UrbanUtilities

ENRICHING QUALITY OF LIFE

FY25 ANNUAL REPORT

INTRODUCTION

WE ARE PLEASED TO PRESENT URBAN UTILITIES' ANNUAL REPORT FOR FY25.

This report provides an overview of our performance between 1 July 2024 and 30 June 2025.

Our integrated corporate reporting approach sees us bring together material information about our operating environment, business strategy, governance framework, and financial and non-financial performance to demonstrate how we deliver value for our customers, communities and Participant Councils.

This report has been prepared in accordance with the Annual Report requirements for Queensland Government agencies, issued by the Queensland Government in April 2025.

The letter of compliance and the compliance checklist can be found on pages 125 and 126.

READERSHIP

This report is intended to provide comprehensive information to a broad range of stakeholders, including: our Participant Councils, our customers, our people, government departments and agencies, non-government organisations and our business partners.

ACCESSING THIS REPORT

This report is available on our website: ***urbanutilities.com.au/about-us/corporateinformation/performance-reports***

INTERPRETER SERVICE STATEMENT

Urban Utilities is committed to providing accessible information and services to customers and stakeholders from all cultural and linguistic backgrounds. To talk to someone about our Annual Report in your preferred language, please call Smart Services Queensland on **1800 512 451**.

CONTACT US

Visit us at our Head Office:
Level 10, 31 Duncan Street
Fortitude Valley QLD 4006
Monday – Friday 8:30am – 4pm

Phone us on:
13 26 57 (8am – 5pm weekdays)

Email us at:
customerservice@urbanutilities.com.au

ISSN: 1838-5575

© Urban Utilities 2025

ACKNOWLEDGEMENT OF COUNTRY

Urban Utilities acknowledges the Traditional Custodians of the land on which we connect, share, and learn, and we pay our respects to Elders past and present as we work towards a more reconciled Australia.

CONTENTS

INTRODUCTION 2

A message from our Chair and CEO 4
Performance snapshot 6
FY25 highlights 7
Ex-Tropical Cyclone Alfred: Putting people first 8
Awards and recognition 9

CHAPTER 1: ABOUT US 10

Who we are, what we do and where we operate 10
Our strategic direction 11
Out stakeholders 12
Our business in numbers 13

CHAPTER 2: PERFORMANCE AGAINST STRATEGIC DIRECTION 14

Critical Outcome 1: Safety 15
Critical Outcome 2: Public Health 18
Critical Outcome 3: Environment 24
Critical Outcome 4: Experience 28
Critical Outcome 5: Value 33
Delivery of our Strategic Programs 39

CHAPTER 3: WORKING AT URBAN UTILITIES 41

Our workforce profile 41
Workforce diversity 41
Industrial and employee relations 42
Code of Conduct 42
Promoting a work-life balance 43
Workforce planning and attraction 43

CHAPTER 4: CORPORATE GOVERNANCE 44

Our Participant Councils 45
Our Board 46
Our Board committees 49
Our Executive Leadership Team 52
Controls and assurance 54
Accountability and transparency 56
Other disclosures 57

CHAPTER 5: FINANCIAL PERFORMANCE 58

Financial summary 58
Guide to our Financial Statements 62
Audited Financial Statements 65

APPENDICES 125

Compliance letter to Minister 125
Compliance checklist 126
Glossary 128

A MESSAGE FROM OUR CHAIR AND CEO

PREPARING FOR AND RESPONDING TO EX-TROPICAL CYCLONE ALFRED

Since Urban Utilities' formation in 2010, our region has experienced numerous severe weather events, from intense rainfall and floods to droughts and bushfires. While each type of weather event challenges our business and operations in different ways, they share a common outcome: increased pressure on our network. As we prepare to face more frequent and extreme weather events, Urban Utilities will continue investing in new and upgraded infrastructure to ensure our network remains reliable and resilient well into the future.

When Ex-Tropical Cyclone Alfred impacted South East Queensland in March this year, Urban Utilities drew on over a decade of experience in managing extreme weather events, with our teams quickly mobilised to activate our business continuity and emergency response plans. You can read more about our preparation and response on page 8.

Our response during ex-Tropical Cyclone Alfred also highlighted the strength of our organisational culture. One of our core values is that we're *All In* – we're one team, we have grit and we can always be counted on. During this challenging period, our people truly embodied this value, demonstrating exceptional camaraderie, determination and professionalism. We extend our sincere thanks to everyone involved – for keeping our people and customers safe and informed, and for working tirelessly to restore water and wastewater services across the region as quickly as possible.

CONTINUING TO IMPROVE OUR SAFETY PERFORMANCE

Our people are our greatest asset and nothing is more important than their health, safety and wellbeing.

This year, we continued to implement our Health, Safety and Wellbeing Improvement Program, which prioritises our performance in the areas of process safety, critical risks and control of work. Over the past two years, we have delivered a range of targeted initiatives aimed at ensuring our people leave work each day unharmed and enriched. In FY25, we saw a 25% reduction in our total recordable injury frequency rate – our third consecutive year of realising improvement in this area.

Psychological health and safety in the workplace is equally as important as physical health and safety. This year, we were proud to have taken further steps to better identify, manage and reduce psychosocial hazards in the workplace. You can read more about our Mentally Healthy Workplace initiative on page 17.

DELIVERING A POSTIVE CUSTOMER EXPERIENCE

Our customers are at the heart of everything we do, and we are committed to delivering a consistently positive and valued experience at every touchpoint.

In early 2025, we conducted a multi-phase research program to find out more about our customers and ensure we're maximising the value of the services we provide. The study also revealed a strong reciprocal relationship between customer trust in Urban Utilities and their perceptions of the value for money we offer – both of which are key performance indicators (KPIs) within this report.

This year, we were pleased to record improvements against both KPIs, with our trust score at its highest since 2020. Despite challenging economic conditions and disruptive events outside of our control, namely Ex-Tropical Cyclone Alfred, we continued to build trust by keeping our FY25 bill increases as low as possible, and by delivering positive customer experiences and strengthening our community engagement through event participation, education initiatives and increased local presence (see page 30).

We also achieved 100% of our customer service standards for the sixth consecutive year. These standards inform our customers of the level of service they can expect to receive from us, particularly in relation to water quality and service reliability. You can see our performance over time on page 22.

PRIORITISING AFFORDABILITY WHILE INVESTING FOR GROWTH

Over the past decade, Urban Utilities has worked hard to keep downward pressure on bills, with increases in our component of the typical residential customer bill remaining below the average Brisbane inflation rate of 3.1% over this period.

We are proud to have consistently delivered the lowest water utility bills in Queensland, despite facing continued rising costs, driven by asset renewal, growing population demand and adverse impacts of climate change – all within an environment marked by extreme weather events and economic uncertainty.

With the population across our service region expected to increase by almost 50 per cent over the next two decades, we will invest around $412 million in essential water and wastewater across our five council regions in FY26. This investment is funded without any direct government contributions and builds on our $1.8 billion infrastructure investment over the last five years.

As we work to renew our extensive network and address the widening gap between developer contributions and the rising cost of infrastructure, we face a significant challenge in funding essential infrastructure to support our growing communities. In response, we're working closely with our Participant Councils and other key stakeholders to take a strategic approach to growth planning and infrastructure delivery. Our focus is on optimising operations to ensure the continued provision of reliable and affordable water and wastewater services – both now and into the future.

You can read more about the major infrastructure projects we completed or progressed this year on page 36.

ACKNOWLEDGEMENTS

As we close out our fifteenth year of operations, we extend our appreciation to our five Participant Councils for their ongoing support and valued partnership.

We also thank our respective Board and Executive Leadership Team members for their commitment and guidance through what's been another challenging yet rewarding year.

Most importantly, we acknowledge our people, whose dedication, resilience and teamwork continue to shine. Time and again, they rise to meet every challenge with strength and purpose.

We look forward to continuing to Enrich Quality of Life for our customers and communities in the years ahead.



Paul Vincent
Chair



Paul Arnold
Chief Executive Officer

PERFORMANCE SNAPSHOT

CRITICAL OUTCOME	KEY PERFORMANCE INDICATOR	FY25 TARGET	FY25 RESULT	STATUS
SAFETY	Total recordable injury frequency rate	≤7.4	7.44	✓
	Critical control effectiveness	Progress to plan	Achieved	✓
PUBLIC HEALTH	Reportable water quality incidents and events	9	11	✗
	Dry weather overflows	28	33	✗
	Wet weather overflows	7.5% contribution to FY29 target (1,490 overflows)	1,451 overflows	✓
ENVIRONMENT	Greenhouse gas emissions	6% contribution to FY29 target	N/A	N/A
	Nitrogen emissions	≤600 tonnes	544 tonnes	✓
EXPERIENCE	Value for money	6.1	6.3	✓
	Community trust	62%	65%	✓
	Employee engagement	72%	67%	✗
VALUE	Operational efficiencies	0.5% reduction from FY22 base ($21.7M)	$7.3M	✗
	Earned Value cost performance index	≥0.9	0.98	✓
	Credit rating	Maintain A-	Achieved	✓

FY25 HIGHLIGHTS



MANAGED OVER 3,000 CUSTOMER INTERACTIONS DURING EX-TROPICAL CYCLONE ALFRED



RECORDED OUR HIGHEST COMMUNITY TRUST SCORE SINCE 2020



COMPLETED WORK ON THE $45M BREAKFAST CREEK TRUNK SEWER UPGRADE



REDUCED OUR INJURY FREQUENCY RATE BY 25%



MET 100% OF OUR CUSTOMER SERVICE STANDARDS



INVESTED $393.8M IN NEW AND EXISTING INFRASTRUCTURE



VISITED 120 SCHOOLS AS PART OF OUR EDUCATION PROGRAM



AWARDED A $7.67M GOVERNMENT GRANT TO PIONEER SUSTAINABLE WATER SUPPLY FOR GREEN INDUSTRIES



ENGAGED WITH 22,900 COMMUNITY MEMBERS AT COMMUNITY EVENTS



RECOGNISED AS ONE OF THE TOP 101 AUSTRALIAN WORKPLACES FOR WOMEN



ACHIEVED MAJOR MILESTONES IN OUR $209M PROJECT TO UPGRADE THE MAJOR PIPELINE BETWEEN BULIMBA AND HAMILTON



PROGRESSED OUR SECOND INNOVATE RECONCILIATION ACTION PLAN

EX-TROPICAL CYCLONE ALFRED: PUTTING PEOPLE FIRST DURING OUR PREPARATION, RESPONSE AND RECOVERY

In early March 2025, Urban Utilities began preparing for the arrival of Tropical Cyclone Alfred – forecast to be one of the most significant weather events in South East Queensland in recent history.

While the erratic system was ultimately downgraded to a tropical low (now known as Ex-Tropical Cyclone Alfred), it brought with it damaging winds, heavy rainfall and subsequent flooding, impacting our entire service region.

In the weeks surrounding this weather event, our people came together to deliver exceptional work under challenging conditions, all with a shared commitment to protecting our workforce, customers and communities, while minimising disruption to our services.

Below are just a few examples of how we prepared for and responded to this significant event.

OUR ASSETS AND OPERATIONS

- Worked closely with with our bulk water supplier Seqwater to maintain the water network and ensure our reservoirs were full.
- Removed essential equipment from our network to prevent flood damage, and to allow for swift reinstallation and operation afterwards.
- Deployed a custom-designed, fully demountable flood barrier to protect the Oxley Creek Resource Recovery Centre. This proactive measure was developed after the 2022 flood, which caused significant damage to the site. Within days, our team had installed the barrier system, successfully safeguarding our critical infrastructure.
- Recommenced water quality testing as soon as possible to ensure water was safe for our customers and communities.

OUR PEOPLE, CUSTOMERS AND COMMUNITIES

- Transitioned to essential work only, activating a work-from-home directive for eligible staff, and subsequently postponing all operational and field-based activities to prioritise the safety of our people.
- Kept our people connected, operational and online in a number of ways, including:
  - o Backing up and configuring 2,200 separate digital operational devices to ensure their effectiveness and reliability throughout the event.
  - o Increasing cyber security monitoring following increased threats during the severe weather.
- Handled hundreds of daily customer contacts with empathy and care.
- Kept communities updated via our website and social media regarding the importance of water storage preparation and our efforts to restore services.

After the event, we engaged both internally and with colleagues across the South East Queensland Water Grid to review our response capability and opportunities for improvement.

EXAMPLES OF CUSTOMER FEEDBACK DURING EX-TROPICAL CYCLONE ALFRED

“

Thank you to all the Urban Utilities workers who have left the safety of their homes and families to go out in this atrocious weather to keep our important infrastructure operating.”

“

Thank you so much for restoring the water at Ferny Grove so promptly today. Just know we are so appreciative of your hard work today and can’t thank you enough.”

“

Much goes on behind the scenes that most are unaware of. I know some of you are still out there working hard at this late hour. I can’t thank you all enough… Legends.”

AWARDS & RECOGNITION

AUSTRALIAN WATER ASSOCIATION NATIONAL WATER AWARDS 2025

CUSTOMER EXPERIENCE AWARD

Winner: Urban Utilities' Developer Services Team for its *Developer Services Transformation Project*

WATER PROFESSIONAL OF THE YEAR

Finalist: Urban Utilities' Cameron Jackson, Principal Environmental Science

INSTITUTE OF PUBLIC WORKS ENGINEERING AUSTRALASIA (QLD AND NT) EXCELLENCE AWARDS 2024

PROJECT EXCELLENCE AWARD ($5M-$10M)

Winner: Urban Utilities and Downer for the *Redbank Plains Pump Station*

PROJECT EXCELLENCE AWARD ($10M+)

Winner: Urban Utilities for its *Breakfast Creek Trunk Sewer Augmentation*

AUSTRALIAN WATER ASSOCIATION QUEENSLAND WATER AWARDS 2024

WATER PROFESSIONAL OF THE YEAR

Winner: Urban Utilities' Cameron Jackson, Principal Environmental Science

ORGANISATIONAL EXCELLENCE AWARD

Finalist: Urban Utilities and John Holland for the *Regional SCADA Project*

RESEARCH AND DEVELOPMENT EXCELLENCE AWARD

Finalist: Urban Utilities, The University of Queensland, City of Gold Coast and SA Water for *Sustainable sewer protection in digital era*

INFRASTRUCTURE PROJECT INNOVATION AWARD (METRO)

Finalist: Urban Utilities, Fulton Hogan and SMEC for the *Breakfast Creek Trunk Sewer Augmentation Project*

YOUNG WATER PROFESSIONAL OF THE YEAR

Finalist: Urban Utilities' Shannon Weaver, Integrated Planning Engineer

CHAPTER I: ABOUT US

WHO WE ARE

Formed on 1 July 2010, Urban Utilities operates as a statutory body under the *South East Queensland Water (Distribution and Retail Restructuring) Act 2009* and as a service provider under the *Water Supply (Safety and Reliability) Act 2008*.

Governed by an independent, skills-based Board, Urban Utilities is party to a Participation Agreement with our shareholders:

- Brisbane City Council
- Ipswich City Council
- Lockyer Valley Regional Council
- Scenic Rim Regional Council
- Somerset Regional Council.

Collectively, our shareholders are referred to as our Participant Councils.

WHAT WE DO

Urban Utilities is one of Australia's largest water distributor-retailers. We proudly deliver water and wastewater services to around 1.6 million customers across the regions of Brisbane, Ipswich, Lockyer Valley, Scenic Rim and Somerset.

To enable the delivery of our core services, we undertake a number of related functions, including:

- future services planning
- asset planning and management
- water meter management and billing
- development assessments and approvals
- waste management (including trade waste)
- innovation, research and development.

We also operate the Scientific Analytical Services Laboratory, which is responsible for providing water sampling services and chemical and microbiological analysis to a range of industries. You can find out more at ***www.saslaboratory.com.au***

WHERE WE OPERATE

Our 14,384 km^2 geographic area spans five local government regions in South East Queensland:



OUR STRATEGIC DIRECTION

OUR PURPOSE

Enrich quality of life.

OUR STRATEGIC PRIORITIES

We refer to our strategic priorities as 'The Critical Few'. By organising our work around these three fundamental areas, we remain focused on what really matters.

SAFE AND EFFICIENT WATER SERVICES EVERY DAY

Get the foundations right to deliver liveability outcomes for our customers and communities every day.

BUILD TRUST

Never fail on our promise to customers and remain the trusted custodians of our communities' water assets.

SHAPE AND GROW OUR FUTURE

Ensure that we are ready to service a rapidly growing region whilst leveraging value from core capabilities and innovative partnerships.

OUR CRITICAL OUTCOMES

We assess our performance against five Critical Outcomes across related key performance indicators and the achievement of defined targets.

SAFETY: We protect the safety of our people and the public.

PUBLIC HEALTH: We protect the public health of the communities we serve.

ENVIRONMENT: We deliver environmental value.

EXPERIENCE: We deliver a great experience for our customers and our people.

VALUE: We optimise costs and grow value.

OUR VALUES

Our values, summarised as CARE, guide the way we deliver experiences for our people, customers and the communities we serve.

WE CARE:

- **We're Connected.** We're here for each other and our customers. We generously share our talent, time and knowledge.
- **We're All In.** We're one team. We've got grit, can always be counted on, and love what we do.
- **We Keep It Real.** We're good humans. We embrace real and meaningful conversations. We bring our whole self to work.
- **We're Evolving.** We're curious. We challenge the status quo to create change that adds value.

OUR STAKEHOLDERS

As a water and wastewater service provider, the essential services we provide impact a wide range of external stakeholders. Equally, external activities, such as policy changes and local planning decisions, can influence our activities and the way we work. To help prioritise material topics and better address our stakeholders' needs, we engage with them through a wide range of forums.

HOW WE ENGAGE WITH OUR STAKEHOLDERS

Stakeholders	Key interest areas	How we engaged
Customers and communities	• Water and wastewater charges • Public health • Customer service • Environmental impact • Billing • Financial hardship • Community relations • Corporate and charitable support • Capital works and infrastructure maintenance	• Direct customer communications • Contact Centre • Printed collateral • Website • Traditional and social media • Community events • Sponsorships and partnerships • Customer focus groups • Customer and Community Reference Group
Participant Councils	• Strategic direction • Business performance • Economic development • Research and development • Service and infrastructure delivery • Financial performance	• Proactive and reactive shareholder relations • Performance reports • Chair, CEO and Executive communication with Council counterparts • Water Netserv Plan
Queensland Government	• Legislative compliance • Public health • Environmental management • Financial management • Sustainable policy and legislation • Economic development	• Executive meetings • Relationship management • Advocacy groups • Steering and working committees
Seqwater	• Water security and water quality • Bulk water supply	• Relationship management • Operational meetings • Regional planning
Developers	• Customer service • Research and development • Infrastructure delivery • Economic development • Technical standards and planning policy	• Relationship management • Industry forums • Dedicated website portal
Business partners	• Collaborative opportunities • Research and development • Sponsorship • Knowledge sharing	• Forums and events • Site and facility tours • Working group membership • Workshops and meetings • Research partnerships
Suppliers and contractors	• Service delivery contracts • Fairness, equity and transparency in awarding work • Forward visibility of work • On-time payment of invoices • Fairness in dealing with unforeseen circumstances • Compliance with contracts • Modern slavery	• Performance delivery meetings • Contract management meetings • Site visits and audits • Variation management • Tenders and expressions of interest

OUR BUSINESS IN NUMBERS IN FY25

1.6 MILLION
customers

1,261
employees

138,170 MEGALITRES
of drinking water supplied

136,555 MEGALITRES
of wastewater collected, transported and treated

2,863 MEGALITRES
of recycled water supplied

$202.9 MILLION
total return to Participant Councils

100%
of customer service standards achieved

246,440
customer service interactions

654,837
residential properties

30,225
commercial properties

$393.8 MILLION
invested in infrastructure

9,813 KM
of water pipes

10,136 KM
of wastewater pipes

26
resource recovery centres

2.3
million water meter readings

148,400
drinking water quality tests

2,703
water approval applications processed

12,957
megawatt-hours generated from waste

CHAPTER 2: PERFORMANCE AGAINST STRATEGIC DIRECTION

This chapter summarises our performance against the FY25 program of work Urban Utilities committed to with our Board and Participant Councils. It details the initiatives we progressed or completed to help us realise our five Critical Outcomes and their associated KPIs and targets, as shown below.

CRITICAL OUTCOME	KEY PERFORMANCE INDICATOR	FY25 TARGET
SAFETY	Total recordable injury frequency rate (TRIFR)	≤ 7.4
	Critical control effectiveness	Progress to plan
PUBLIC HEALTH	Reportable water quality incidents and events	9
	Uncontrolled wastewater overflows	
	• Dry weather overflows (notifiable and excluding widespread power outage)	28
	• Wet weather overflows (excluding emergency events)	7.5% contribution to 2028-29 target
ENVIRONMENT	Greenhouse gas emissions (scope 1 and 2)	6% contribution to 2028-29 target
	Nitrogen emissions	≤ 600 tonnes per annum
EXPERIENCE	Value for money rating	6.1
	Community trust	62%
	Employee engagement	72%
VALUE	Operational efficiencies	0.5% reduction from 2021-22 base ($21.7 million)
	Earned value cost performance index	≥ 0.9
	Credit rating	Maintain A-

This chapter also reports against the delivery of eight Strategic Programs (see page 39). These programs are the transformational pieces of work that Urban Utilities is focusing on to progress the delivery of our strategic direction.

