Sector Ethics Act 1994</i>	<i>Public Sector Ethics Act 1994</i> ARRs – section 14.4	Page 31

Summary of compliance

Summary of requirement	Basis for requirement	Annual report reference	
Governance – risk management and accountability	Risk management	ARRs – section 15.1	Page 7, 31
	External scrutiny	ARRs – section 15.2	Page 31
	Audit committee	ARRs – section 15.3	Page 26, 31
	Internal Audit	ARRs – section 15.4	Page 31
	Information systems and record keeping	ARRs – section 15.5	Page 31
Governance – human resources	Workforce planning and performance	ARRs – section 16.1	Page 28, 29, 30
	Early retirement, redundancy and retrenchment	<i>Directive No. 11/12 Early Retirement, Redundancy and Retrenchment</i> ARRs – section 16.2	N/A
	Voluntary separation program	ARRs – section 16.3	N/A
Open Data	Open Data	ARRs – section 17	Page 31
	Consultancies	ARRs – section 17 ARRs – section 34.1	Page 31
	Overseas travel	ARRs – section 17 ARRs – section 34.2	Page 31
	Queensland Language Services Policy	ARRs – section 17 ARRs – section 34.3	N/A
	Government bodies	ARRs – section 17 ARRs – section 34.4	N/A
Financial statements	Certification of financial statements	FAA – section 62 FPMS – sections 42, 43 and 50 ARRs – section 18.1	Page 87
	Independent Auditor's report	FAA – section 62 FPMS – section 50 ARRs – section 18.2	Page 88
	Remuneration disclosures	<i>Financial Reporting Requirements for Queensland Government Agencies</i> ARRs – section 18.3	Page 78, 80, 81, 82, 83
Definitions	FAA	<i>Financial Accountability Act 2009</i>	
	FPMS	<i>Financial and Performance Management Standard 2009</i>	
	ARRs	<i>Annual report requirements for Queensland Government agencies</i>	
	N/A	Not applicable	

Glossary

Term	Meaning
Certified Agreement	The Unitywater Enterprise Bargaining Agreement that was certified by the Queensland Industrial Relations Commission
CEO	Chief Executive Officer
EDRMS	Electronic Document and Record-keeping Management System
EWOQ	Energy and Water Ombudsman Queensland
GL	Gigalitre, which is 1 billion litres
GPS	Global Positioning System
ICT	Information and Communications Technology
Infiltration	Groundwater entering underground infrastructure via cracks and faulty joints
Inflow	Rainwater entering the sewerage network via defective or inappropriate plumbing of stormwater to the sewer
IPA	Information Privacy Act
ISO	International standards developed by the International Organization for Standardization to ensure that products and services are safe, reliable and of good quality
ML	Megalitre, which is 1 million litres
Participation Agreement	Sets out the rights of our participating councils and Unitywater's obligations to these councils
Participating councils	The Moreton Bay Regional Council, Sunshine Coast Council and Noosa Council, with whom Unitywater has a Participation Agreement
QCA	Queensland Competition Authority
R&D	Research and development
RTI	Right to Information Act
Sewage	Waste discharged from sinks, drains, toilets and appliances such as dishwashers and washing machines
Sewerage	The infrastructure network used to receive, store, transport and treat sewage
SEQ	South East Queensland
STP	Sewage Treatment Plant



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-  **unitywater.com**
 -  **1300 0 UNITY (1300 086 489)**
Emergencies and Faults 24 hours
Customer Service: 8.30am - 5pm,
Mon - Fri (except public holidays)
 -  Unitywater, PO Box 953, Caboolture QLD 4510
 -  Customer Service Counters 8.30am - 4.30pm,
Mon - Fri (except public holidays)
8-10 Maud Street, Maroochydore QLD 4558
33 King Street, Caboolture QLD 4510

Unitywater has certification to
OH&S ISO 4801:2001 Reg No 4260
Environmental ISO 14001:2004 Reg No 4259
Quality Systems ISO 9001:2008 Reg No 4258