STATUS REPORTING

Throughout this chapter, the status of our performance against the Critical Outcomes and Strategic Programs is reported using the following indicators:

	KPIs for Critical Outcomes	Strategic Programs
✓	Performance is as expected with no current or emerging issues.	Agreed improvements are being delivered as expected with no current or emerging issues.
−	Performance is slightly outside of expectation. Issues are being managed by local management.	Agreed improvements are slightly behind schedule. Issues are being managed.
×	Performance is significantly outside of expectation. Issues have been escalated to senior management.	Agreed improvements are significantly behind schedule. Issues have been escalated to senior management.

CRITICAL OUTCOME: SAFETY

WE PROTECT THE SAFETY OF OUR PEOPLE AND THE PUBLIC

Our people are our greatest asset and nothing is more important than their health, safety and wellbeing. Guided by our Health, Safety and Wellbeing Vision and Strategy (2025-30), we're focused on reducing safety risks and hazards to our people, our customers and the community through innovative solutions, proactive controls and education. Our vision is simple: for everyone to leave work each day enriched and unharmed.

PERFORMANCE AGAINST SAFETY KEY PERFORMANCE INDICATORS

KEY PERFORMANCE INDICATOR	STATUS	PERFORMANCE COMMENTARY
Total Recordable Injury Frequency Rate **Target:** ≤7.4 **Result:** 7.44 We are encouraged by the continuing year-on-year reduction in total recordable injury frequency rate – down almost 25% from 9.63 in FY24. This result can be attributed to our targeted programs of work that are prioritising process safety, critical risks and control of work.	✓	• The majority of injuries sustained by our people or delivery partners in FY25 were related to muscular stress and minor crush injuries. After each occurrence, we conducted learning insights and shared findings and actions to minimise reoccurrence.
Critical Control Effectiveness **Target:** Progress to plan **Result:** Delivered all planned critical control initiatives.	✓	• Our Critical Control Effectiveness target is delivered via the Critical Risk Management project. This forms part of our enterprise Health, Safety and Wellbeing Improvement Program. • In FY25, we progressed the following critical risk management initiatives: – Completed a risk assessment of Urban Utilities' activities to determine and finalise critical risks (i.e. fatality risks). – Completed a risk assessment of critical risks to determine critical controls. – Drafted Critical Control Performance Standards and mapped them to our Health, Safety and Wellbeing Management System.

SAFETY HIGHLIGHTS AND CHALLENGES

COMMITTING TO THE CONTINUOUS IMPROVEMENT OF OUR HEALTH AND SAFETY PERFORMANCE

We continued to improve our Total Recordable Injury Frequency Rate, recording 7.44 in FY25, down from 9.63 in FY24 and 12.89 in FY23.

While this downward trend is encouraging, we acknowledge that further performance improvements are required across the Health, Safety and Wellbeing (HSW) portfolio, and we remain committed to addressing known issues.

In FY25, we delivered or progressed several key HSW initiatives. For example, we:

- Continued to implement our **HSW Improvement Program**, designed to uplift how we approach and manage HSW risks. This year, the program focused on strengthening our HSW Management System and advancing our performance in the areas of process safety, critical risks and control of work.
- Developed a **Critical Risk Management (CRM) Program** to better understand, assess and manage hazards that pose a risk of fatality to our people. The program is designed to provide real-time prompts to manage fatality risk at the point of exposure and to expand our critical control verification process for timely intervention. Roll-out is scheduled for FY26.
- Introduced **UrbanGRC**, an enterprise-wide digital solution for governance, risk and compliance. It enables the logging of incidents and hazards and manages all related processes, documentation and actions. The platform is improving our data recording and reporting capabilities to support better analysis and decision making.
- Began developing **Mentally Healthy Workplace,** a psychosocial plan of work to help us identify, assess and control risks that negatively impact employee mental health and emotional wellbeing (see more on page 17).
- Commenced periodic onsite **health surveillance**, following a review of the medical and functional requirements of operational roles that perform safety-critical tasks.
- Introduced an **occupational hygiene assessment program** to quantify potential health hazards for employees based at resource recovery centres and in the field. Insights from this program will inform future hygiene control initiatives across Urban Utilities.
- **Utilised ergonomic software and on-site physiotherapy services** to address high-risk manual tasks identified through the Functional Demand Reduction Project. A pilot using valve-turning equipment showed strong potential to reduce physical strain and improve safety, receiving positive feedback from participating employees.

88%

of our people feel safe while they are at work

1 percentage point higher than FY24

Source: Employee Engagement Survey, June 2025

SUPPORTING A MENTALLY HEALTHY WORKPLACE

Psychological health and safety in the workplace is crucial for employee wellbeing, productivity and overall organisational success.

At Urban Utilities, we have long supported psychological health through initiatives such as employee assistance programs, fatigue management controls and return-to-work services for both physical and psychological illness or injury. While these standalone initiatives have been effective, we are taking further steps to better identify, manage and reduce psychosocial hazards in the workplace.

In FY25, we started developing Mentally Healthy Workplace – a psychosocial plan of work designed to boost protective factors in the workplace and minimise psychosocial hazards. The plan's purpose is to help protect our people's mental health and wellbeing, promote early intervention and support, foster a safe and supportive work culture, and reduce absenteeism and turnover.

PARTNERING TO ENHANCE OUR SAFETY PERFORMANCE

The water network is pressurised to ensure a safe and reliable service for our customers. However, this pressure can also pose hazards if water is released unexpectedly. In partnership with Mass Products, we designed a fit-for-purpose lock-out device that enables valves in the water network to be securely locked and isolated. This ensures operators cannot inadvertently open or close a valve, ensuring the safety of both our workers and the wider community. It also prevents valve tampering, which could otherwise lead to unnecessary water supply interruptions.

While similar devices exist on the market, Urban Utilities identified a gap and collaborated with Mass Products to custom design a lock specifically for round valve boxes. This year, we conducted internal training on the device. Our aim is that it will be used on all compatible valves during our network isolations over time and become a mandatory requirement for network access permits issued to our delivery partners.

HEALTH AND SAFETY COMMITTEES

Our Health, Safety and Wellbeing structure is specifically designed to support consultation and communication on relevant issues across our organisation.

The committee structure has two distinct layers:

1. **Executive Health, Safety and Wellbeing Group**

   This group provides strategic direction and oversight to the application and performance of Urban Utilities' health, safety and wellbeing policies, practices and management. It commits to protecting the health, safety and wellbeing of our people, contractors, customers and communities.

2. **Line committees**

   These committees bring together Health and Safety Representatives (HSRs), team members and leaders to discuss health and safety issues. They are responsible for implementing best practice safety solutions for their workgroups. The line committees include:

   - Service Delivery Workplace Health and Safety (WHS) Committee
   - Environmental and Industrial WHS Committee
   - Corporate Services WHS Committee
   - Petroleum and Gas Advisory Group
   - Electrical Safety Advisory Group
   - One Team Safety Forum.

   In FY25, we had 35 trained HSRs.

CRITICAL OUTCOME: PUBLIC HEALTH

WE PROTECT THE PUBLIC HEALTH OF THE COMMUNITIES WE SERVE

As a water and wastewater service provider, protecting public health is our core responsibility. Urban Utilities is focused on delivering safe drinking water and recycled water, and strives to manage wastewater reliably and effectively.

Each year, we deliver over 138,000 megalitres of drinking water through a network of nearly 10,000 km of water pipes. The water we supply undergoes rigorous sampling and testing to ensure it meets the Australian Drinking Water Guidelines and complies with statutory requirements under the *Water Supply (Safety and Reliability) Act 2008*. We are committed to the ongoing refinement and enhancement of our water quality management processes and systems, and continue to progress the initiatives outlined in our Pathway to Zero Water Quality Incidents Roadmap.

We operate 22 recycled water schemes, which supply water to agriculture, golf courses, sporting fields and industry. Recycled water undergoes routine sampling and testing to ensure it meets quality requirements under the *Public Health Regulation 2018.*

We also manage over 10,000 km of wastewater pipes. These pipes transport more than 136,000 megalitres of wastewater for treatment at one our 26 resource recovery centres that are subject to various environmental approvals and regulatory requirements. We continue to trial and invest in innovative technologies and proactive maintenance strategies to improve our network's resilience and protect the communities and environments we serve.

PERFORMANCE AGAINST PUBLIC HEALTH KEY PERFORMANCE INDICATORS

KEY PERFORMANCE INDICATOR	STATUS	PERFORMANCE COMMENTARY
Reportable water quality incidents and events **Target:** 9 **Result:** 11 While we didn't meet our FY25 target, we achieved an improvement on the previous year, reducing the number of water quality events from 12 in FY24 to 11 in FY25. Our annual targets support continuous improvement, with a focus on achieving further reductions over time.	✕	• Of the 11 reportable water quality events experienced in FY25, two related to Trihalomethane (THM) exceedances in regional areas after rainfall disrupted the quality of raw water in catchments. These areas remain under active response management. The remaining nine events were driven by E.coli exceedances, all of which were promptly addressed and resolved. • We remained focused on delivering our water network surveillance program to proactively manage water quality. In FY25, we identified and corrected 345 deviations at key network assets, helping maintain disinfection performance targets and disinfection byproduct limits. • We continued to deliver improvement programs supported by operational initiatives, including optimisation of chlorine dosing unit operation to support disinfection. • We updated our Drinking Water Quality Management Plan, which was approved by the Regulator. As required under the *Water Supply Act (2008*), an external audit of the plan was also completed, with a focus on our implementation of and complaince with the plan.

PERFORMANCE AGAINST PUBLIC HEALTH KEY PERFORMANCE INDICATORS

KEY PERFORMANCE INDICATOR	STATUS	PERFORMANCE COMMENTARY
Dry weather overflows (notifiable and excluding widespread power outages) **Target:** 28 **Result:** 33 This year, we recorded 33 dry weather overflows, requiring notification to the environmental regulator. These overflows were caused by a combination of pump station power outages, pump station faults or blockages, and blocked or broken pipes.	✕	• As part of our improvement program that focuses on prevention and improving our response, we deployed sensors in the sewer network and developed advanced analytics for early detection of overflows. We also delivered initiatives to improve blockage performance, proactive fault detection and power outage resilience in our wastewater pump stations (see more on page 20). • We expanded our wastewater network surveillance program, which resulted in 71 potential dry weather overflows identified and addressed prior to occuring.
Wet weather overflows[1] (excludes emergency events) **Target:** 7.5% contribution to FY29 target (approximately 1,490 overflows for FY25) **Result:** 1,451 overflows Wet weather overflows are closely linked to rainfall patterns. This year's result aligns with the high rainfall experienced across South East Queensland during FY25.	✓	• We continued to deliver our Integrated Catchment Plan program, which focuses on addressing the root causes of inflow and infiltration into our wastewater network – a key driver of wet weather overflows.

[1] Metric scope is unplanned wet weather overflows in catchments with an endorsed Integrated Catchment Plan, including Norman Creek-Perrin Creek, Oxley, Kedron Brook, Extended S1, Sandgate and Ripley/Bundamba.

PUBLIC HEALTH HIGHLIGHTS AND CHALLENGES

LEVERAGING TECHNOLOGY TO ENHANCE OUR NETWORK MONITORING EFFORTS

Responsible for almost 20,000 km of water and wastewater pipes, Urban Utilities is continuously exploring smarter ways to manage and maintain our vast network. Guided by our Prevention and Surveillance Program, we are deploying new network monitoring technology, using analytics software and improving business processes to achieve better public health, operational and environmental outcomes. Our Prevention and Surveillance Program focuses on three key areas:

- **Water quality** – This year, we automated a number of water quality prevention and surveillance processes, including our reservoir disinfection surveillance and THM (disinfection by-products) management. These process automations have improved the accuracy of anomaly detections, reduced time to action and enabled our people to concentrate on mitigating water network risks and driving continuous improvements.
- **Wastewater overflow prevention** – Over the past two years, we have developed, tested, and scaled up a cost-effective system of sewer-level sensors and related devices that capture data to support advanced analytics. This enables us to proactively monitor the wastewater network so we can identify and address issues and inefficiencies before they impact our customers or the environment. To date, we have deployed 375 sewer-level monitoring devices across the network and expect to almost triple that number in the first half of FY26.
- **Non-revenue water** – Non-revenue water is water that we produce but is not billed, typically due to leaks, bursts, inaccurate metering or unauthorised consumption. Addressing non-revenue water is vital for conserving water resources and reducing operational costs. To help mitigate the impact of leaks, we have expanded our leak detection analytics to incorporate all suitable network flow meters.

At the same time, we are exploring advanced methods to improve early leak identification and prevention. For example, we are conducting trials that are assessing the effectiveness of innovative AI algorithms that work with acoustic leak detection devices. These trials will continue into FY26, as we continue to focus on reducing leaks, bursts and related service disruptions.

CONTINUALLY IMPROVING OUR WATER QUALITY MANAGEMENT

Ensuring the safe and reliable delivery of drinking water – from receiving the bulk supply to reaching our customers' taps – is one of our core priorities. We are committed to the ongoing refinement and improvement of our water quality management systems and processes, and continue to implement the initiatives detailed in our Pathway to Zero Water Quality Incidents Roadmap 2029. In FY25, we made the following progress:

- **Reservoir integrity** – We adopted a risk-based approach to our Water Quality Reservoir Inspection Program to enable more targeted and effective management of our assets. By focusing on areas of highest risk, we can improve the safety and reliability of the drinking water supply through efficient resource use and proactive decision-making. It also provides valuable insights to guide future maintenance and capital investment, and reduces reliance on reactive maintenance through optimised inspection planning.
- **Disinfection management** – We continued to challenge the way we operate our drinking water system, making further refinements to summer operations and operational tools. We also broadened protocol responses across operational areas and endorsed a new revision of the Bulk Water Supply Agreement, which defines the expected quality of the water that is transferred to us to distribute.
- **Water quality capital improvements program** – We progressed the delivery of new disinfection dosing systems in the Brisbane and Lowood supply schemes, with additional systems to be delivered in Brisbane, Ipswich and the Scenic Rim in FY26 and FY27. We also enhanced the THM management technology in our Lowood supply scheme, which manages disinfectant byproducts. Further, we delivered a fleet of new water quality analysers to improve visibility of network performance and operational response times to deviations in water quality.
- **Predictive modelling** – We continued to benefit from our significant uplift in modelling capability and capacity in recent years, including the development of a comprehensive disinfection model and modelling tools for both planning and operational teams. These models will be further refined in FY26.
- **Driving change through collaboration** – We play a pivotal role in advancing regional water quality. We do this by working closely with our bulk water supplier and partner distribution-retail entities through joint committees and working groups. These collaborative efforts are helping to improve the management of water quality across both operational and planned activities. They are also helping to improve chloramine stability in our metropolitan areas and support long-term planning to meet the needs of South East Queensland's rapidly growing population.

CUSTOMER SERVICE STANDARDS

Our customer service standards inform our customers of the level of service they can expect to receive from us, particularly in relation to water quality and service reliability.

The following table shows how we have performed against these standards over time.

This year, for the sixth consecutive year, we met 100% of our customer service standards. We were pleased to realise a number of improvements, including fewer unplanned water supply interruptions, fewer water main breaks and fewer sewerage main breaks and chokes.

Although water quality complaints increased due to the taste and odour event in December 2024/January 2025 (see page 32), the overall result remained well within the service standard.

INDICATOR	SERVICE STANDARD	2020/21 RESULT	2021/22 RESULT	2022/23 RESULT	2023/24 RESULT	2024/25 RESULT	ACHIEVED?
WATER QUALITY							
Annual chemical compliance with *Australian Drinking Water Guidelines* health limits	All relevant schemes compliant	12/12 schemes compliant	12/12 schemes compliant	12/12 schemes compliant	12/12 schemes compliant	12/12 schemes compliant	Yes
Bacteriological compliance with the *Public Health Act 2005*	All relevant schemes compliant	12/12 schemes compliant	12/12 schemes compliant	12/12 schemes compliant	12/12 schemes compliant	12/12 schemes compliant	Yes
Chemical compliance with the *Public Health Act 2005*	All relevant schemes compliant	8/8 schemes compliant	8/8 schemes compliant	8/8 schemes compliant	8/8 schemes compliant	12/12 schemes compliant	Yes
Water quality complaints	≤6 Per 1,000 properties	0.33	0.52	0.58	0.49	1.05	Yes
WATER SERVICE RELIABILITY							
Number of unplanned water supply interruptions	≤100 per 1000 properties per annum	55	43	46	70	66	Yes
Water main breaks	39 breaks per 100 km of water main per year	25.35	17.9	18.05	18.17	15.4	Yes
RESPONDING TO UNPLANNED WATER AND WASTEWATER INTERRUPTIONS							
Urgent incidents	80% within 1 hour	81%	92%	100%	100%	98%	Yes
Non-urgent incidents	80% within 24 hours	91%	91%	97%	95%	90%	Yes

INDICATOR	SERVICE STANDARD	2020/21 RESULT	2021/22 RESULT	2022/23 RESULT	2023/24 RESULT	2024/25 RESULT	ACHIEVED?
RESTORATION OF SUPPLY AFTER UNPLANNED WATER AND WASTEWATER INTERRUPTIONS							
Restoration of supply	≥90% unplanned interruptions restored within 5 hours	97%	97%	96%	95%	91%	Yes
SEWERAGE SERVICE RELIABILITY							
Sewerage main breaks and chokes	30 breaks per 100 km of sewerage main per year	23.9	17.56	14.6	19.4	16.6	Yes
WATER PRESSURE AND FLOW							
Water pressure	*Urban area* *≥21 metres head of water* *Trickle feed areas (and private booster)* *≥10 metres head of water*	Urban Utilities undertakes ongoing electronic and manual monitoring of the water network to ensure water supply pressure and volume standards are met. Where an issue is detected or a complaint received, it is investigated and corrective action is undertaken.					
Water flow	*Urban areas* *≥25 L/min* *Trickle feed areas ≥3.2 L/min*						

CRITICAL OUTCOME: ENVIRONMENT

WE DELIVER ENVIRONMENTAL VALUE

As a water utility, we play a crucial role in contributing to a healthier, more resilient ecosystem. Each year, we treat over 136,000 megalitres of wastewater before it is released back into the environment. In addition to this, we strive to deliver environmental value in the following ways:

- Reducing fine sediment and nutrient pollution in waterways through broadscale nature repair. Our Beaudesert (Scenic Rim) and Mulgowie (Lockyer Valley) Nutrient Offsets Projects reduce the rate of streambank erosion in the Logan and Brisbane River catchments, respectively. In turn, this reduces the volume of fine sediment and nutrient pollution that flows into Moreton Bay.
- Moving towards a circular water cycle by managing water more responsibly and using it more than once. We beneficially reuse recycled water in select urban and regional areas, which is protecting precious drinking water supplies and reducing nutrients in local waterways.
- Ensuring we adapt appropriately to climate change to better manage future climate impacts on the delivery of our services.
- Exploring new and innovative ways to maximise the reuse of resources to increase our resilience and sustainability, lower our carbon footprint, reduce our operational costs and protect the health of our waterways.

We are working on ways to continuously improve our environmental performance. One of our transformational FY26 Strategic Programs is the Environmental Compliance Program, the objective of which is to sharpen our focus on our legislative and licence obligations, particularly in regional creeks and catchments.

As part of the Program, we have planned major infrastructure upgrades at several of our resource recovery centres, including Gatton and Bundamba. These upgrades will incorporate advanced technologies and processes – such as improved filtration, nutrient removal and energy-efficient systems – to better treat wastewater, reduce pollution and emissions, and protect ecosystems, delivering better outcomes for the communities we serve.

PERFORMANCE AGAINST ENVIRONMENT KEY PERFORMANCE INDICATORS

KEY PERFORMANCE INDICATOR	STATUS	PERFORMANCE COMMENTARY
Greenhouse gas emissions **Target:** 6% contribution to FY29 target **Result:** We measure and report our greenhouse gas emissions under the Commonwealth National Greenhouse and Energy Reporting Scheme. FY25 data is finalised in October 2025.	N/A	• In October 2024, Urban Utilities reported an FY24 National Greenhouse and Energy Reporting (NGER) inventory of 106,791 tonnes of carbon dioxide equivalent (tCO2-e) of greenhouse gas emitted to the atmosphere. Our FY25 NGER inventory will be finalised and reported in October 2025. • Our solar assets, spread across 13 sites, generated 542.9 megawatt-hours of energy – a 3% increase on FY24. This increase occurred despite a temporary decline in production during the Ex-Tropical Cyclone Alfred event, when our solar PV systems were shut down for safety reasons. • Biogas is produced through the anaerobic digestion of wastewater sludge and organics at our resource recovery centres. Our cogeneration units – two at Luggage Point, one at Oxley Creek – capture and convert this biogas into electricity and heat using stationary gas engines. In FY25, these units generated 12,957 megawatt-hours of energy, a 20.5% increase on the previous year. This increase is largely due to our thermal hydrolysis process facility returning to operation after a 12-month shutdown for remediation works.

PERFORMANCE AGAINST ENVIRONMENT KEY PERFORMANCE INDICATORS

KEY PERFORMANCE INDICATOR	STATUS	PERFORMANCE COMMENTARY
Nitrogen emissions **Target:** ≤600 tonnes **Result:** 544 tonnes	✓	• We recorded 544 tonnes of nitrogen emissions from wastewater treatment plants in the Lower Brisbane River catchment for FY25. Maintaining total nitrogen emissions below the thresholds help to support a healthier Brisbane River and Moreton Bay for our communities, and improve liveability in the region. • Following a decade of postive performance, the environmental regulator granted a 10-year extension on our Beaudesert Nutrient Offsets Project. Launched as a pilot in 2014, the project involved extensive streambank stabilisation works, which have significantly reduced erosion into the Logan River, effectively offsetting increases in nutrient releases from the Beaudesert Resource Recovery Centre (see more on page 27). • We continued our work on the Cannery Creek Sewer Upgrade Project – a nature-based solution designed to reduce wet-weather overflows for our customers, while improving the health of Cannery Creek. The project includes a constructed wetland with bioretention and sediment basins, which naturally manage flows and filter out soil and sediment to protect downstream waterways from nutrient pollution. The project is expected to be completed by the end of 2025.

ENVIRONMENT HIGHLIGHTS AND CHALLENGES

COMMITTING TO IMPROVING OUR ENVIRONMENTAL PERFORMANCE

We are working on ways to continuously improve our environment performance and reduce our operational footprint.

In FY25, we progressed several initiatives, including:

- Continued to expand our **wastewater contamination characterisation program**, which helps us understand contaminant contribution across our service territory. This increased understanding will enable us to tailor activities to manage and minimise our impact on the environment.
- Continued to roll out a **cost-effective system of sewer-level sensors and related devices** that capture data to support advanced analytics. This enables us to proactively monitor the wastewater network so we can identify and address issues and inefficiencies before they impact our customers or the environment.
- Implemented a broad **odour monitoring program** through the delivery of both fixed and mobile odour monitoring devices to better understand potential odour emissions from our key sites.
- Continued to develop and use our **Receiving Environment Digital Twin** – an environmental decision support system designed to improve our understanding of human impacts on waterways and guide our strategic planning and investment decisions.
- Continued to deliver **UrbanEnvironment**, our environmental management framework. Based on ISO14001, the framework identifies environmental risks, opportunities and obligations, and outlines the implementation of control measures to manage these across our products and services. In FY25, UrbanEnvironment was expanded to include our biosolids and recycled water production and will continue to be expanded over the coming years.
- Maintained our focus on **lowering our operational carbon footprint,** while reducing our energy costs and maintaining downward pressure on customer prices. We are realigning our operational Net Zero target with the Australian Government's 2050 pathway, while continuing to invest in building a climate-resilient network that ensures safe, reliable water and wastewater services for our customers and the community.

USING RECYCLED WATER TO BENEFIT OUR CUSTOMERS AND THE ENVIRONMENT

The production and use of recycled water plays an important role in the water cycle. It can ease pressure on our drinking water supplies, reduce nutrients in waterways, improve the quality of sporting fields and golf courses, support agriculture, and provide a sustainable water option for industry.

We supply varying grades of recycled water (ranging from Class A+ to Class C), depending on the intended end use and the requirements of recycled water users. Because each of our recycled water schemes is unique, we have individual conditions specifying approved uses for each of our customers.

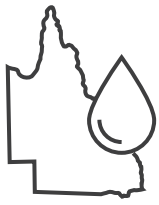
In FY25, we supplied 2,863 megalitres of recycled water. Of this, 45% was used by industry, 20% for agriculture and 33% for irrigating green space, such as sporting fields. The remaining 2% was re-used onsite at our resource recovery centres for irrigation. This year's recycled water supply was around 700 megalitres less than the volume delivered in FY24. This is due to several wet weather events that occurred during the year, reducing our customers' need for recycled water.

One of our recycled water customers is the Royal Queensland Golf Club. Each year, we supply the club with the equivalent of around 100 Olympic swimming pools of recycled water to irrigate its 97-hectare course. The high-quality recycled water, which is produced at our Gibson Island Resource Recovery Centre and pumped to the course via a pipeline, helps keep the course in pristine condition year-round, no matter the weather. This partnership is just one example of how we're using our most precious resource more sustainably so we can protect our drinking water supplies and reduce our environmental footprint.

A DECADE OF SUCCESS: GREEN INFRASTRUCTURE PROVES A SUSTAINABLE ALTERNATIVE TO COSTLY TREATMENT PLANT UPGRADE

Based on years of impressive results, our cost-effective green infrastructure project in the Scenic Rim has been extended for another 10 years.

Launched as a pilot in 2014, the Beaudesert Nutrient Offsets Project was designed to reduce nutrient loads – particularly nitrogen – entering the Logan River. This was achieved by stabilising eroded land and planting more than 8,000 trees near our Beaudesert Resource Recovery Centre (RRC), preventing nutrient-laden sediment from entering the waterway, thereby offsetting nutrient releases from the RRC.



The first of its kind in Australia, this project has been recognised with multiple industry awards.

By investing in this green infrastructure solution, we were able to continue operating the RRC within our licence requirements at its current capacity, saving around $7 million in infrastructure upgrade costs.

Over the 10-year pilot period, the project was expected to prevent approximately 100,000 tonnes of sediment from entering the Logan River due to erosion. However, it significantly outperformed expectations, preventing around 130,000 tonnes[2] from reaching the river.

Additionally, streambank stabilisation retained a further 5,000 tonnes of sediment on land. Altogether, these outcomes prevented an estimated 65.2 tonnes of nitrogen and 124 tonnes of phosphorus – contained within the sediment – from entering the Logan River and ultimately Moreton Bay.

This performance is particularly significant considering four major flood events occurred during the 10-year period, causing widespread erosion across South East Queensland catchments and heavy nutrient loads into Moreton Bay. The pilot has unequivocally achieved its purpose: to maintain expected water quality performance even during major rainfall events.

This year, we finalised negotiations with the environmental regulator and were pleased to secure an extension of the offset until 2034, with only minor changes in conditions. This extension allows us to confidently continue providing offsets as a cost-effective alternative to traditional grey infrastructure upgrades, while also improving water quality, increasing waterway resilience and enhancing visual amenity for the local community.

PRIORITISING ENVIRONMENTAL SUSTAINABILITY THROUGHOUT A HISTORICAL RESERVOIR UPGRADE

Serving Brisbane for over a century, the 63-megalitre Tarragindi Reservoir provides water to more than 112,000 customers, making it a critical part of the city's water network.

This year, we completed essential upgrade works on the reservoir. Throughout the project, we worked closely with the Toohey Forest Wildlife Group to keep tree removal to a minimum, following consultation with the local community about what mattered most to them.

We also planted over 35 native trees – five times more than were taken away. The new Tallowwood, Brush Box and Blue Gum trees will ensure Toohey Forest continues to provide valuable green space for both the community and wildlife to enjoy for years to come.

In collaboration with our delivery partner, Downer, our efforts were recognised by the Toohey Forest Wildlife Group who praised the project's thoughtful, community-focused approach, stating, "It's rare to see such commitment to reduce environmental impacts with large projects like this, and these two organisations really worked hard to minimise the loss to our precious bushland."

[2] Healthy Land & Water, Logan River (Beaudesert) Nutrient Offset Review, Report to Urban Utilities, June 2023.

CRITICAL OUTCOME: EXPERIENCE

WE DELIVER A GREAT EXPERIENCE FOR OUR CUSTOMERS AND OUR PEOPLE

We strive to provide a valued experience for our customers at every touchpoint. To better understand the evolving needs and expectations of our diverse customer groups, we undertake regular, targeted research. Insights from this research help us adapt and improve both what we do and how we do it. We believe that meaningful two-way conversations and acting on customer feedback are key to fostering strong customer relationships built on trust and value.

Equally important is creating a positive experience for our people. We aim to ensure our team members feel safe, engaged, empowered and valued. Regular employee engagement surveys help us understand what's important to our people, what we're doing well and where we can improve.

PERFORMANCE AGAINST EXPERIENCE KEY PERFORMANCE INDICATORS

KEY PERFORMANCE INDICATOR	STATUS	PERFORMANCE COMMENTARY
Value for Money **Target:** 6.1 out of 10 **Result:** 6.3 out of 10 We saw an improvement in customer perceptions of value for money, up from 6.0 in FY24. This outcome is noteworthy in the context of increasing prices within a challenging economic environment. The uplift in performance reflects a range of targeted initiatives aimed at improving perceptions of fair and affordable pricing for water and wastewater services, improving community water literacy and elevating the overall customer experience. It is important to note the reciprocal relationship between value for money and trust. Many of the initiatives attributed to the Community Trust KPI have also had a positive influence on the Value for Money KPI.	✓	• We conducted a multi-phase research program to deepen our understanding of how customers perceive value for money. The study identified four key pillars that demonstrate value for money to our customers: water literacy, control, understanding of Urban Utilities and trust. It also revealed a strong reciprocal relationship between trust and value for money, highlighting the importance of both when it comes to strengthening customer confidence. Insights from the study will inform the development of Urban Utilities' 10-year Customer Strategy – to be launched in FY26 – and guide future communication and engagement activity. • Now in its second year, we continued to roll out our service experience program, Service Moment Ready, which aims to enable and empower customer-facing team members to deliver exceptional customer experiences. This year, 122 Field Crew and Schedule and Dispatch team members attended training, designed to align their roles to building trust and demonstrating value for money for customers and the community. • We continued to improve specific aspects of the Urban Utilities customer experience, resulting in an uplift to our residential customer satisfaction score[3] (69% in FY25, up from 67% in FY24). This can be attributed to process improvements for new connections customers, and updated and improved communications for high consumption customers. • Developed a framework that focuses on providing more timely and proactive communications to customers through improved digital tools and customer self-service.

[3]Source: Urban Utilities' 2025 Residential Customer Journey survey

PERFORMANCE AGAINST EXPERIENCE KEY PERFORMANCE INDICATORS

KEY PERFORMANCE INDICATOR	STATUS	PERFORMANCE COMMENTARY
Community Trust **Target:** 62% **Result:** 65% Trust in Urban Utilities increased to 65% in FY25, up from 61% in FY24 – our highest Community Trust result since measurement began in 2020. This outcome is particularly encouraging given the challenging economic conditions and disruptive events (see pages 8 and 32) that affected the delivery of core services to some customers. Despite these challenges, we continued to build trust by delivering positive customer experiences and strengthening our community engagement through events, education initiatives and increased local presence.	✓	• Recognising the cost-of-living pressures impacting many in our community, we continued to support financially vulnerable customers through our Urban Care financial hardship program. We were pleased to offer a range of payment options, including interest-free flexible payment plans and payment extensions. • Through our Education Program, we continued to deliver engaging learning experiences to school children across our service region (see more on page 31). • Our teams supported and participated in 17 community events across our five service regions to build trust and enhance customer perceptions of value for money. Events included the EKKA, the Ipswich Show, the Scenic Rim Winter Harvest Festival and the Sustainable Brisbane Festival. Across all events, we reached approximately 771,000 people and had direct engagement with more than 22,900 community members. • We celebrated 10 years of sponsoring the EcoMarines Foundation – our longest-running philanthropic sponsorship. We are proud to work with EcoMarines to inspire tens of thousands of students to create lasting, positive change, from reducing plastic waste that pollutes Moreton Bay to building a culture of water literacy within their schools. • We created and published 720 engaging and topical social media posts designed to highlight our social and environmental impact, promote community events and partnerships, drive water literacy and demonstrate our operational and service excellence. Collectively, we reached 1,612,218 people, an increase of 588,428 on FY24. Engagement rates were significantly higher than industry averages on every platform. • We hosted quarterly meetings with our Customer and Community Reference Group (CCRG), an independent customer advisory group that guides and challenges Urban Utilities' key decisions. Possessing vast experience across a broad range of industries and customer groups, CCRG members provide valuable feedback and insights, bringing the voice of the customer to our corporate and strategic planning.

PERFORMANCE AGAINST EXPERIENCE KEY PERFORMANCE INDICATORS

KEY PERFORMANCE INDICATOR	STATUS	PERFORMANCE COMMENTARY
Employee Engagement **Target:** 72% **Result:** 67% This year, we saw a decline in our Employee Engagement result – down from 70% in FY24. While the FY25 result fell short of our target, it reflects the impacts of a significant period of organisational change for Urban Utilities. Other potential contributing factors include the enterprise bargaining process and increased operational pressures as a result of Ex-Tropical Cyclone Alfred.	✕	• We continued to invest in our leaders, strengthening their capability to support their team members' growth and foster trust, helping ensure a psychologically safe work environment. • Our gender pay gap analysis showed a median pay difference of 4.31% and an average difference of 0.4%, both within our target range of ±5%. These targets are based on the recommendations of the Workplace Gender Equality Agency, which publishes national benchmarks annually. • Following the launch of our first Disability and Inclusion Action Plan in FY24 – an initiative aimed at creating a barrier-free organisation – we established a Disability Employee Network to harness the lived experiences of employees with disability and those who care for a person with disability. • For the second consecutive year, we were recognised as one of WORK180's Top 101 Australian workplaces for women, demonstrating our commitment to improving our workplace practices to attract and retain female talent (see page 42). • We continued to enhance our leave provisions to better accommodate our people's life circumstances. This included introducing five days of reproductive support leave and increasing natural disaster leave from three days to five. • We welcomed six engineering graduates into our UrbanGrad program. Over two years, the graduates will rotate through various areas of the business, gaining valuable experience in the water industry while contributing fresh ideas and diverse perspectives to Urban Utilities. • We redesigned and launched new onboarding modules to deliver a more engaging, meaningful learning experience. The modules have been well received by our people, averaging a user rating of 4.4 stars out of five.

EXPERIENCE HIGHLIGHTS AND CHALLENGES

SUPPORTING COMMUNITY EVENTS, ONE REFILL AT A TIME

Throughout the year, our fleet of 12 branded portable water stations provided free tap water at 48 community events across our service region, including the EKKA, Brisbane Lions games, the Ipswich and Gatton shows, and numerous Council-run community activities.

In FY25, our water stations were made available to over 950,000 community members. This availability contributed to stronger community engagement and brand perception, with 71% of respondents in our 2025 Customer Relationship Survey reporting that the initiative improved their opinion of Urban Utilities.

We were also proud to sign an exclusive five-year in-kind branding agreement with the Brisbane Lions at Brighton Homes Arena and the Western District Netball Association, which saw permanent, network-connected water stations installed at both sites. These additions allow community members to fill reusable bottles or drink directly from bubblers, encouraging sustainable hydration habits. They join the existing water stations at South Bank, Victoria Park, and Roma Street, bringing our total to six.

INSPIRING YOUNG MINDS THROUGH OUR EDUCATION PROGRAM

Our Education Program delivers innovative, entertaining and interactive learning experiences to school children of all ages across our service region. The program is designed to increase water literacy, build brand awareness and foster intergenerational learning through various educational techniques, including art, storytelling, song, imaginative play and science experiments.

In FY25, we delivered 156 presentations, shows and workshops across 120 locations, reaching over 16,000 students and teachers. As part of the program, we also launched an industry-first children's magazine, Big Splash. Used as a giveaway for students who participate in our program, the magazine allows children to continue their education journey at home, promoting intergenerational learning for families.

DEVELOPING THE NEXT GENERATION OF WATER INDUSTRY TALENT

To help build a strong pipeline of emerging talent, we offer several programs and initiatives that provide hands-on experience and exposure to real-world operations within the water industry. These include the following:

- **Graduate program** – Our two-year UrbanGrad program is open to recent university graduates. In 2025, we welcomed six engineering graduates with diverse specialisations, including chemical, mechatronic, civil and environmental. Notably, 50% of this year's cohort are women – well above the industry average – which reflects our strong commitment to championing Women in STEM.
- **University student placements** – We are a proud industry partner of the University of Queensland's Bachelor of Engineering (Honours)/ Master of Engineering Program. In FY25, we hosted five students full-time to further their specialist knowledge and experience. We also hosted one PhD candidate.
- **Traineeship program** – We supported 27 team members to complete government-funded Existing Worker Traineeships across Operations and Maintenance. This proactive investment boosts the capability and confidence of our people while building a strong pipeline of skilled talent for our business.
- **Graham Thomsen Memorial Scholarship** – To honour former Board member Graham Thomsen and his lifelong dedication to the water sector, engineering, and environmental sustainability, we established the Graham Thomsen Memorial Scholarship at Queensland University of Technology. This year, we proudly awarded the first scholarship to a high-achieving civil engineering student with a strong passion for water and environmental management.

Our graduate program is climbing the ranks

Nationwide, UrbanGrad is currently ranked:

- **6th** in the Energy and Utilities sector (up from 12th in 2024)
- **157th** overall (up from 284th – an impressive leap of 127 places in just 12 months)

Source: Prosple, Australia's premier graduate recruitment platform

CONTINUING OUR RECONCILIATION JOURNEY

First Nations peoples have an intrinsic connection to water – it has been central to their identity and culture for over 60,000 years.

As one of Australia's largest water utilities, Urban Utilities recognises both the responsibility and the privilege of learning from the rich histories of Aboriginal and Torres Strait Islander peoples. This knowledge helps shape how we plan for and manage land and waterways across our region.

Since our formal reconciliation journey began in 2019, we have delivered our Reflect Reconciliation Action Plan (RAP), and our first Innovate RAP.

We are currently midway through implementing our second Innovate RAP, which is due for completion in June 2026.

In FY25, we delivered or progressed the following RAP initiatives:

- Members of our RAP Working Group completed **cultural awareness training** to deepen their understanding of the connection between First Nations peoples and water.
- We introduced a **business-wide e-learning module** to build awareness of reconciliation and highlight Urban Utilities' role in advancing understanding through our RAP.
- We **renewed our membership with Supply Nation** to support a more inclusive and sustainable supply chain.
- We developed our first **Cultural Heritage Manual** to guide respectful engagement with Traditional Owners, and to provide culturally informed support for infrastructure projects.
- To support **National Reconciliation Week**, our people were invited to participate in guided walking tours at Na'dah (Nudgee Creek), strengthening their connection to and understanding of First Nations cultures.
- We joined the South East Queensland Water Industry RAP and Cultural Heritage Network to **foster industry collaboration** and strengthen relationships with local Traditional Owners.

UNDERSTANDING HOW WATER QUALITY DISRUPTIONS CAN IMPACT CUSTOMER PERCEPTIONS

In December 2024 and January 2025, customers across Brisbane and Ipswich experienced a temporary change in the taste and odour of their tap water, resulting in significant media attention and a high volume of customer complaints. This temporary change was due to the presence of 2-Methyl-iso-borneol (MIB) in the bulk water supply managed by Seqwater. MIB is a naturally occurring compound produced by algae, and while it is safe to consume, its presence in drinking water can cause an earthy or woody taste or odour. Further, it cannot be controlled or removed during the bulk water treatment process.

As our capacity to address the issue was limited, we prioritised clear communication via multiple channels with customers, explaining the natural cause and providing reassurance that the water was safe to drink. We also worked closely with Seqwater to coordinate responses to the community and media.

Over 1 million people from more than 500,000 properties across Brisbane and Ipswich were potentially impacted and the overall sentiment was negative, primarily relating to perceived health concerns and compensation.

To better understand the impact and to inform how we approach similar events in the future, we surveyed over 2,000 customers the month following the disruption. We focused on perceptions of Trust and Value for Money – our key performance indicators that measure customer experience. Of those surveyed, 34% noticed a change in their tap water and took responsive action, predominantly buying bottled water, reducing their tap water use or boiling water before drinking. Forty per cent of those customers said they were concerned about the safety of the water and indicated lower trust in Urban Utilities as a result.

Regardless of whether they were directly affected, the majority of surveyed customers told us they want more proactive, transparent communication around water quality issues in the future.

We are already using these insights to improve how we manage and communicate about similar events.

CRITICAL OUTCOME: VALUE

WE OPTIMISE COSTS AND GROW VALUE

We continue to operate in a volatile economy, the impacts of which are putting financial pressure on families, communities and businesses. In response, our ongoing commitment to manage the organisation and our operations in a financially prudent and efficient manner remains paramount. Delivering sustainable and affordable services to our customers, while actively seeking opportunities to optimise operational costs, continues to be a key priority.

We are steadfast in our commitment to delivering safe and reliable services, while working to maintain and renew our vast network, and investing in essential infrastructure to meet the demands of a rapidly growing population and increasingly frequent extreme weather events. By investing in critical infrastructure, we're safeguarding our operations and increasing the capacity and resilience of our network in the face of challenges, like rising maintenance and infrastructure costs, and extreme weather.

In addition to investing in essential water and wastewater infrastructure, we're exploring strategic opportunities to grow our business in ways that create value for our communities, commercial customers and emerging industries. Leveraging our unique expertise, we are forming new partnerships with leading South East Queensland businesses with the intention to expand our offerings through the development of innovative water and waste products and services.

PERFORMANCE AGAINST VALUE KEY PERFORMANCE INDICATORS

KEY PERFORMANCE INDICATOR	STATUS	PERFORMANCE COMMENTARY
Operational Efficiencies **Target:** 0.5% reduction from FY22 base ($21.7 million) **Result:** $7.3 million The full program of operational efficiencies for the year were not fully realised due to unanticipated constraints, including inflationary pressures, organisational improvements and a continued focus on embedding safety and environmental compliance requirements. As a result, several cost-saving initiatives were delayed or adjusted to maintain service continuity and our critical outcomes.	✕	• This year, $7.3 million of sustained efficiencies were delivered through contract negotiations and other minor operational initiatives. In addition, we completed an activity to defer, re-prioritise and reduce expenditure during the year. These actions were strategically implemented to mitigate immediate financial risks, while safeguarding our long-term strategic objectives. Overall, they delivered $17 million in one-off, in-year budget rectifications.
Earned Value Cost Performance Index **Target:** ≥0.9 **Result:** 0.98	✓	• The capital delivery portfolio achieved a current Earned Value (EV)[4] of 0.98, excluding the Hamilton Siphon Stage 2 project, which remains on hold pending completion of Pipe C. • All programs within the portfolio recorded an EV of 0.93 or higher, reflecting strong alignment between planned and actual progress
Credit Rating **Target:** Maintain A- **Result:** Achieved	✓	• Maintained our credit rating of A-, as assigned by Queensland Treasury Corporation on 7 July 2025.

[4]Earned Value is calculated based on the percentage of completed projects multiplied by the project budget at completion. The budget at completion is the original budget plus approved variations.

VALUE HIGHLIGHTS AND CHALLENGES

FUNDING TO ACCELERATE EXPANSION OF LUGGAGE POINT INNOVATION PRECINCT

This year, Urban Utilities welcomed the announcement that the Australian and Queensland Governments will each invest $50 million in new and improved innovation infrastructure through the South East Queensland Innovation Economy Fund. The Fund is one of the commitments being delivered under the $1.8 billion SEQ City Deal, which aims to foster innovative, future-focused communities by establishing new economic development corridors that attract trade, investment and talent.

In March, Urban Utilities was delighted to be named one of the successful grant recipients, securing $7.67 million to fast-track the expansion of our Innovation Precinct, located onsite at the Luggage Point Resource Recovery Centre. This expansion project will deliver critical infrastructure to support the development and production of recycled water-related technologies. The funding will also enable the creation of new spaces for pilot projects, water sampling and applied research – further cementing the Innovation Precinct's role as a hub for sustainable water innovation.

IMPROVING OUR APPROACH TO MANAGING ASSET MAINTENANCE

Urban Utilities is responsible for a vast and complex network of assets, the maintenance of which currently represents around 30 per cent of our annual operational expenditure (excluding bulk water purchases). Effective asset maintenance is essential to ensuring reliable service, reducing risk and minimising costs in the long term.

To support greater collaboration, transparency and streamlined processes, we launched our One System for Maintenance program, marking a significant shift towards more integrated ways of working with our delivery partners. The program involves improvements across the entire maintenance portfolio, including changes to delivery partner arrangements, insourcing a range of civil delivery and materials sourcing activities, as well as enhancing our digital systems.

Under the new approach, Urban Utilities will capture valuable asset planning and field data directly into our systems. This will improve visibility of where and when maintenance is being done in the field in real time.

A focus area of the program is to secure commercial engagements that encourage collaboration and incentivise our delivery partners to drive greater efficiency and improve safety, public health and environmental outcomes. With mechanical, electrical and control systems maintenance being the most significant of our maintenance delivery contracts, we were pleased to appoint Service Stream as our new delivery partner, following a rigorous procurement process. Full operational services will begin in early FY26.

This partnership, together with other One System for Maintenance business changes, marks a key milestone in our journey towards a more streamlined, reliable and cost-effective asset maintenance approach.

PARTNERING TO SHAPE THE NEXT GENERATION OF WATER INFRASTRUCTURE

In response to the pressures of population growth, extreme weather events and evolving community expectations, Urban Utilities is committed to reshaping the water cycle. Our goal is to build a climate-resilient network that delivers safe and reliable water and wastewater services for generations to come.

To help achieve this, we are changing the way we engage with our engineering and construction partners through our Next Generation 4D Partnerships Program. Over the next decade, Urban Utilities will deliver a significant capital investment program, with its success relying on the strength of the long-term partnerships we establish. Our partners will be instrumental in helping us tackle some of the most complex and pressing challenges facing our industry today.

This new model represents a step-change in collaboration and builds on the success of our award-winning Program Management Approach. It focuses on delivering greater value for money by bringing together passionate, innovative and highly capable organisations to co-design and deliver the infrastructure needed for a sustainable and affordable water future.

Urban Utilities has established a strong foundation of benchmarking and performance monitoring across our capital delivery program. Coupled with a skilled and future-ready workforce, we are committed to driving competition and value to support outstanding customer and environmental outcomes.

Following the tender submissions in late FY24, the focus this year has been on the thorough evaluation of proposals, shortlisting of candidates and continued negotiations with prospective delivery partners.

We expect to award contracts in early FY26, with the commencement of these partnerships in the months following.

CREATING LONG-TERM VALUE THROUGH STRATEGIC INFRASTRUCTURE INVESTMENT

In FY25, we invested $393.8 million in new and upgraded infrastructure to improve the reliability and sustainability of our water and wastewater networks. The table below shows the key infrastructure projects that were commenced, progressed or completed during the year.

The balance of the funds was invested in ongoing programs for the renewal, enhancement and replacement of existing infrastructure across our service territory.

	PROJECT TITLE	TOTAL PROJECT INVESTMENT ($'M)	FY25 INVESTMENT ($'M)	COMMENCED	COMPLETED/ ESTIMATED COMPLETION
Brisbane	Bulimba-Hamilton Siphon Renewal Program (Stage 1, 2, and 3 combined)	209.4	52.8	FY23	FY28
	Virginia Branch Sewer Section 1 Augmentation (Cannery Creek)	65.5	27.6	FY22	FY26
	Breakfast Creek Trunk Sewer Augmentation - Stage 1	46.0	5.3	FY22	FY25
	Eagle Farm Sewage Pump Station (SPS) Main Switchboard, Diesel Generator & Distribution System Replacement	22.4	2.3	FY25	FY27
	Bartley's Hill Reservoir Walls & Roof Rehabilitation	14.1	8.8	FY25	FY26
	Tarragindi to Wynnum Rd Water Trunk Main	14.1	1.4	FY23	FY26
	SPS Flood Recovery and Resilience	10.7	3.4	FY24	FY25
	Luggage Point Resource Recovery Centre (RRC) Blowers 2 & 3 Replacement Installation	8.7	1.1	FY22	FY26
	Eildon Hill Reservoir and Trunk Main Rehabilitation Enabling Works	7.1	4.0	FY25	FY26
	Bracken Ridge Rd Rising Main 8 Renewal	6.7	3.1	FY25	FY26
Ipswich	Hanlon Street SPS Upgrade - Stage 2	39.6	12.7	FY24	FY26
	Tantivy St, Tivoli SPS Upgrade - Stage 1	24.5	7.8	FY23	FY25
	Carole Park RRC Switchboard Renewals	7.2	0.6	FY25	FY26
	Nevis Rd SPS Pump Capacity Upgrade	5.2	0.7	FY25	FY26
	Chermside Road, Bremer River Crossing Replacement	5.1	1.3	FY25	FY26

	PROJECT TITLE	TOTAL PROJECT INVESTMENT ($'M)	FY25 INVESTMENT ($'M)	COMMENCED	COMPLETED/ ESTIMATED COMPLETION
Lockyer Valley	Gatton RRC Disinfection of Recycled Water Releases and Recycled Water Managed Release	4.8	0.9	FY25	FY26
	Small Site Free Chlorination Unit Upgrade and Standardisation - Phase 1	3.7	0.6	FY24	FY25
	Glenore Grove, Grantham and Helidon Tanker Filling Stations	2.9	2.1	FY25	FY26
Scenic Rim	Beaudesert Water Network Improvements Phase 1 - Gleneagle Booster Pump Station	3.1	0.4	FY25	FY27
	Kooralbyn RRC Compliance Enhancement - Phase 2a	1.5	0.1	FY25	FY26
	Hinchcliffe Bridge, Kooralbyn Water and Sewer Main Replacements	0.8	0.1	FY25	FY26
Somerset	Esk Reservoir Implementation	17.3	10.7	FY24	FY26
	Lowood 1 Reservoir Rehabilitation	9.8	1.0	FY25	FY27
	Kilcoy Pipeline Augmentation	2.4	0.3	FY23	FY27

N.B. In some instances, the estimated completion dates vary between this report and our last year's Annual Report. Project extensions can be attributed to longer field trails, scope additions and longer procurement times.

INFRASTRUCTURE PROGRAM HIGHLIGHTS

BULIMBA-HAMILTON SIPHON RENEWAL PROGRAM

This year, we reached several milestones in the $209 million Bulimba-Hamilton Siphon Renewal Program – a highly complex project involving the replacement of two 70-year-old wastewater pipes inside a tunnel located 60 metres below the Brisbane River. The siphon transports the wastewater of more than 150,000 customers from Bulimba to Hamilton, and needs to be upgraded so that we can continue to supply safe and reliable wastewater services.

In January 2024, we faced a significant challenge when a break occurred in one of the pipes, causing wastewater to enter the tunnel. The wastewater was contained inside the tunnel and the pipe has continued to safely transport wastewater through the network. When the break occurred, there were no safety incidents or concerns for our workers or delivery partners due to careful contingency planning. Following a stringent assessment of our responsive options, we decided to install a temporary bypass pipeline across the bed of the Brisbane River, between Bulimba and Hamilton, to transport wastewater across the river, enabling our crews to undertake responsive works on the impacted pipe. This option was considered as part of our initial contingency planning undertaken in 2023 and was able to be progressed when the break occurred in 2024.

Installation of the bypass pipeline began in August 2024 and presented a number of engineering challenges, which took four months to complete. The pipeline was installed from a barge that moved diagonally across the river from Hamilton to Bulimba, gradually lowering sections of pipe into place. Construction of a temporary pump station also commenced in August, with both the pump station and pipeline now in operation.

BARTLEY'S HILL RESERVOIR REHABILITATION

In October 2024, we commenced a $14 million project to renew the original water reservoir at Bartley's Hills Reserve in Ascot – an asset that has supplied water to Brisbane's inner north-east since its construction in 1907. Renewal works include replacing the existing roof structure, rehabilitating the concrete walls and column, and relining the reservoir. With an expected completion date in Q2 FY26, the project will extend the service life of this historic asset for decades to come.

BREAKFAST CREEK TRUNK SEWER UPGRADE

In late 2024, we completed work on the $45 million Breakfast Creek Trunk Sewer Upgrade, which involved tunnelling and installing a new kilometre-long wastewater pipe from Bowen Hills to Windsor. The new pipe will transport up to 400 litres of wastewater per second from Brisbane's northside to the Luggage Point Resource Recovery Centre for treatment, ensuring the needs of our growing community are catered for now and well into the future. The two-metre-diameter pipe was installed at depths of up to 14 metres, including beneath the Inner City Bypass, using state-of-the-art technology to minimise impacts on our customers, the community and the environment.

ESK RESERVOIR IMPLEMENTATION

This year, construction progressed on Somerset's newest water reservoir. The $17 million project will provide the township of Esk with a dedicated water storage facility to help meet the needs of the growing community. Once completed, the Esk Reservoir will boast a capacity of 1.5 million litres, vastly improving the reliability and resilience of the township's water supply network. The design allows for a second reservoir within the site's cleared area to address future water needs as the town expands and water demands increase. The reservoir is expected to be completed and connected to the network by October 2025.

TANTIVY STREET PUMP STATION UPGRADE

In February 2025, we completed upgrade works on the $24.5 million Tantivy Street Pump Station in Ipswich. Spanning almost two years, the project involved the construction of a new wastewater pump station, the installation of a raised switchboard platform to improve flood resilience in wet weather events and the installation of new maintenance holes and associated pipework in the network. It also involved the decommissioning and deconstruction of the original pump station built in the 1940s. The new pump station will ensure the reliability and sustainability of wastewater services for the growing Ipswich community.

DELIVERY OF OUR STRATEGIC PROGRAMS

PROGRAM AND PURPOSE	STATUS	FY25 PERFORMANCE SUMMARY
Biosolids Program Focuses on creating efficiencies and building resilience into the management of biosolids so we can move toward an alternative, more sustainable solids management approach.	✓	• Experienced an increase in biosolids management costs in the first half of FY25 caused by critical biosolids infrastructure being taken offline to allow for emergency remediation works. • Progressed the Biosolids Procurement Category Management Plan, which defines the requirements for market engagement. • Implemented a Biosolids Management System to build resilience and manage quality and chain of custody across our entire biosolids system (from source to end-use). • Began investigations into opportunities to optimise dewatering performance, with the goal of improving efficiency and minimising operational impacts.
Critical Asset Program Focuses on continuing to provide safe and efficient water services through the way our services are provided and how our assets are managed and delivered in the future. The program will ensure that our assets are efficient and fit for purpose now and into the future so they continue to meet the needs of growing communities.	✓	• Growth servicing, renewal, water quality and environmental improvement plans have progressively been approved across our five council areas. • Updated Asset Management Framework standards, manuals and business processes. • Following a successful consultation process, minor amendments to the Water Netserv Plan will be published in early FY26 to align with updates to pricing changes. Major amendments to the plan are in progress and will be published in Q3 FY26.
Customer Affordability Program Focuses on supporting a continuous improvement culture by embedding frameworks and governance to help identify, deliver and monitor business efficiencies and opportunities.	✗	• Embedded Customer Affordability Program framework along with supplementary templates and reporting into the organisation to support the monthly meeting rhythm. • While significant progress is still to be made on this important program, it will be a key area of focus for the ELT and Board in FY26.
Enterprise Risk, Security and Resilience Improvement Program Focuses on uplifting all aspects of security and business resilience, while meeting legislative obligations and continually enhancing the resilience of Urban Utilities' critical infrastructure and services.	✓	• Progressed further security and resilience enhancements to ensure compliance with the Security of Critical Infrastructure (SOCI) Act. • Delivered over $1.2million in asset security improvements to support site security and resilience of our critical assets. • Progressed the redesign and rollout of our Risk Management and Compliance Improvement programs. We are strengthening these important frameworks to support the business in meeting its obligations and to improve our practices and arrangements.

PROGRAM AND PURPOSE	STATUS	FY25 PERFORMANCE SUMMARY
Health, Safety and Wellbeing Improvement Program Focuses on driving the required, sustained improvements needed over the next three to five years to ensure effective management of health, safety and wellbeing risks, and to enable performance uplift and cultural transformation.	✓	• Defined the current state, the execution of work required and the treatment plans needed for the program's workstreams. • Executed hazard and operability studies (HAZOPs) on prioritised assets and developed key process safety-related management system controls. • Undertook assessments, audits and the drafting of standards relating to high-risk electrical assets, access permits to assets, and fatality risks.
One System for Maintenance Program Focuses on improving efficiency and safety in maintenance delivery by providing a streamlined and integrated approach with delivery partners. This will enable improved safety performance and risk profiles across our asset base, optimised, integrated maintenance planning delivery efficiencies year on year, an internal workforce model creating value in active management of network assets, and asset maintenance knowledge embedded in Urban Utilities.	−	• Achieved key milestones, including improved visibility of maintenance activities within Urban Utilities' systems. However, delays in related projects and internal changes have impacted our ability to fully meet this year's efficiencies goal. • Onboarded our new maintenance partners onto Urban Utilities' systems for maintenance planning, scheduling and dispatch and field mobility.
Privacy Improvement Program Focuses on safeguarding the personal information of our customers and employees through achieving compliance with incoming legislation, driving enterprise information management uplift and detailing personal information mapping in systems, underpinned by a capability uplift across the organisation.	✓	• Met legislative requirements under the *Information Privacy and Other Legislation Amendment Act 2023 (Qld)* by delivering initiatives including the new Mandatory Notification of Data Breach Scheme and changes to the handling of sensitive personal information. • Progressed a program of work to respond to recommendations from the Office of the Information Commissioner customer privacy audit.
Workforce Fundamentals Program Focuses on driving continuous organisational improvements by creating efficiencies through ways of working. This will enable us to strategically scale and grow while continuing to deliver safe and efficient water services every day.	✓	• Delivered key milestones including an upgraded recruitment process and system, automated workflows and a new rostering framework.

CHAPTER 3: WORKING AT URBAN UTILITIES

OUR WORKFORCE PROFILE

In FY25, our total headcount was 1,261 (1,235 full-time equivalent). Our workforce is made up of range of professional and trade roles in permanent full-time and permanent part-time capacities, working under enterprise or individual employee arrangements. This figure does not include agency resources who were employed on a short-term basis to meet ad-hoc business requirements.

Year-on-year, our total workforce increased by 51 team members. This growth supports the management of emerging risks, helps maintain ongoing compliance and enables the continued delivery of our essential water and wastewater services for our customers and communities.

Of our permanent team members, 93% are employed in full-time roles and 7% employed in part-time roles, demonstrating our ongoing support of flexible working practices.

Research consistently highlights the critical role of diversity in driving organisational growth and success. In a traditionally male-dominated industry, Urban Utilities is proud to exceed sector norms in female representation – both across our workforce and in leadership. According to the Australian Government's 2023-24 Gender Equality Scorecard, women make up 26% of the workforce in the Electricity, Gas, Water and Waste Services industry, and just 25% of leadership roles. In comparison, 40% of Urban Utilities' overall workforce and 39% of our leaders are women, demonstrating our strong commitment to gender equity and inclusive leadership.

WORKFORCE DIVERSITY

We are working to strengthen our workforce diversity data, which is stored in our Human Resources Information System (HRIS).

DIVERSITY GROUPS	NUMBER *(headcount)*	PERCENTAGE OF TOTAL WORKFORCE *(calculated on headcount)*
Women	504	40%
Aboriginal and Torres Strait Islander Peoples	6	0.5%
People with disability	Data not currently collected in our HRIS	
Culturally and linguistically diverse – speak a language at home other than English	Data not currently collected in our HRIS	

Please note, the majority (78%) of our employees (based on headcount) do not disclose whether they identify as Aboriginal or Torres Strait Islander, nor are they required to.

While we don't currently collect disability or cultural/linguistic data in our HRIS, we included diversity questions as part of our FY25 employee engagement survey. Of the 1,001 employees who responded to the last survey:

- 7% or 70 identified as a person with disability
- 7% or 70 said they speak a language other than English at home.

INDUSTRIAL AND EMPLOYEE RELATIONS

Under the *Fair Work Act 2009 (Cth),* we operate under three enterprise agreements: the SAS Laboratory Employees' Enterprise Agreement 2024, the Operational and Field Employees' Enterprise Agreement 2025 and the Administrative and Technical Employees' Enterprise Agreement 2022.

Over the course of FY25, all three of Urban Utilities' Enterprise Agreements were in various stages of bargaining, with negotiations conducted with union and individual (employee) bargaining representatives.

Following a successful vote, the **SAS Laboratory Employees' Enterprise Agreement** was approved by the Fair Work Commission and became operational in October 2024. Benefits included a wage increase of 4.5% from the commencement date, followed by 4% in the second year and 3.5% in the third year of the Agreement, along with new day worker start and finish times and a mental health and wellbeing clause.

Also following a successful employee vote, the new **Operational and Field Employees' Enterprise Agreement** was approved by the Fair Work Commission and became operational in May 2025. Benefits included a (minimum) first year wage increase of 10%, followed by 4% in the second year and 3.5% in the third year of the Agreement, as well as increased allowances and inclusion of an additional day off for day-worker employees when rostered on a public holiday.

The **Administrative and Technical Employees' Enterprise Agreement**, which expired on 30 June 2025, is currently being negotiated.

OFFICIAL MISCONDUCT

Matters that raise a suspicion of corrupt conduct are referred to the Crime and Corruption Commission. Where necessary, investigations are undertaken, with outcomes reviewed and monitored.

CODE OF CONDUCT *(PUBLIC SECTOR ETHICS ACT 1994)*

All Urban Utilities team members are expected to demonstrate the highest ethical standards and conduct themselves in a way that is reflective of our organisational values, policies and legal obligations.

Prepared in accordance with the *Public Sector Ethics Act 1994*, our *Code of Conduct* sets the minimum standards of behaviour expected in the workplace. It makes it clear that all team members are responsible and accountable for their own conduct and that they are expected to contribute to a constructive, productive and safe workplace.

Our *Code of Conduct* was last revised in 2020, with an update scheduled for FY26. This revision will involve robust consultation and engagement with our people, recognising that the Code extends beyond compliance to serve as a foundational element of our organisational culture.

CLOSING THE GENDER PAY GAP

Our most recent gender pay gap analysis shows a median pay difference of 4.31% and an average difference of 0.4%, both within our target range of ±5%. These targets are based on the recommendations of the Workplace Gender Equality Agency, which publishes national benchmarks annually.

We are committed to reducing the gender pay gap and have implemented a range of evidence-based strategies to support equitable outcomes, including:

- Gender-inclusive parental leave, with equitable access for all parents.
- Paid superannuation during both paid and unpaid parental leave.
- No requirement to disclose past salary during recruitment, helping to reduce bias that can negatively affect women.
- Skills-based assessment tasks in recruitment and promotion processes.
- Annual remuneration reviews informed by gender pay gap data.
- Equity assessments for internal appointments and pay movements outside the regular remuneration cycle.
- Ongoing measurement of gender composition by job level, with active strategies to increase female participation in traditionally male-dominated fields.

PROMOTING A WORK-LIFE BALANCE

We recognise that promoting a healthy work-life balance is essential to the wellbeing and performance of our people. In support of this, we offer a range of paid and unpaid leave options that go beyond the National Employment Standards (NES). These include, but are not limited to:

- Parental leave provisions designed to be inclusive and supportive of all family structures, including: access to 18 weeks' paid parental leave for eligible primary caregivers regardless of gender or birthing role; up to 52 weeks of superannuation contributions during both paid and unpaid leave; and the ability to take leave after six months of service.
- Five additional personal/carer's leave days each year (over and above the 10 days prescribed in the NES).
- A Connection Day, which enables our people to spend meaningful time with family, friends or their community.
- A CARE Day, which supports proactive self-care or informal caregiving. This includes mental health and preventative health check-ups, caring for a grandchild or volunteering in the community.

Building on this, in FY25 we introduced five days of Reproductive Support Leave, in addition to the existing 15 days of personal leave. This non-cumulative leave can be used for a variety of reproductive health-related matters, further supporting the diverse needs of our workforce.

WORKFORCE PLANNING AND ATTRACTION

Core to Urban Utilities' success are the commitment, skills and mindsets of our people. Therefore, it is critical we attract, develop and retain the right people to help move us closer to realising our purpose.

In accordance, we offer access to a range of programs and pathways, supported by representatives from our People and Capability team, including:

- Job-based skills/capability training and on-the-job development.
- Our UrbanGrad graduate program to attract and nurture future talent.
- Certificate III Traineeships to develop the required skills to deliver our core services.
- An online Learning Lounge, which gives our people access to a library of engaging multi-format learning content.
- Our Enabling U performance framework to support employee development and career progression.
- Our Diversity, Equity, Inclusion and Belonging Program.

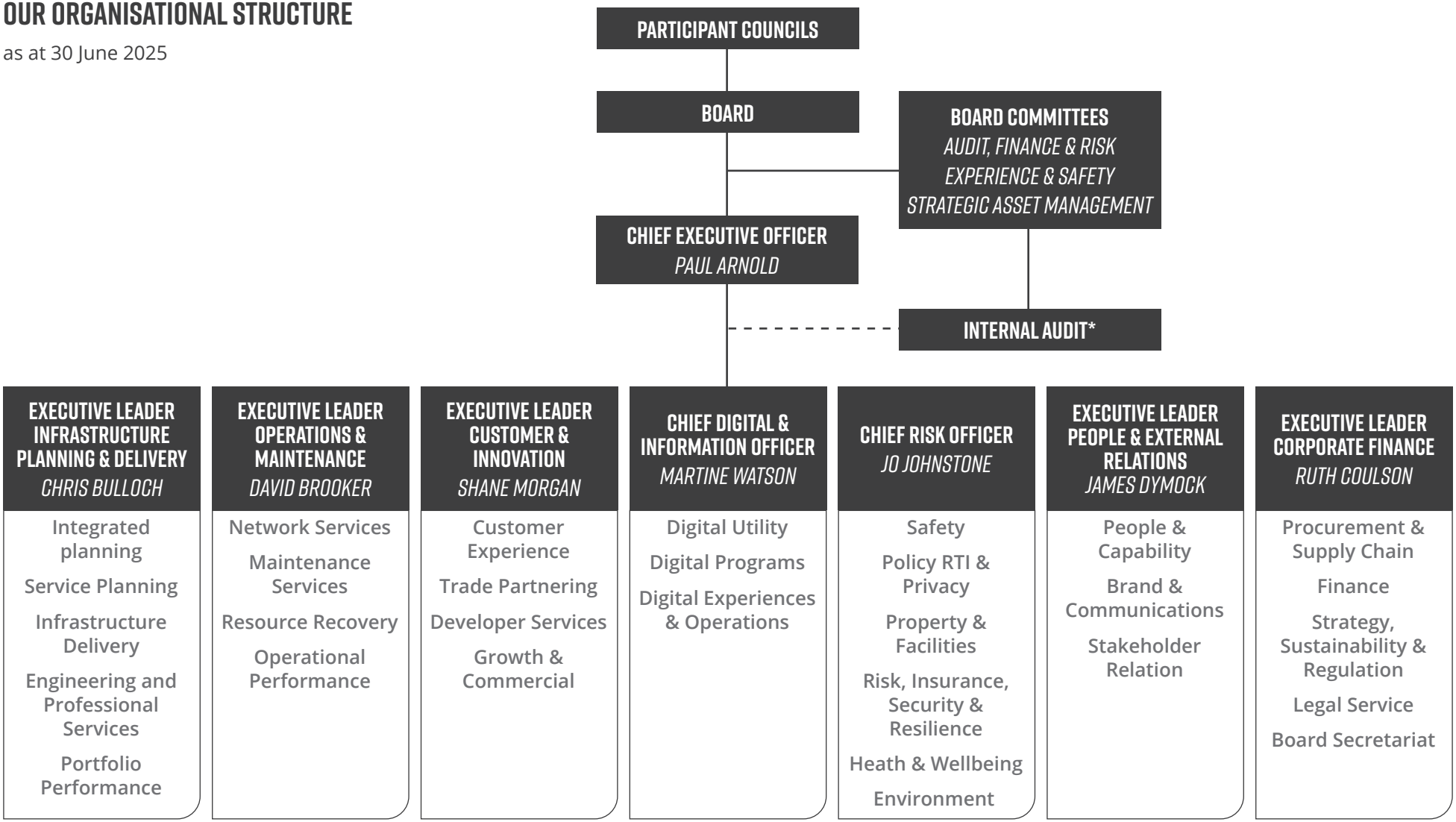
Building on these, in FY25 we:

- Incorporated questions and assessments relating to our CARE values, behavioural expectations and safety expectations into all interview processes.
- Supported and enhanced the capability of hiring leaders to reduce unconscious bias, increase team diversity and facilitate better hiring outcomes.
- Increased advocacy and resources for internal mobility pathways and opportunities.
- Progressed the work on a redesigned job architecture framework to support future workforce strategy and planning and employee career progression.

CHAPTER 4: CORPORATE GOVERNANCE

OUR ORGANISATIONAL STRUCTURE

as at 30 June 2025



**Internal Audit reports directly to the Audit, Finance & Risk Committee*

OUR PARTICIPANT COUNCILS

Our Participant Councils are the councils of Brisbane, Ipswich, Lockyer Valley, Scenic Rim and Somerset.

In accordance with the *South-East Queensland Water (Distribution and Retail Restructuring) Act 2009*, Urban Utilities formed an agreement (the "Participation Agreement") with its participating local governments (our Participant Councils) when it formed in July 2010.

The Participation Agreement outlines the responsibilities and obligations of Urban Utilities and its participating local governments. It includes, but is not limited to: the participation rights of each Council; decision making and dispute resolution; the role, composition, appointment, remuneration and powers of the Board; Board meetings; corporate (strategic) planning; reporting; and participation returns.

Our Participation Agreement is available on our website.

OUR BOARD

ROLE OF THE BOARD

The Urban Utilities Board comprises eight non-executive members, including the Chair. The appointments were made in accordance with the provisions of the *South-East Queensland Water (Distribution and Retail Restructuring) Act 2009*.

The Board's role includes deciding the strategies and the operational, administrative and financial policies to be followed. The Board also ensures we perform our functions and exercise our powers in a proper, effective and efficient manner, and we comply with planning and reporting requirements.

The Board's role and responsibilities are set out in the Board Charter, and include, but are not limited to:

- Deciding on our direction, strategies and financial objectives, and ensuring appropriate resources are available.
- Establishing and maintaining our corporate strategies and monitoring their implementation.
- Establishing and monitoring a framework to assess compliance with legislation and government policy.
- Establishing and monitoring a framework to ensure compliance with control and accountability systems, regulatory requirements, and ethical standards.
- Establishing and monitoring a framework to ensure that appropriate risk management systems are in place and are operating effectively.
- Informing and approving our business plans and capital investment plans.
- Determining tariffs and pricing.
- Establishing and monitoring a framework to ensure the preparation of accurate financial reports and statements.
- Approving major capital investments and the terms and conditions of major contractual relationships.
- Appointing the Chief Executive Officer and Executive Leadership Team.
- Monitoring performance of and setting remuneration of the Chief Executive Officer.
- Reporting to Participant Councils on the performance and state of the business.

To discharge its obligations and responsibilities, the Board describes the powers vested in and reserved by the Board. Outside of these reserved powers, the Chief Executive Officer has the authority to manage and oversee the day-to-day operations and activities of Urban Utilities.

In accordance with the provisions set out in the *South-East Queensland Water (Distribution and Retail Restructuring) Act 2009*, the Chief Executive Officer can sub-delegate some of his powers to employees through an instrument of sub-delegation.

The Board is acutely aware of its members' obligations to avoid conflicts of interest between their duties to Urban Utilities and their personal interests. A Conflicts of Interest policy has been in place for the duration of the reporting period. The policy sets out the obligation of Board members to declare any material interests relevant to the activities of Urban Utilities, and to ensure that conflict arising from any material interest is noted and managed in accordance with the policy.

BOARD MEMBERS

PAUL VINCENT (CHAIR)

BBus(Accy), GAICD, FCA, JP

Paul was appointed as Urban Utilities' Board Chair on 1 July 2024.

Paul is an experienced company director and brings his wide industry experience and growth mindset to his board roles. He works on a comprehensive engagement profile across the area of forensic accounting and heads the commercial litigation division at Vincents. His expertise is in commercial litigation disputes, mediations, estate litigation, valuations, professional negligence and large family law matters.

Paul has worked in various fields within accounting, including his early audit, taxation, insolvency and consulting career at KPMG. Paul founded Vincents in 1989, a multidisciplinary national consulting business, servicing a wide range of industries.

Paul's career is focussed on sustainable growth underpinned by innovation and partnerships with a talented and committed team.

MARK GRAY (DEPUTY CHAIR)

D.Univ, B.Econ(Hons), SF Fin, FAICD

Mark was appointed to the Urban Utilities Board on 1 July 2019.

He is a highly experienced company director, and is currently Chair of Data#3 Limited and Sugar Terminals Limited. He is also a non-executive director of the Royal Flying Doctor Service - Queensland Section, Services and Foundation.

Mark has also had a distinguished executive career, primarily in financial and economic services. He has held Chief Executive roles with the Queensland Treasury Department, the Queensland Competition Authority, and the Queensland Commission of Audit, as well as senior executive roles with the Macquarie Group and BDO.

LUCIA CADE

BEng, BEc, MEngSc, MBA, FAICD, FIEAust

Lucia was appointed to the Urban Utilities Board on 1 October 2021.

She is an experienced non-executive director with a professional engineering and commercial background. She has experience in technical engineering, executive and advisory roles in infrastructure, utilities and professional services working in global technical services, listed companies, government organisations and private enterprises.

Lucia currently chairs the boards of Paintback and Methodist Ladies College. She also serves as a director on the boards of The Environmental Group, TasWater, the Cooperative Research Centre for Future Fuels and Infrastructure Victoria. She is a former Chair of South East Water and Western Water in Victoria, and is a life member and former National President of the Australian Water Association.

PETER HYLAND

MURP, BA, GDip Ed, MAICD, PIA, SIP, FDIA

Peter was appointed to the Urban Utilities Board on 1 July 2024.

Peter has had a 40-year career in building and leading professional services companies, providing advisory services related to urban planning and development, urban economics, and real estate strategy, to the public and private sectors. Peter has led major projects across Australia, the Asia Pacific, the Middle East, and the United Kingdom. His ability to marry urban planning and economic considerations has made him a trusted advisor internationally to major private and public companies and all levels of government.

Peter also has roles as a non-equity Strategic Advisory Director at Urbis Ltd, as an Industry Fellow in the School of Architecture, Design and Planning at the University of Queensland, as a member of the Mater Strategic Development and Sustainable Infrastructure Committee established to advise the Board of Mater Misericordiae Limited, and as a member of Economic Development Queensland's Expert Advisory Panel and the Queensland Urban Design and Places Panel. He is also a Board member of Rohrig Constructions Pty Ltd, a member of the Advisory Board of Bureau Proberts Architects Pty Ltd and an Advisor to the Board of RCP Pty Ltd.

ANDREA KENAFAKE

BA (Psych), MRehab, MAICD

Andrea was appointed to the Urban Utilities Board on 1 July 2024.

Andrea is a highly experienced public sector executive having served at Brisbane City Council for over 30 years. As Divisional Manager of City Planning and Sustainability, Andrea was responsible for leading the delivery of city planning and development, natural environment and the economic development for the city of Brisbane. Andrea has substantial experience in managing workplace health, safety and rehabilitation, business improvement, and change leadership. She was also the executive sponsor of Smart, Connected Brisbane, River City Pride and the Inclusion Council.

Andrea was formerly the Chair of City Parklands Services Pty Ltd, responsible for the management of South Bank, Roma Street and Victoria Parklands (2014-2021). Andrea also served as a director on the Brisbane Sustainability Agency Board 2020-21 and the South Bank Corporation Board 2015-2018.

CARMEL KROGH OAM

BEng (Civil), MEng, MBA (Technology), PGradDip (Local Government Engineering), GAICD

Carmel was appointed to the Urban Utilities Board on 1 January 2024.

She is a highly experienced water infrastructure professional, possessing vast industry knowledge together with extensive technical, leadership and management skills.

With a background in civil engineering, Carmel previously held several managerial and executive positions within the private sector and local government, most recently as the Director of Shoalhaven Water, which forms part of Shoalhaven City Council. She is currently an independent consultant in the water sector.

Carmel is also an experienced non-executive director and is currently on the Board of CONEXA Infrastructure Partners. She was previously the National President of the Australian Water Association (AWA) from 2019-2021.

GERARD PENDER

GAICD

Gerard was appointed to the Urban Utilities Board on 1 July 2022.

He has practiced as a solicitor for over 40 years and is formerly the Managing Director of long-standing Ipswich-based law firm Walker Pender Group Lawyers, which has a strong commitment to the Ipswich region in ensuring all community members receive quality and professional legal representation.

A stalwart of the Ipswich community, Gerard served as a local Councillor in the 1990s and is affiliated with a number of community-based organisations, including Habitat for Humanity and Ipswich Hospice Care. Notably, Gerard was awarded Ipswich Businessman of the Year in 2014 and in 2017.

PHILLIP STRACHAN

B.Com, FCPA, MAICD

Phillip was appointed to the Urban Utilities Board on 1 July 2019.

He has extensive experience in operations and finance at the executive level. He has held a number of executive roles with the Rio Tinto Group over a 35-year career, including the Chief Executive Officer of the global Bauxite and Alumina businesses based in Brisbane and Chief Financial Officer at the Rio Tinto global aluminium product group based in Montreal.

Phillip currently serves on the Board of the Great Barrier Reef Foundation, is a Council member of the University of the Sunshine Coast, and is an advisor to Renewable Energy Brisbane. He is also the Chair of Aula Energy, Arkhefield, and Grenof Water Technologies.

OUR BOARD COMMITTEES

The Board has three sub-committees to assist in the execution of its duties. Each committee operates to a charter, which sets out its roles and responsibilities, composition, structure, membership requirements, and the manner in which it is to operate.

Following the appointment of three new Board members on 1 July 2024, nominations for Board committee membership were reviewed and confirmed from 1 September 2024. A summary of Board member attendance at committee meetings can be found on page 51.

AUDIT, FINANCE AND RISK COMMITTEE

For the majority of FY25, the Audit, Finance and Risk Committee comprised the following members: Mark Gray (Chair), Gerard Pender, Carmel Krogh, Peter Hyland and Paul Vincent (Ex-Officio). The executive sponsor of the committee was Executive Leader Corporate and Finance, Ruth Coulson.

The committee assists the Board in the effective discharge of its responsibilities for risk culture, including enterprise risk management, compliance management, capital management, regulation and pricing, financial management and reporting, internal controls environment across Urban Utilities and external audit.

In accordance with its charter, the committee's responsibilities include, but are not limited to:

- Reviewing the enterprise risk appetite and risk tolerance.
- Reviewing and providing direction on strategic risks and extreme and high operational risks.
- Reviewing our annual insurance program and recommending to the Board the placement and/or renewal of insurance policies.
- Reviewing and providing recommendations on our financial sustainability and capital management strategy.
- Meeting with the external and internal auditors to discuss practices and issues surrounding financial governance.
- Overseeing and monitoring the adequacy, security and effectiveness of our internal control framework and environment.
- Providing a forum for the external auditor to present external audit plans.
- Reviewing and endorsing for approval by the Board external regulatory reporting obligations.

The Audit, Finance and Risk Committee has observed the terms of its charter and has had due regard for the Queensland Treasury's Audit Committee Guidelines. The committee met seven times in FY25.

EXPERIENCE AND SAFETY COMMITTEE

For the majority of FY25, the Experience and Safety Committee comprised Phillip Strachan (Chair), Gerard Pender, Lucia Cade, Andrea Kenafake and Paul Vincent (Ex-Officio). The executive sponsor was Executive Leader People and External Relations, James Dymock.

The role of the Experience and Safety Committee is to provide oversight and recommendations to the Board to ensure that Urban Utilities has people who are safe, adaptable, capable, and committed to achieving Urban Utilities' purpose and who live its values, and that Urban Utilities' customers experience and satisfaction is favourable.

As per its charter, the committee's responsibilities include, but are not limited to:

- Reviewing the development and implementation of, and monitoring the performance of Urban Utilities' Health and Safety Strategy and related initiatives.
- Ensuring the organisation has appropriate and effective health and safety systems, processes, and procedures in place.
- Promoting a culture of trust, accountability and learning by role modelling open dialogue on health and safety issues.
- Reviewing the development and implementation of people strategies and policies to attract, retain and develop the people required by Urban Utilities to maintain and enhance its capabilities and capacity.
- Recommending to the Board the remuneration, financial incentives, and performance measures for the Chief Executive Officer.
- Recommending to the Board the remuneration framework and policy, and performance measures for the Executive Leadership Team.
- Reviewing the development and implementation of customer policies and strategies to drive improvement to customer satisfaction levels and the Urban Utilities customer experience.
- Reviewing the development and implementation of community policies and strategies to drive community engagement and enhancement of the Urban Utilities community experience.

The committee met four times in FY25.

STRATEGIC ASSET MANAGEMENT COMMITTEE

For the majority of FY25, the Strategic Asset Management Committee comprised Lucia Cade (Chair), Carmel Krogh, Peter Hyland, Andrea Kenafake and Paul Vincent (Ex-Officio). The executive sponsor was Executive Leader Operations and Maintenance, David Brooker.

The role of the Strategic Asset Management Committee is to oversee and provide advice on Urban Utilities' strategies, policies, and systems for the management of assets to deliver services to customers and stakeholders.

As per its charter, the committee's responsibilities include, but are not limited to:

- Reviewing the Service Strategy, infrastructure plans, operational performance strategies, asset management strategies and plans, significant procurement strategies and post-market business matters that are within the Board's delegation.
- Overseeing the Environmental Leadership Strategy, including Urban Utilities' strategies regarding climate variability, reduction of environmental and carbon footprints, and management of scarce water resources.
- Reviewing and providing advice to the Board on the ICT Strategy and roadmap, including the operational technology strategy.
- Reviewing and endorsing the five-year Capital Investment Plan within the financial sustainability envelope.
- Reviewing and providing advice to the Board on potential growth and expansionary investments for Urban Utilities.
- Understanding the performance of systems and associated project, network, and infrastructure risks.
- Reviewing Urban Utilities' compliance with relevant statutory and environmental responsibilities and customer/community service standards.

The committee met six times in FY25.

BOARD MEMBER ORDINARY AND COMMITTEE MEETING ATTENDANCE

MEMBER	ORDINARY BOARD		AUDIT, FINANCE & RISK COMMITTEE*		EXPERIENCE & SAFETY COMMITTEE		STRATEGIC ASSET MANAGEMENT COMMITTEE*	
Meetings held/ attended	**H**	**A**	**H**	**A**	**H**	**A**	**H**	**A**
Paul Vincent	10	10	7	7	4	3	6	6
Lucia Cade	10	10	3	3	3	2	6	6
Mark Gray	10	10	7	7	-	-	-	-
Peter Hyland	10	10	5	5	-	-	6	6
Andrea Kenafake	10	9	-	-	3	3	6	6
Carmel Krogh	10	10	5	4	1	1	6	6
Gerard Pender	10	8	7	6	4	3	-	-
Phillip Strachan	10	10	-	-	4	4	-	-

**Includes three special meetings*

OUR EXECUTIVE LEADERSHIP TEAM

Our Executive Leadership Team is responsible for the deployment of strategy and the day-to-day service delivery and operations of Urban Utilities.

PAUL ARNOLD

Chief Executive Officer

BE (Hons), MBA, FIEAust, EngExec, MAICD, MAusIMM

Paul joined Urban Utilities as Chief Executive Officer on 1 September 2022.

He has over 35 years' experience across the natural resources and energy sectors, spanning executive leadership, operations, project development and execution, stakeholder relations, Indigenous engagement, business development and strategy.

Paul is dedicated to fostering success through the development of people-centric business cultures that uphold the highest standards of safety, wellbeing, integrity, operational excellence, and environmental responsibility.

Prior to joining Urban Utilities, Paul had a successful career with Rio Tinto and BHP, and from 2017 to 2021 was Chief Executive and Managing Director of Energy Resources of Australia, based in Darwin. In 2021, he was recognised as the industry's Gender Diversity Champion at the Northern Territory Women in Resources Awards.

DAVID BROOKER

Executive Leader Operations and Maintenance

BE (Chem), GAICD

David is responsible for Urban Utilities' network services, maintenance services and resource recovery.

A qualified chemical engineer with 25 years' experience, David has a demonstrated track record in building and leading teams to deliver exceptional safety, public health, customer service, environmental and commercial outcomes.

Preceding his Executive role at Urban Utilities, David held the roles of Production Manager and Manager Strategy and Planning. Prior to this, he held several senior management roles within the water industry, including Chief Operating Officer Water and Waste at Mackay Regional Council.

CHRIS BULLOCH

Executive Leader Infrastructure Planning and Delivery

MEng (Civil), MEng (Mgt), MEng (Env)

Chris is a senior infrastructure executive with close to 30 years' experience across the water, transport, and energy sectors. At Urban Utilities, he leads integrated planning, infrastructure delivery, engineering services, and investment performance.

Chris brings strong commercial and technical leadership, developed through executive roles at global firms including Lendlease, KBR, Abigroup, Anglian Water, and Chicago Bridge and Iron. He is known for delivering complex infrastructure outcomes that align customer value with long-term regional needs and commercial performance.

His approach is to drive a step change in planning and infrastructure delivery efficiency, with a strong emphasis on integrated city and regional planning strategies that anticipate growth, resilience, and intergenerational value.

Chris is a Director on the Board of the Australian Water Association. He is also a recipient of the University of Technology Sydney Award for Academic Excellence.

RUTH COULSON

Executive Leader Corporate and Finance

B.Com, CA, GAICD

Ruth is responsible for Urban Utilities' financial activities, strategic planning, procurement and supply chain, and sustainability and regulation functions. She also oversees the internal audit, enterprise governance and policy, legal services and Board secretariat functions. In her executive role, Ruth is responsible for balancing critical value and risk trade-offs between customer, community and Participant Council outcomes.

Ruth has 30 years' experience across capital-intensive industries, including utilities, infrastructure, logistics and retail.

Ruth has worked in both Australia and internationally in listed businesses with a strong focus on sound financial reporting, long-term financial strategy, risk and governance and external reporting obligations.

Ruth announced her resignation from Urban Utilities in March 2025 and concluded her tenure on 25 July 2025.

JAMES DYMOCK

Executive Leader, People and External Relations

BA (Psych), Grad Dip HRM and IR, GAICD

James heads up the People and External Relations group, comprising the People and Capability, Brand and Communications and Stakeholder Relations functions. Together, James and his team play a key role in strengthening Urban Utilities' brand and reputation as a reliable, trusted and progressive provider of water and wastewater services. This is achieved through effective engagement, collaboration and relationship-building with all internal and external stakeholders.

Prior to joining Urban Utilities, James held senior leadership roles with The Star Entertainment Group, Virgin Australia and Toyota Australia. Throughout his career, James' focus has been on building organisational capability, driving continuous improvement, innovation transformation. He has achieved tangible improvements to business performance through the development and delivery of contemporary strategies, programs, initiatives and solutions, which deliver real value and meaningful enhancements to people and customer experience.

JO JOHNSTONE

Chief Risk Officer

BASc (Occupational Health and Safety), GDip (Occupational Hygiene)

As Chief Risk Officer, Jo is responsible for enterprise leadership across all elements of risk, including compliance, operational, strategic and environmental.

As part of her portfolio, Jo leads the functions of Safety; Risk, Insurance, Security and Resilience; Policy RTI and Privacy, Health and Wellbeing, Property and Facilities, and Environment.

Jo has extensive experience in the mining and heavy industry across a range of commodities and jurisdictions, and is particularly motivated by prevention of harm, to people and the environment.

Prior to Urban Utilities, Jo worked at BHP for 17 years. Her most recent role was Head of Health, Safety and the Environment Asia Europe.

SHANE MORGAN

Executive Leader Customer and Innovation

BEng, MEng (Civil and Resource)

Shane has enterprise leadership of Urban Utilities' Customer Experience, Developer Services, and Growth and Commercial functions. He is also responsible for Trade Partnering, which includes the operation of the Scientific Analytical Services Laboratory.

Previously, Shane has held a number of executive and senior leadership roles with large water utilities, including Watercare Services Limited (Auckland), Melbourne Water, and Brisbane Water. Shane has also worked in consulting and leadership roles with Jacobs and WSP, and in research and development with the University of Queensland.

With over 25 years' experience in the water industry, Shane is a member of the International Water Association and is active in a range of technical leadership activities for the association.

MARTINE WATSON

Chief Digital and Information Officer

MBA, GAICD

Martine is responsible for driving digital transformation and managing information systems to enhance operational efficiency, customer experience, and overall business performance.

She oversees the Digital Utility team, which works to shape and scale our digital future; the Digital Programs team, which focuses on delivering digital transformations; and the Digital Experience and Operations team, which ensures we provide safe, reliable digital services and improves the overall digital experience for our people.

Previously, Martine held the role of General Manager Operations, Maintenance and Planning at Urban Utilities, and prior to that, held various management roles at Unitywater and Powerlink Queensland.

CONTROLS AND ASSURANCE

RISK MANAGEMENT

Our Enterprise Risk Management Framework aligns with the ISO 31000:2018 Risk Management and supports risk-informed decision making in all areas of the business.

A central component of this framework is the Board-approved Risk Appetite Statement, which defines the levels of risk we are willing to accept in pursuit of our strategic objectives. These risk appetites are embedded into our day-to-day operations through risk management procedures and practices that guide effective identification, assessment and mitigation of risks – contributing to a strong, positive risk culture.

Supporting our Enterprise Risk Management Framework is our Corporate Compliance Management System, developed in line with ISO 37301:2021 Compliance Management Systems. This system ensures we identify and comply with our key legal and regulatory obligations.

Both frameworks underwent independent reviews in FY25 to ensure they remain contemporary, robust and fit for purpose. Ongoing improvement programs are in place to further mature our risk and compliance practices and support effective, risk-based decision making across our strategies and service delivery.

SECURITY AND RESILIENCE

We continue to strengthen our security risk management and resilience practices to ensure we can prevent, prepare for, respond to, and recover from security incidents and business interruption events that impact our people, customers, infrastructure and information.

Ongoing uplift activities in our security and resilience programs – including cyber security and technology resilience – are driving continuous improvement. These efforts are aligned with our obligations under the *Security of Critical Infrastructure Act 2018* and support our commitment to maintaining a secure and resilient organisation.

EXTERNAL SCRUTINY

The Queensland Audit Office (QAO) is our external auditor under the terms of the Financial Accountability Act 2009. The QAO is responsible for auditing our financial statements and expressing an opinion on the financial report, based on the audit (see page 123-124).

The Queensland Competition Authority (QCA) has the ability to regulate our water and wastewater services to ensure the costs we incur in delivering those services are prudent and efficient. This process would ensure that monopoly providers of essential utility services are not charging prices in excess of efficient costs. Prior to 30 June 2015, the QCA applied a specific price monitoring regime and found no evidence of an exercise of market power. This regime has expired, but the QCA still retains general investigatory powers into our pricing practices to protect customers. We continue to set prices and adhere to service quality standards. Since 1 July 2015, we have not been subject to investigation under the general investigatory powers of QCA.

The Office of the Information Commissioner (OIC) monitors and reports on agency compliance with the *Right to Information Act 2009 (Qld)* and *Information Privacy Act 2009 (Qld)*, including by conducting audits. In FY25, the OIC completed an audit of Urban Utilities' personal information handling practices. Positive findings were provided, along with recommendations to further improve our privacy practices.

Besides the above reviews, no other government body issued any other external scrutiny reports regarding our operations during the reporting period.

INTERNAL AUDIT

Internal audit is an independent function within Urban Utilities' Office of the Chief Executive Officer, which assists the Chief Executive Officer in the discharge of his responsibilities under the *Financial Accountability Act 2009* and provides an independent review of internal system controls.

In FY25, Urban Utilities' internal audit services were provided by EY. These services were performed in accordance with the Board-approved Internal Audit Charter and the Audit,

Finance and Risk Committee-approved Internal Audit Plan. This plan has regard for Urban Utilities' strategic risk profile, previous audits, industry insights, Queensland Audit Office key focus areas and engagement with the Audit, Finance and Risk Committee and Executive Leadership Team.

The internal audit function was conducted independently of management, and authorised auditors and the deployment of the program had due regard to Queensland Treasury's Audit Committee Guidelines.

In FY25, Internal Audit undertook six audits. The audits were separated into strategic risk-based reviews, core business process reviews and compliance reviews.

CONTINUOUS ASSURANCE

Urban Utilities continued its data analytics-based continuous assurance program during FY25, supported by KPMG – independent to the Internal Audit services provided.

The program provides the Board, the Audit, Finance and Risk Committee, and management with assurance that processes and control systems are working effectively under outsourced and internal service delivery models. It considers processes and controls that mitigate strategic risks relating to customers, finance, procurement, environment, ICT, people and security.

FRAUD CONTROL

Urban Utilities has a zero-tolerance policy towards fraud and corruption, and we have implemented a Fraud and Corruption Control Framework to effectively prevent, detect and respond to such events. The framework details Urban Utilities' fraud and corruption exposures and controls, as well as the reporting and investigation procedures in place. Training is provided to our employees to raise awareness and the UrbanDisclosure platform serves as the key channel for employees, contractors, consultants, suppliers, and the public to confidentially report potential fraud and corruption matters.

HUMAN RIGHTS

We are committed to delivering our products and services to the community in a manner that is consistent with our corporate values and aligned to people's human rights. To demonstrate this, we have:

- Continued to assess the compatibility of our policies with human rights through our policy review process.
- Continued to provide guidance on consideration of human rights in decision making at Urban Utilities.
- Published our annual Modern Slavery Statement, outlining the measures Urban Utilities is taking to identify and address modern slavery within our operations and supply chain.
- Reviewed our compliance with the Human Rights Act through our corporate compliance framework.
- Monitored complaints for any human rights issues.

In FY25, Urban Utilities received one complaint related to human rights. Following an investigation, it was determined that the complaint did not constitute a breach.

MODERN SLAVERY

We were proud to submit our fifth Modern Slavery Statement, which is publicly available on the Australian Government's online Modern Slavery Register and on our website. In line with the requirements of the *Modern Slavery Act 2018 (Cth)*, the statement outlines our ongoing commitment to identifying and addressing modern slavery risks within our operations and supply chains.

We believe that training and awareness are key controls in mitigating modern slavery risks, with all employees in relevant roles required to complete mandatory modern slavery training every two years. We also collaborate with industry peers through the Water Services Association of Australia's Modern Slavery Community of Practice, where we contribute to and leverage collective initiatives aimed at addressing modern slavery risks across the sector.

ACCOUNTABILITY AND TRANSPARENCY

REPORTING ON PERFORMANCE

Transparent, accurate and timely reporting is a key component of our governance framework that enables us to remain on track to achieve our purpose, continue providing services that meet customer expectations, and continue to manage operational risks and priorities.

Progress against our strategic objectives, our strategic risks we manage to ensure we can achieve our strategic objectives, and the delivery of our customer service standards (see page 22) are reported to our Executive Leadership Team, Board, and all employees on a monthly basis. They also form the basis of regulatory reporting, reporting to Participant Councils and annual reporting.

In addition, we also report the status of our strategic initiatives to our Executive Leadership Team, all employees, and our Board on a quarterly basis, and to our Participant Councils on a half-yearly basis.

We also support and comply with various industry and regulatory reporting requirements, including the National Performance Reporting annual industry benchmarking, which provide regulators and the public with transparency and comparability around our performance, services, and costs. These include, but are not limited to, our Drinking Water Quality Management Annual Report and Annual Performance Plan, both of which are on our website.

We continually seek to improve our performance reporting to ensure it is transparent and provides our Participant Councils, Board, executives, managers, customers and all employees with a clear understanding of how we are performing and where we need to focus our efforts.

INFORMATION SYSTEMS AND RECORD KEEPING

We continue to review and improve our compliance with the *Public Records Act 2023* and supporting policies as directed by the Queensland State Archivist. Policies and procedures are in place for recordkeeping, email management, retention and disposal of records, managing information on shared network drives, and information security. Our Records Management team oversees the lifecycle of both our digital and physical records.

In FY25, we strengthened our information management and governance capabilities, advancing our enterprise Information Strategy and deepening our understanding of the value and sensitivity of our data. These enhancements underpin sustainable, risk-aware practices that protect critical information, ensure regulatory compliance, and reinforce our commitment to customer safety.

In parallel, our Digital Modernisation Program is reviewing current tools to invest in future-ready technologies that enhance service delivery and workforce efficiency.

OTHER DISCLOSURES

In accordance with State Government disclosure obligations, disclosures for overseas travel and consultancies for Urban Utilities can be found on the Queensland Government's Open Data website ***(data.qld.gov.au)***.

CHAPTER 5: FINANCIAL PERFORMANCE

FINANCIAL SUMMARY

Financial performance at a glance

Operating profit before tax:

$76 million, down 80% on FY24

Profit after tax:

$52 million, down 80% on FY24

Total revenue:

$1,642 million, down 0.4% on FY24

Operating cost base:

$1,567 million, up 24% on FY24

Capital expenditure (including developer donated assets):

$479 million

Gearing:

45%, up 4% on FY24.

Financial performance for the year ended 30 June 2025

For the year ended 30 June 2025, Urban Utilities reported an operating profit before tax of $76 million, which was a $305 million decrease on our FY24 result. Our net profit after tax of $52 million was a $213 million decrease on FY24.

The reduction in profit from FY24 was partially attributable to a non-current asset revaluation adjustment, which resulted in a $434 million (pre-tax) decrease to the carrying amount of our water and wastewater infrastructure assets measured at fair value, and a $218 million (pre-tax) reduction against our FY25 profit. It is important to note that the revaluation adjustment is limited to an accounting treatment and does not impact our day-to-day operations and services, customer pricing, cash flow or participation returns paid to our Participant Councils.

Urban Utilities also continues to navigate a period of higher inflation and interest rates, while balancing the needs of our customers, communities and Participant Councils. Urban Utilities has experienced higher operating costs primarily due to increased expenditures in biosolids management and environmental compliance, as well as incremental investments in operational safety compliance and increased finance costs.

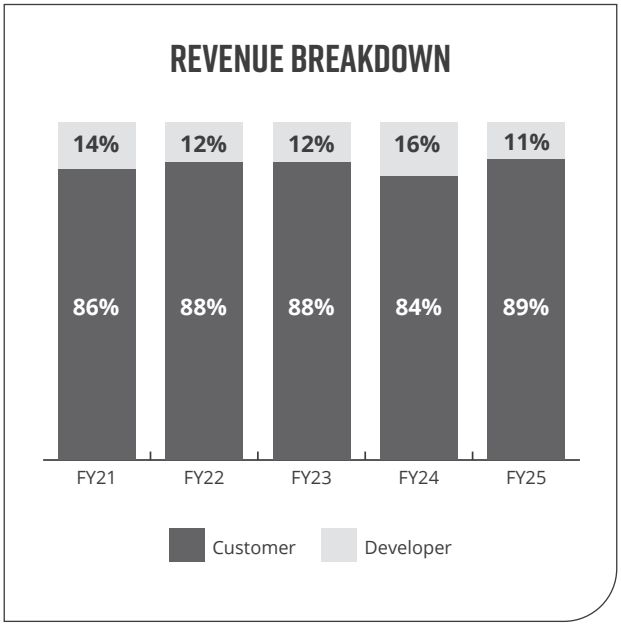
Our five-year financial performance summary is detailed below:

$M	FY21	FY22	FY23	FY24	FY25
Revenue	1,232	1,259	1,332	1,386	1,460
Operating expenses	(1,102)	(1,127)	(1,223)	(1,268)	(1,567)
Operating profit before tax and capital revenues	**130**	**132**	**108**	**118**	**(107)**
Developer contributions	204	171	176	262	182
Profit before tax	**334**	**304**	**285**	**380**	**76**
Income Tax	**101**	**98**	**86**	**114**	**23**
Profit after tax	**233**	**206**	**198**	**266**	**52**

We return the majority of our profit as participation returns or income tax payments to our Participant Councils. The total return to our participating councils for FY25 was $202.9 million, which was a decrease of $20.8 million against FY24.

REVENUE SUMMARY

Urban Utilities' gross revenue for the year ended 30 June 2025 was $1,642 million and had two main sources: customers and developers.



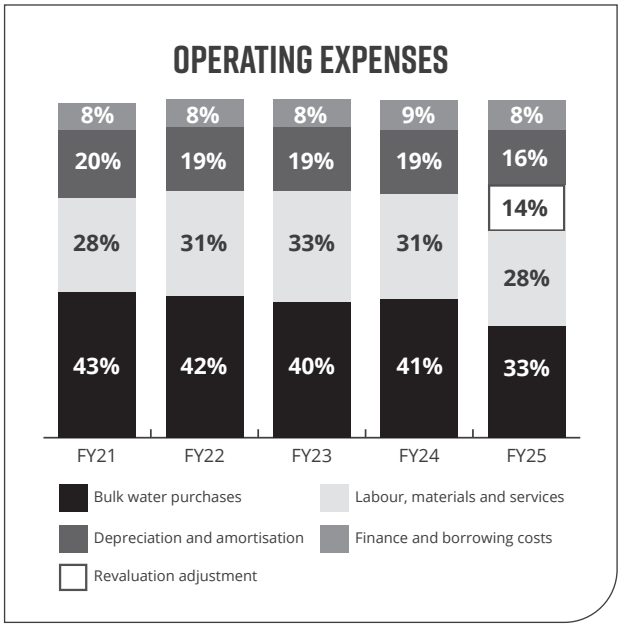
Customer revenue was generated through $827 million in water utility charges and $572 million in wastewater utility charges, with the remainder from our professional services, such as SAS Laboratories and developer services. For FY25, customer revenue represented 89% of total revenue, which is a 5.3% increase on FY24.

Customer revenue increased by $74 million from FY24 driven by an increase in properties billed and price increases. We did, however, see lower water consumption due to significant wet weather during the year, especially during Ex-Tropical Cyclone Alfred.

Developer contributions comprise both donated assets and cash, and are used to build water and wastewater infrastructure. This assists funding towards our investment in infrastructure, enabling us to keep our prices lower. Year on year, developer contributions decreased by $80 million, or 30%. The decrease reflects a lower rate of both development commencement and completion, likely driven by economic and inflationary factors.

OPERATING EXPENSE SUMMARY

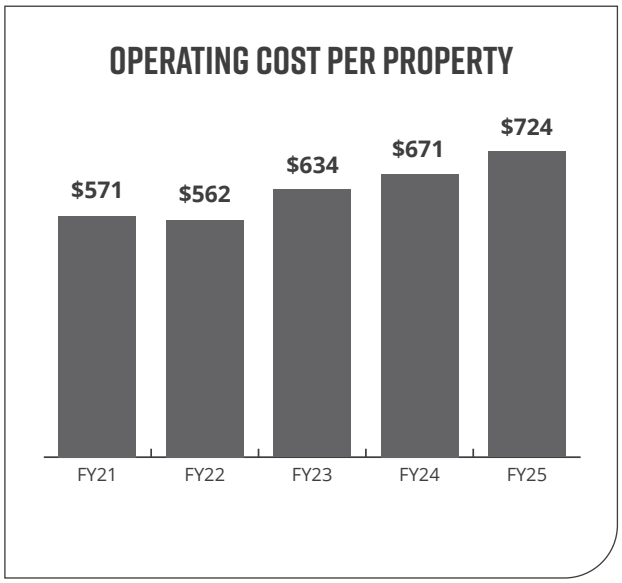
Urban Utilities' operating expenses for the year ended 30 June 2025 were $1,567 million – an increase of $299 million, or 19%, on FY24.



Bulk water accounts for 33% of our operating cost base. Labour, material and service costs are impacted by ongoing inflationary pressures, the necessary investments to meet the increased demand from population growth, the costs associated with managing biosolids, and strategic investment decisions.

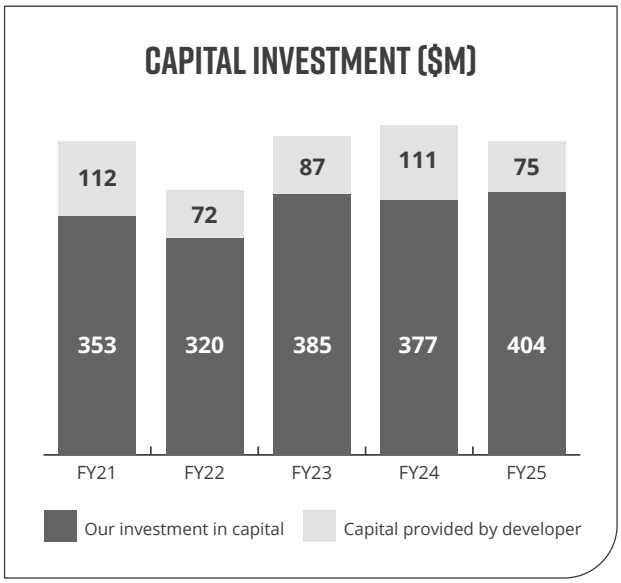
Depreciation and amortisation accounts for 16% of the operating cost base, and represents the consumption of the useful life of our assets and the depreciation on our leased building assets. As the size of our asset base grows, so too does our depreciation expense. The proportion of the revaluation adjustment recognised in the Statement of Comprehensive Income accounts for 14% of FY25 operating costs.

OPERATING COST PER PROPERTY



Operating cost per property excludes the cost of purchased water as these costs do not result from Urban Utilities' activities. Rather, they are driven by customer demand, with the price of bulk water determined by Seqwater and passed through to our customers. Also excluded are abnormal uncontrollable costs. After adjusting for these items, there was a 7.3% year-on-year increase in Urban Utilities' operating costs per property in nominal dollars.

CAPITAL EXPENDITURE



It is important that we continue to invest in infrastructure and systems to ensure we can meet the evolving needs of our customers and enhance our growing communities. Construction and delivery of these assets is achieved through our own Capital Investment Program or by developers providing infrastructure (for example, pipes and associated fittings) as they develop new communities. Major infrastructure projects completed or progressed during FY25 included:

- Hamilton Siphon Rehabilitation: $53 million
- Virginia Branch Sewer Section 1 Augmentation (Cannery Creek): $28 million
- Hanlon Street Sewage Pump Station Upgrade Stage 2: $13 million
- Esk Reservoir Implementation: $11 million
- Bartley's Hills Reservoir 1 Rehabilitation: $9 million
- Tantivy St, Tivoli (SP351) Pump Station Upgrade Stage 1: $8 million

Capital provided by developers decreased by $36 million (32%) in FY25.

KEY PERFORMANCE MEASURES

Our financial performance and financial sustainability are presented through the following industry-accepted ratios.

KEY PERFORMANCE MEASURES	UNIT	FY21	FY22	FY23	FY24	FY25
EBITDA interest coverage	times	4.80x	5.21x	4.76x	4.07x	3.73x
Funds from operations to net debt	%	10%	11%	9%	9%	9%
Net debt to fixed assets	%	40%	41%	41%	41%	45%
Net debt to regulatory asset base	%	50%	49%	49%	50%	51%

An EBITDA (Earnings before income tax, depreciation and amortisation) interest cover demonstrates our ability to meet our interest expenses. The funds from operations to net debt is a measure of our ability to manage our debt obligations and excludes developer contributions. Net debt to fixed assets and Net debt to Regulatory Asset Base are measures of the extent to which our assets are financed by debt.

The combination of the key performance measures outlined above give an indication of financial sustainability.

GUIDE TO OUR FINANCIAL STATEMENTS

INTRODUCTION

The Financial Statements are prepared in accordance with the requirements of the *Financial Accountability Act 2009, the Financial and Performance Management Standard 2019*, the *Financial Reporting Requirements for Queensland Government Agencies* (as applicable to statutory bodies), the *Statutory Bodies Financial Arrangements Act 1982*, the exemptions under the *South- East Queensland Water (Distribution and Retail Restructuring) Act 2009*, and the Australian Accounting Standards and interpretations.

This guide has been prepared to help readers understand and analyse the Financial Statements.

WHAT IS INCLUDED IN THE FINANCIAL REPORT?

The Financial Statements report on how Urban Utilities performed financially during the year and the overall financial position at the end of the financial year (30 June 2025). The Financial Statements include:

- Statement of Comprehensive Income
- Statement of Financial Position
- Statement of Changes in Equity
- Statement of Cash Flows
- Notes to the Financial Statements.

The Financial Statements are prepared by management; reviewed by the Audit, Finance and Risk Committee, who make a recommendation to the Urban Utilities Board for approval; and audited by the Auditor-General of Queensland.

STATEMENT OF COMPREHENSIVE INCOME

The Statement of Comprehensive Income itemises income earned and expenditure incurred in delivering Urban Utilities' services during the year, as well as other comprehensive income to give the total comprehensive result for the year.

Operating expenses do not include capital purchases for the renewal or upgrade of our assets. However, they do include depreciation and amortisation, which is a provision for the value of assets 'used up or consumed' during the year.

The statement is prepared on an accruals basis and includes both cash and non-cash items. All income and expenses for the year are reflected in the statement, even though some revenue may not yet be received (such as interest on investments) and some expenses may not yet be paid (where the goods and services are received but the suppliers' invoices are not yet paid).

The key figure to assess financial performance for the year is the profit for the year, which is calculated by deducting the total operating expenses (including income tax) for the year from total operating revenue. It is important to note however, that the profit for the year is not necessarily a 'cash' surplus due to the recognition of non-cash items above.

Urban Utilities is a for-profit statutory body and generates an annual profit in order to ensure future financial sustainability. The profit not only ensures ongoing services and infrastructure to customers and communities but also provides a return to our five shareholding councils.

STATEMENT OF FINANCIAL POSITION

The Statement of Financial Position is also known as a Balance Sheet and is a snapshot of our financial position as at 30 June 2025. It outlines what we control as assets (such as cash and property), what we owe as liabilities (such as amounts owed to creditors) and the equity or net worth at the end of the year.

The assets and liabilities are separated into current and non-current sections. 'Current' generally means those assets that will be received, or liabilities that will be paid, within the next 12 months. 'Non-current' refers to those assets and liabilities that are held for a longer term.

The net current assets or working capital is an important measure of our ability to meet our debts as and when they fall due.

The equity section of the Statement of Financial Position shows the contributed equity from the establishment of Urban Utilities on 1 July 2010, the total of the retained earnings (profits) that have accumulated and the amount by which the assets have been revalued since establishment. The total of the equity section represents our net financial worth.

STATEMENT OF CHANGES IN EQUITY

The Statement of Changes in Equity summarises the change in our net financial worth during the financial year. Net worth can change as a result of a profit or loss as recorded in the Statement of Comprehensive Income or a change in the net value of non-current assets resulting from a revaluation or an impairment of those assets.

STATEMENT OF CASH FLOWS

The Statement of Cash Flows shows all cash amounts received and all cash payments made during the year that make up the change in our bank balance during the financial year.

The cash flows are separated into three different types of activities:

- Operating activities are those cash receipts and payments arising from delivery of our services. The net cash provided by operating activities is an important result in the statement, as it shows our ability to generate a cash surplus, which can then be used to fund the purchase, construction or renewal of long-term assets, such as property and infrastructure and to repay borrowings. This should be a positive amount.
- Investing activities are those cash receipts and payments arising from the purchase, renewal, upgrade, expansion and sale of our non-current assets.
- Financing activities are those cash receipts and payments arising from the raising and repayment of borrowings and payments of a participation return (dividend and income tax equivalent amounts) paid to our five shareholding councils.

NOTES TO THE FINANCIAL STATEMENTS

The notes to the Financial Statements provide greater detail to support the figures used in the four main statements and should be read in conjunction with the statements to obtain a clearer picture of our finances. The notes give the details behind the summary line items contained in the statements, showing what makes up each of the accumulated amounts.

The notes also explain the accounting policies and assumptions used to prepare the financial statements. They inform readers of any changes to Australian Accounting Standards, policies, or legislation that may impact how the statements are prepared. In addition, the notes disclose relevant information that cannot be included directly in the statements and provide analysis where there are significant changes compared to the previous year's figures.

CERTIFICATION OF STATEMENTS

The certification of the financial statements is made by the persons responsible for the financial management of Urban Utilities. The certification must state whether, in their opinion, the statements have met all the statutory and professional reporting requirements and present a true and fair view of the financial performance and financial position of Urban Utilities as at the end of the financial year.

The certification must be based on an appropriate system of internal controls and effective risk management processes.

INDEPENDENT AUDITOR'S REPORT

The Independent Auditor's Report is the external and independent opinion of the Queensland Auditor-General and provides the reader with an independent view about Urban Utilities' compliance with the statutory and professional requirements, as well as the fairness aspects of the statements.

CENTRAL SEQ DISTRIBUTOR-RETAILER AUTHORITY

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2025

ABN 86 673 835 011

CONTENTS

STATEMENT OF COMPREHENSIVE INCOME 67

STATEMENT OF FINANCIAL POSITION 68

STATEMENT OF CHANGES IN EQUITY 69

STATEMENT OF CASH FLOWS 70

NOTES TO THE FINANCIAL REPORT 71

1. Basis Of Financial Statement Preparation 71
2. Revenue 75
3. Expenses 77
4. Income Tax Equivalent 79
5. Cash And Cash Equivalents 83
6. Trade And Other Receivables 85
7. Other Assets 86
8. Property Plant And Equipment 87
9. Intangible Assets 94
10. Superannuation 96
11. Trade And Other Payables 98
12. Employee Benefits 99
13. Other Liabilities 100
14. Contributed Equity 101
15. Loans And Borrowings 103
16. Fair Value Measurement 104
17. Financial Instruments 105
18. Capital Management 109
19. Leases 110
20. Commitments 111
21. Contingencies 112
22. Funds Held In Trust 112
23. Key Executive Management Personnel And Remuneration 113
24. Related Parties 117
25. Financial Sustainability 120
26. Subsequent Events 120
27. New And Revised Accounting Standards 121

CERTIFICATE OF THE CENTRAL SEQ DISTRIBUTOR-RETAILER AUTHORITY

INDEPENDENT AUDIT REPORT

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2025

	NOTES	2025 $'000	2024 $'000
Revenue			
Utility charges	2.1	1,405,377	1,349,920
Developer contributions	2.2	182,239	262,116
Other revenue	2.3	54,735	36,173
Total operating revenue		1,642,351	1,648,209
Expenses			
Bulk water purchases	3.1	(521,453)	(519,479)
Depreciation and amortisation	8, 9	(254,844)	(241,328)
Supplies and services	3.2	(253,462)	(220,399)
Employee expenses	3.3	(166,675)	(157,388)
Revaluation decrement	8, 9	(218,158)	-
Finance and borrowing costs	3.4	(132,192)	(112,257)
Other expenses	3.5	(19,909)	(17,073)
Total operating expenses		(1,566,693)	(1,267,924)
Profit before income tax equivalent		75,658	380,285
Income tax equivalent	4	(23,208)	(114,382)
Profit after tax for the year		52,450	265,903
Other comprehensive loss			
Items that will not be reclassified to profit or loss:			
Defined benefit plan actuarial loss		(329)	(198)
Decrease in asset revaluation surplus		(151,065)	-
Total other comprehensive loss		(151,394)	(198)
Total comprehensive (loss) / income for the year		(98,944)	265,705

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

STATEMENT OF FINANCIAL POSITION

For the year ended 30 June 2025

	NOTES	2025 $'000	2024 $'000
Current assets			
Cash and cash equivalents	5	94,115	88,331
Trade and other receivables	6	175,905	171,464
Income tax receivable	7	15,445	-
Other assets	7	204,677	184,143
Total current assets		490,142	443,938
Non-current assets			
Property, plant and equipment	8.5	6,707,923	6,877,175
Right-of-use assets	8.11	19,716	27,226
Intangible assets	9	58,954	97,887
Defined benefit plan	10.3	4,102	4,499
Other assets	7	760	-
Total non-current assets		6,791,455	7,006,787
Total assets		7,281,597	7,450,725
Current liabilities			
Trade and other payables	11	90,741	87,073
Lease liabilities	19	2,883	3,034
Employee benefits	12	37,016	39,912
Other liabilities	13	146,485	151,893
Income tax payable	13	-	3,112
Participation returns	14.1	60,500	60,000
Total current liabilities		337,625	345,024
Non-current liabilities			
Loans and borrowings	15	3,094,895	2,924,895
Lease liabilities	19	20,791	27,810
Employee benefits	12	4,654	4,189
Other liabilities	13	9,930	1,448
Net deferred tax liabilities	4.2	169,266	282,979
Total non-current liabilities		3,299,536	3,241,321
Total liabilities		3,637,161	3,586,345
Net assets		3,644,436	3,864,380
Equity			
Contributed equity	14.2	2,538,793	2,538,793
Retained earnings		1,103,854	1,172,733
Asset revaluation surplus	8.7	1,789	152,854
Total equity		3,644,436	3,864,380

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2025

	NOTES	CONTRIBUTED EQUITY $'000	RETAINED EARNINGS $'000	ASSET REVALUATION SURPLUS $'000	TOTAL $'000
Balance as at 1 July 2023		2,538,793	1,027,028	152,854	3,718,676
Distributions to Participants					
Participation returns to Participants	14.1	-	(120,000)	-	(120,000)
Total distributions to Participants		-	(120,000)	-	(120,000)
Profit for the year		-	265,903	-	265,903
Other comprehensive loss:					
Defined benefit plan actuarial loss, net of tax		-	(198)	-	(198)
Total comprehensive income for the year		-	265,705	-	265,705
Balance as at 30 June 2024		2,538,793	1,172,733	152,854	3,864,380
Balance as at 1 July 2024		2,538,793	1,172,733	152,854	3,864,380
Distributions to Participants					
Participation returns to Participants	14.1	-	(121,000)	-	(121,000)
Total distributions to Participants		-	(121,000)	-	(121,000)
					-
Profit for the year			52,450		52,450
Other comprehensive loss:					-
Defined benefit plan actuarial loss, net of tax		-	(329)	-	(329)
Decrease in asset revaluation surplus, net of tax	8.7	-	-	(151,065)	(151,065)
Total comprehensive (loss) / income for the year		-	52,121	(151,065)	(98,944)
					-
Balance as at 30 June 2025		2,538,793	1,103,854	1,789	3,644,436

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

STATEMENT OF CASH FLOWS

For the year ended 30 June 2025

	NOTES	2025 $'000	2024 $'000
Cash flows from operating activities			
Receipts from customers		1,433,399	1,375,330
Developer cash contributions received		118,370	150,926
Interest received		3,308	2,379
GST input tax credits from ATO		64,377	59,047
		1,619,455	1,587,682
Payments to employees		(168,969)	(174,987)
Payments to suppliers		(871,138)	(801,330)
Borrowing costs		(134,900)	(108,247)
Income tax payments		(90,561)	(93,673)
GST remitted to ATO		(2,131)	(1,422)
		(1,267,700)	(1,179,659)
Net cash provided by operating activities	5.1	351,755	408,023
Cash flows from investing activities			
Proceeds from sale of plant and equipment		347	1,248
Payments for property, plant and equipment and intangibles		(393,188)	(384,487)
Net cash used in investing activities		(392,841)	(383,239)
Cash flows from financing activities			
Proceeds from long-term borrowings - QTC	5.2	170,000	150,000
Repayment of lease liabilities	19	(2,630)	(4,859)
Participation return payments	14.1	(120,500)	(125,000)
Net cash provided by financing activities		46,870	20,141
Net increase in cash and cash equivalents		5,784	44,925
Cash and cash equivalents at beginning of reporting period		88,331	43,406
Cash and cash equivalents at end of reporting period	5	94,115	88,331

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

I. BASIS OF FINANCIAL STATEMENT PREPARATION

1.1 Reporting Authority

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

Under the Act, governance arrangements for the Authority were established in a Participation Agreement, which became operative from 25 June 2010. The Participants are Brisbane City Council, Ipswich City Council, Lockyer Valley Regional Council, Scenic Rim Regional Council and Somerset Regional Council (see Note 14).

The assets, liabilities, instruments and employees of the five Participating Councils' water distribution and sewerage operations were transferred to the Authority as a result of the Act. The value of the net assets transferred from the Councils to the Authority was initially calculated using a Regulatory Asset Base (RAB) valuation approved by the Queensland Government to represent the market value of the business.

In return for the net assets transferred to the Authority, each Council participates in the Authority based on its share of the RAB on formation, comprising debt and participation rights as agreed by the Participating Councils and the Authority in the ratio of 40 to 60. The value of participation rights (60% of the RAB) has been brought to account as contributed equity in accordance with the advice provided by Queensland Treasury.

The Act states that the Authority 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.

The Authority's primary function is the provision of water and sewerage services for its geographic area as set out in Section 11(1) of the Act.

The Authority trades as Urban Utilities and is a "for profit" entity. The registered office is Level 10, 31 Duncan Street, Fortitude Valley, Brisbane, QLD 4006.

1.2 Statement of compliance

These general-purpose financial statements have been prepared in accordance with:

- Applicable Australian Accounting Standards (AAS) and Interpretations, issued by the Australian Accounting Standards Board (AASB)
- the *Financial Accountability Act 2009*
- the *Financial and Performance Management Standard 2019*
- the *Statutory Bodies Financial Arrangements Act 1982*
- the Financial Reporting Requirements for Queensland Government Agencies (as applicable to statutory bodies)
- the exemptions under the S*outh-East Queensland Water (Distribution and Retail Restructuring) Act 2009*
- Other authoritative pronouncements

1.3 Authorisation of financial statements for issue

The financial statements were authorised for issue by the Board on 25 August 2025.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

1.4 Measurement Basis

These financial statements have been prepared on a historical cost basis except for the amounts disclosed in Notes 2.2, 7, 8, 10, and 16, which have been measured at fair value.

An estimation of fair value is used for other measurement purposes. 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.

1.5 Classification as Current or Non-current

Assets and liabilities are classified as either 'current' or 'non-current' in the statement of financial position and associated notes.

Assets are classified as 'current' where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as 'current' when they are due to be settled within 12 months after the reporting date, or the Authority does not have the right at the end of the reporting period to defer settlement to beyond 12 months after the reporting date.

All other assets and liabilities are classified as non-current.

1.6 Accounting estimates, judgements, and assumptions

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Authority's 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 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 areas of estimation, uncertainty, and critical judgements in applying accounting policies that have an effect on the amount recognised in the financial statements are described in the following notes:

Note 2	Utility charges – Estimation of unbilled water consumption based on historical information.
Note 2	Developer Contributions – Estimation of developer contributions (donated assets) based on unit Rates.
Note 6	Trade and other receivables – Provision for impairment based on expected credit loss.
Note 8	Property, plant and equipment – Estimated useful life of property, plant and equipment.
Note 8	Property, plant and equipment – Estimation of fair value based on discounted cash flows.
Note 8	Right-of-use assets – Estimation of cost of right-of-use assets.
Note 9	Intangible assets – Estimated useful lives of intangible assets.
Note 10	Superannuation – Fair value of fund assets based on actuarial assessment.
Note 12	Employee benefits – Leave provision estimations.
Note 13	Other liabilities – Borrowing cost rate and term used for calculating the present value of provision for restoration.
Note 19	Lease liabilities – Borrowing cost rate and lease term used for calculating the present value of lease Liability and right-of-use assets.
Note 21	Contingencies – Judgement regarding contingent assets and liabilities.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

1.7 Presentation

Currency and rounding

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest $1,000 unless disclosure of the full amount is specifically required. Due to rounding, totals may not add exactly.

Comparatives

Comparative information reflects the audited 2023-24 financial statements.

1.8 Taxation

Goods and Services Tax (GST)

Revenue, expenses, assets, and liabilities are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax 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.

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.

The GST component of cash flows arising from investing and financing activities which are recoverable from or payable to the ATO are classified as operating cash flows.

Other taxes

The Authority pays payroll tax to the Queensland Government Office of State Revenue. A small number of employees were located outside of Queensland and payroll tax was paid to relevant State Revenue offices. Fringe benefits tax is paid to the ATO in accordance with the relevant legislation.

1.9 Going concern

The financial statements have been prepared on a going concern basis in accordance with AASB 101 *Presentation of Financial Statements*.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

1.10 Climate-related and other emerging risks

Impact of climate-related matters on the financial statements

The Authority acknowledges the body of scientific research that demonstrates the potential material risks posed by climate change. Expected changes include rising global temperatures, more frequent and intense extreme weather events, and adverse effects on ecosystems and human health.

The Authority is currently not obligated to adopt the *Australian Accounting Standards Board (AASB) Australian Sustainability Reporting Standard S1*, as compliance with this Standard is voluntary at this time. Considering the introduction of this Standard, the Authority has decided to temporarily pause its current Sustainability Report format. Plans are in place to introduce a revised version in the future that aligns with the reporting requirements of this Standard, as directed by Queensland Treasury and the Queensland Treasury Corporation. Additionally, the Authority is not in scope to adopt climate-related financial reporting standards under the AASB Australian Sustainability Reporting Standard S2, pending further guidance from Queensland Treasury.

Authority's accounting estimates and judgements – climate-related risks

The Authority is monitoring the emergence of significant climate-related risks that may affect its financial statements, including those outlined in the Queensland Government's Queensland 2035 Clean Economy Pathway, as well as other climate-related policies, directives, and legislative changes from the Queensland Government.

Authority's operations and cashflows

The Authority acknowledges the need for strategic responses to address the disruptions expected from continuing and changing future climate events. This includes both climate adaptation strategies, such as enhancing the resilience of infrastructure and protecting natural habitats, alongside emergency management practices, as well as mitigation efforts aimed at reducing greenhouse gas emissions. Both approaches have the potential to affect financial resources.

The Authority is permitted to set prices for water and wastewater services under its current revenue and pricing framework to recover prudent and efficient expenditures. This includes costs associated with significant unplanned events, such as floods, deemed to be beyond what a responsible operator would typically manage. Any temporary loss of financial resources can be recouped through utility prices in future years, without impacting the Authority's medium to long-term financial sustainability. Additionally, any short-term financial impacts will be managed through existing financial arrangements that the Authority has with the Queensland Treasury Corporation.

Impact on fair values of Property, Plant and Equipment

The Authority adopts the fair value for its asset infrastructure utilising the income approach under *AASB 13 Fair Value Measurement*. The income approach utilises forecast cash flows based on long term projections of revenue, operating costs, and capital expenditure. The capital expenditure forecasts include a long-term redeployment of capital investment to promote increased resilience of the Authority's infrastructure network and adaptation to climate change.

If resilience requirements change requiring future capital investment in the Authority's infrastructure portfolio, it is expected that future pricing will cover any future uplift in capital investment.

1.11 Changes in significant accounting policy

There have been no changes in significant accounting policies.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

2. REVENUE

2.1 Utility charges

	2025 $'000	2024 $'000
Water volumetric charges	640,877	620,849
Wastewater charges	571,569	543,839
Water access charges	186,654	178,062
Recycled water	6,277	7,170
Total	1,405,377	1,349,920

Utility charges comprise variable usage (volumetric) and fixed access charges for the provision of water and sewerage services and are recognised at the time of supply and customer consumption.
The Authority's performance obligations are met over time as the customer simultaneously receives and consumes the services provided (access to the network and provision of water and sewerage services). Revenue is measured at the price allocated to each service, whether it be access or usage. The Authority issues the utility account statements either on a monthly or quarterly basis.

The Authority estimates customer consumption where customer water meters are unread at reporting date. Volumetric estimates are based on historical usage patterns. Access charge accruals are based upon each customers' access fees for the number of days from the last billing period to the end of the reporting period.

2.2 Developer contributions

	2025 $'000	2024 $'000
Developer contributions - cash	106,833	150,926
Developer contributions - donated assets	75,406	111,190
Total	182,239	262,116

The Authority finances part of its capital works infrastructure program through non-refundable cash contributions from developers. Contributions are also received in the form of donated assets.

Developer contributions - cash

Developer cash contributions are recognised at a point in time when network capacity is made available to the developer. This is evidenced by the developer receiving the right to connect to the infrastructure network, via the issuance of a Network Access Permit. Approval to connect constitutes fulfilment of the Authority's performance obligation in relation to revenue being recognised.

Developer contributions – donated assets

Developer non-cash contributions, such as water and sewerage infrastructure, are recognised as revenue and as non-current assets at their fair value when the Authority obtains control of the assets upon issue of the connection certificate to developers (where applicable) and where the transaction price can be reliably measured. The fair value of the developer donated assets is based on the cost to the developer if available or calculated based on unit rates. These unit rates are reviewed on a quarterly/annual basis by reference to relevant indices.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

2.3 Other revenue

	2025 $'000	2024 $'000
Revenue from contracts with customers		
Professional fees	13,530	10,591
Property connection fees	6,628	8,544
Other fees and charges	8,970	9,885
	29,128	29,020
Other revenue		
Interest income	3,614	2,526
Grants and subsidies	66	468
Insurance recovery	19,660	626
Other	2,267	3,533
	25,607	7,153
Total	54,735	36,173

Fees and charges

Revenue from professional fees, property connection fees and other fees and charges is recognised upon the delivery of services to customers. Payment received prior to service delivery is unearned and brought to account as a contractual liability.

Interest Income

Interest income is recognised based on the interest earned from cash and term deposits, and overdue receivable accounts.

Grants and subsidies

Government grants are recognised as revenue where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. Government grants are recognised in the Statement of Comprehensive Income over the period in which the Authority incurs expenses relating to the grant.

Insurance recovery

Insurance recoveries are recognised when the Authority has received confirmation that a claim will be settled by the insurer.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

3. EXPENSES

3.1 Bulk water purchases

Bulk water is purchased from Seqwater (the sole supplier of bulk water to the Authority) and is recognised as an expense in the period that the water is provided. The price the Authority pays for bulk water is recommended by the Queensland Competition Authority and determined by the State Government. Total purchases for the current year were $521.4M (2024: $519.5M).

3.2 Supplies and services

	2025 $'000	2024 $'000
Materials and services	247,522	217,240
Consultancies and legal fees	5,344	2,638
Board fees	596	521
Total	253,462	220,399

Supplies and services generally represent the day-to-day running costs incurred in normal operations. They are expensed in the reporting period in which they are incurred.

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

3.3 Employee expenses

	2025 $'000	2024 $'000
Employee benefits		
Salaries and wages	149,541	139,530
Employer superannuation contribution	18,278	20,238
	167,819	159,768
Employee related expenses		
Annual leave expenses	13,102	12,307
Payroll tax	9,614	9,322
Long service leave expenses	4,482	3,595
Other employee related expenses	2,280	2,362
	29,478	27,586
	197,297	187,354
Less: capitalised costs (employee)	(30,622)	(29,966)
Total	166,675	157,388

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

3.3 Employee expenses (cont'd)

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:

	2025	2024
Number of employees	1,235	1,186

Wages and salaries

Wages and salaries due but unpaid at reporting date are recognised as a current liability in the Statement of Financial Position at the current salary rates.

Superannuation

The Authority contributes to Brighter Super for employees under both the defined benefit scheme and the accumulation superannuation scheme. The Authority has no liability to or interest in Brighter Super other than the payment of the statutory contribution. Contributions are expensed when incurred. Refer to Note 10 for further information pertaining to Superannuation.

3.4 Finance and borrowing costs

	2025 $'000	2024 $'000
Queensland Treasury Corporation (QTC) finance costs	125,819	105,851
Interest on Participants' debt	3,297	2,995
Bank charges	2,313	2,291
Interest on infrastructure agreements	111	-
Interest on leases	645	1,113
Interest on restoration provision	7	7
Total	132,192	112,257

Finance and borrowing costs include bank charges, interest on bank overdrafts, borrowings, leases and restoration provision. These are expensed in the period in which they are incurred. Finance and borrowing costs that are not paid in the period in which they are due are accrued as interest payable except for interest on leases which is included in lease liabilities (see Note 19) and the unwinding of the discount on provision for restoration (see Note 13).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

3.5 Other expenses

	2025 $'000	2024 $'000
Insurance	11,832	11,241
Land taxes	6,511	6,799
Audit fees (internal and external)[1]	1,182	814
Loss on disposal of assets	291	89
Impairment of receivables	4	(1,997)
Other	89	127
Total	19,909	17,073

[1] Total external audit fees quoted by the Queensland Audit Office (QAO) relating to the 2025 financial statements are $427,000 (2024: $340,830), which includes additional out of scope fees of $52,000. There are no non-audit services included in these amounts.

4. INCOME TAX EQUIVALENT

The Authority is exempt from Federal Government income taxation but is subject to the Local Government Tax Equivalents Regime (LGTER). Under the LGTER, the Authority pays an income tax equivalent to its Participating Councils in accordance with the requirements of its Participation Agreement.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

4.1 Income tax expense

Income tax equivalent expense (referred to as income tax expense) on the Statement of Comprehensive Income comprises current and deferred tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, less any instalments paid and any adjustment to tax payable in respect of the previous year. Taxable income differs from profit before tax reported in the Statement of Comprehensive Income, as it excludes items of income and expense that are taxable or deductible in other years and excludes any items that will never be taxable or deductible. The Authority's liability for current tax expense is calculated using tax rates enacted at balance date.

	2025 $'000	2024 $'000
Income statement		
Current tax expense	**72,002**	**94,574**
Current income tax charge	72,002	95,403
Adjustments to current income tax charge of prior years	-	(828)
Previously unrecognised capital loss used to reduce current tax	-	(1)
Deferred tax expense	**(48,794)**	**19,808**
Deferred income tax charge	(48,794)	19,220
Adjustments to deferred tax charge of prior periods	-	588
Total income tax expense in the income statement	23,208	114,382
Statement of changes in equity		
Deferred tax expense		
Actuarial loss on defined benefit plan	(141)	(85)
Revaluation decrement in revaluation surplus	(64,777)	-
Total income tax benefit reported in the statement of changes in equity	(64,918)	(85)
Reconciliation of income tax expense to prima-facie tax payable:		
Profit before income tax equivalent	75,658	380,285
Income tax equivalent expense at 30% (2024: 30%)	22,697	114,086
Non-deductible expenditure	36	48
Change in unrecognised temporary differences subject to initial recognition exemption	478	489
Adjustments in respect of current income tax of previous years	-	(240)
Recognition of a previously unrecognised capital losses	(3)	(1)
Total income tax expense	23,208	114,382

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

4.2 Deferred tax assets and liabilities

Deferred income tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the applicable amounts for taxation purposes. Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at reporting date.

A deferred tax asset is recognised for unused tax losses, tax credits 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. A deferred tax liability is recognised for income taxes payable in future periods in respect of taxable temporary differences. The Authority has a legally enforceable right to offset current tax assets and liabilities, a net deferred tax asset or liability is presented in the Statement of Financial Position. The recognised deferred tax asset and deferred tax liability both relate to the same taxation authority.

Deferred tax assets and liabilities are attributable to the following:

	ASSETS		LIABILITIES		NET	
	2025 $'000	2024 $'000	2025 $'000	2024 $'000	2025 $'000	2024 $'000
Provisions	3,469	9,302	-	-	3,469	9,302
Accrued expenses	68	172	-	-	68	172
Employee benefits	11,382	11,852	-	-	11,382	11,852
Plant and equipment	-	-	(184,031)	(303,936)	(184,031)	(303,936)
Lease liability	7,102	9,252	-	-	7,102	9,252
Right-of-use assets	-	-	(5,915)	(8,168)	(5,915)	(8,168)
Defined benefit plan	-	-	(1,231)	(1,350)	(1,231)	(1,350)
Other	21	24	(131)	(128)	(110)	(104)
Tax asset / (liability)	22,042	30,602	(191,308)	(313,582)	(169,266)	(282,980)
Set-off deferred tax	(22,042)	(30,602)	22,042	30,602	-	-
Net deferred tax liability	-	-	(169,266)	(282,980)	(169,266)	(282,980)
Movements in deferred tax assets and liabilities						
Opening balance	30,602	30,877	(313,582)	(294,133)	(282,980)	(263,256)
Current year deferred tax expense	(8,560)	(275)	57,354	(19,534)	48,794	(19,809)
Deferred tax recognised in statement of changes in equity	-	-	64,920	85	64,920	85
Balance at 30 June	22,042	30,602	(191,308)	(313,582)	(169,266)	(282,980)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

4.2 Deferred tax assets and liabilities (cont'd)

Unrecognised deferred tax assets

At the reporting date, the Authority has no unused operating tax losses available for offset against future profits. Additionally, no deferred tax asset has been recognised in respect of capital losses of $4M (2024: $4M), as it is unlikely that there will be future capital gains to utilise these capital losses. The capital losses may be carried forward indefinitely.

Unrecognised deferred tax liabilities

As part of the restructure of the water entities, the participants transferred assets to the Authority on 1 July 2010. The requirements of the initial recognition exceptions in relation to these assets and liabilities were satisfied such that any temporary differences arising on the acquisition of the transferred assets were not recognised; and no temporary differences are recognised in the current period, or future periods in relation to these assets. Deferred tax liabilities not recognised in 2025 were $11.5M (2024: $11.9M)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

5. CASH AND CASH EQUIVALENTS

	2025 $'000	2024 $'000
Cash at bank and on hand	38,292	28,973
QTC working capital facility	55,823	59,358
Total	94,115	88,331

Cash and cash equivalents comprise cash on hand and at bank, cheques receipted not banked, deposits held on call, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

As at 30 June 2025, the QTC working capital facility balance comprises of at-call cash deposits earning interest income.

5.1 Reconciliation of cash flows from operating activities

	2025 $'000	2024 $'000
Cash flows from operating activities		
Profit for the year	52,450	265,903
Non-cash items included in operating result:		
Depreciation and amortisation	254,844	241,328
Revaluation decrement	218,158	-
Loss on disposal of property, plant and equipment	291	89
Donated assets	(75,406)	(111,190)
Capitalised borrowing costs	(6,988)	-
Credit losses on trade and other receivables	4	(1,997)
Change in assets and liabilities		
Increase in trade and other receivables	(4,441)	(10,699)
Increase / decrease in other assets	(21,293)	374
Increase / decrease in trade and other payables	3,668	(3,974)
Decrease in employee benefits	(2,431)	(17,496)
Increase / decrease in other liabilities	(18,306)	25,962
Increase in deferred tax	(48,795)	19,723
Net cash inflow from operating activities	351,755	408,023

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

5. CASH AND CASH EQUIVALENTS (CONT'D)

5.2 Changes in liabilities arising from financing activities

			NON-CASH CHANGES		CASH FLOWS		
2025	NOTES	OPENING BALANCE $'000	NEW LEASES ACQUIRED $'000	OTHER $'000	CASH RECEIVED $'000	CASH REPAYMENTS $'000	CLOSING BALANCE $'000
Lease liabilities	19	30,844	-	(4,540)	-	(2,630)	23,674
Borrowings	15	2,924,895	-	-	170,000	-	3,094,895
Total		2,955,739	-	(4,540)	170,000	(2,630)	3,118,569

			NON-CASH CHANGES		CASH FLOWS		
2024		OPENING BALANCE $'000	NEW LEASES ACQUIRED $'000	OTHER $'000	CASH RECEIVED $'000	CASH REPAYMENTS $'000	CLOSING BALANCE $'000
Lease liabilities	19	33,615	-	2,088	-	(4,859)	30,844
Borrowings	15	2,774,895	-	-	150,000	-	2,924,895
Total		2,808,510	-	2,088	150,000	(4,859)	2,955,739

5.3 Funding facilities

	2025 $'000	2024 $'000
QTC working capital facility	300,000	300,000
Overdraft facility - Commonwealth Bank	5,000	5,000
Total	305,000	305,000
Amount of facility undrawn	305,000	305,000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

6. TRADE AND OTHER RECEIVABLES

	2025 $'000	2024 $'000
Current		
Trade and other receivables	181,727	178,394
Less: expected credit losses	(5,822)	(6,930)
Total	175,905	171,464

Trade and other receivables are recognised at the time of invoicing, sale, or service delivery. Settlement of these amounts is required within 30 days from invoice date, and they are classified as current. Due to the short-term nature of the current receivables, their carrying amount approximates fair value. Interest of 11% (2024: 11%) is charged on trade receivables that are overdue.

	2025 $'000	2024 $'000
Movement in expected credit losses		
Opening balance	(6,930)	(8,959)
Amounts written off during the year	1,107	33
Release of provision	871	2,969
Increase in provision	(870)	(973)
Balance at the end of the year	(5,822)	(6,930)

Collectability of receivables is reviewed and assessed periodically for the impairment provision. All known bad debts are written off periodically and/or as at 30 June.

The provision for impairment of utility receivables is estimated based on the 'expected credit loss' (ECL) model, consistent with AASB 9 Financial Instruments. The ECL is calculated using a provision matrix, which incorporates both historical and forward-looking information to determine the accounts' default rates by category.

The gross carrying amount of a financial asset is written off when the Authority has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Authority individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. Refer to Note 17.1.1 for the Authority's credit risk exposure and risk management strategy.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

7. OTHER ASSETS

	2025 $'000	2024 $'000
Current		
Accrued utility charges	180,278	163,899
Prepayments	5,728	8,057
Inventories held for use	10,502	9,739
Renewable energy certificates at fair value	192	545
Other	7,977	1,903
Total other current assets	204,677	184,143
Income tax receivable	15,445	-
Non-current		
Prepayments	760	-
Total other non- current assets	760	-
Total	220,882	184,143

Accrued utility charges

Accrued utility charges are recognised for fixed access charges and unbilled water consumption based on customers' historical usage for the period between the date of the last available meter reading and the end of the reporting period.

Inventories held for use

Inventory is valued 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. Inventories such as materials and supplies are held for use in the rendering of services.

Renewable energy certificates

Renewable energy certificates (RECs) consisted of a total of 11,737 (2024: 11,536) large-scale generation certificates (LGCs) issued by the Clean Energy Regulator to the Authority for the renewable energy power station accreditation of the cogeneration engine at Oxley Sewerage Treatment Plant under the *Renewable Energy (Electricity) Regulations 2001*.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

8. PROPERTY, PLANT AND EQUIPMENT

8.1 Recognition and acquisition

Recognition thresholds

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 Amount $
Land	1
Buildings	5,000
Plant and equipment	5,000
Fleet	5,000
Infrastructure (water supply and sewerage network assets)	1

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant, and equipment.

All network assets are capitalised. Network assets are defined as the accumulation of individual items or components operating together in the provision of a particular service. Interconnected infrastructure assets are treated as network assets. Items with a lesser value than the recognition threshold are expensed during the year.

Assets donated by developers are initially recorded at fair value when the Authority obtains control of the assets, that is, upon issue of the connection certificate to developers.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Cost of acquisition

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

Costs incurred subsequent to the initial asset capitalisation are added to the carrying amount of the existing asset only when it improves the condition of the asset beyond its original standard useful life and any of following criteria is met:

- the asset performs an additional function;
- the asset provides increased capacity;
- the asset has a significant increase in its remaining useful life; or
- statutory enhancements performed to comply with a law or rule.

If it is probable that there will be no enhancement of economic benefits, the additional costs are expensed in the financial year in which they are incurred.

Contractual commitments for the acquisition of property, plant and equipment are disclosed in Note 20.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

8.2 Assets under construction

Property, plant and equipment under construction at year end is valued at cost, including the cost of materials, direct labour and an appropriate proportion of overheads excluding administration costs. Assets under construction are assessed regularly for capitalisation and where costs cannot be capitalised, these are expensed. Assets under construction are not depreciated until they are completed and commissioned ready for use.

8.3 Measurement at cost

Plant and equipment and fleet assets are measured at cost less accumulated depreciation.

8.4 Depreciation expense

Land is not depreciated. Other property, plant and equipment classes are depreciated on a straight-line basis to allocate the net cost or revalued amount of each asset, less its estimated residual value, progressively over its estimated useful life. The estimated useful life, residual values and the depreciation method applied to assets are reviewed annually. Details of estimated standard useful lives of assets are set out below:

Asset Type	**Useful Life (in years)**
Buildings and improvements	15 - 80
Plant and equipment	3 - 60
Fleet	3 - 10
Infrastructure:	
- Water supply network assets	10 - 110
- Sewerage network assets	10 - 100

Items or components that form an integral part of a complex infrastructure asset are recognised as a separate asset. These items or components may be replaced during the useful life of the complex asset. Each component is depreciated over its individual useful life or useful life of the complex asset, whichever is shorter.

Property, plant, and equipment is depreciated from the date acquired or installed and ready for use or, for internally constructed assets, from the time an asset is completed and commissioned ready for use.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

8.5 Balances as at 30 June

	2025 $'000	2024 $'000
Land:		
At fair value	68,917	68,938
Buildings:		
At fair value	20,519	19,734
Less: Accumulated depreciation	(11,596)	(10,272)
	8,923	9,462
Plant and equipment:		
At cost	27,421	23,573
Less: Accumulated depreciation	(14,811)	(10,964)
	12,610	12,609
Fleet:		
At cost	36,964	32,885
Less: Accumulated depreciation	(23,468)	(21,475)
	13,496	11,410
Water supply network:		
At fair value	3,401,821	3,390,916
Less: Accumulated depreciation	(867,976)	(787,658)
	2,533,845	2,603,258
Sewerage network:		
At fair value	5,135,778	5,203,575
Less: Accumulated depreciation	(1,716,516)	(1,573,053)
	3,419,262	3,630,522
Work in Progress:		
At cost	650,870	540,976
Carrying amount	6,707,923	6,877,175

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

8.6 Reconciliation of carrying amount

	LAND $'000	BUILDINGS $'000	WATER SUPPLY NETWORK $'000	SEWERAGE NETWORK $'000	PLANT AND EQUIPMENT $'000	FLEET $'000	WORK IN PROGRESS $'000	TOTAL $'000
Carrying value	68,938	28,706	3,233,270	4,856,609	14,068	33,371	554,511	8,789,473
Less accumulated depreciation	-	(18,060)	(712,999)	(1,434,593)	(8,164)	(21,334)	-	(2,195,150)
Carrying value at 30 June 2023	**68,938**	**10,646**	**2,520,271**	**3,422,016**	**5,904**	**12,037**	**554,511**	**6,594,323**
Additions	-	-	-	-	-	-	360,409	360,409
Transfers from work in progress	-	10	98,946	294,996	9,813	3,249	(373,944)	33,070
Donated assets	-	-	58,931	52,259	-	-	-	111,190
Disposals	-	(63)	(231)	(289)	(28)	(893)	-	(1,504)
Depreciation	-	(1,131)	(74,659)	(138,460)	(3,080)	(2,983)	-	(220,313)
Carrying value at 30 June 2024	**68,938**	**9,462**	**2,603,258**	**3,630,522**	**12,609**	**11,410**	**540,976**	**6,877,175**
Carrying value	68,938	19,734	3,390,916	5,203,575	23,573	32,885	540,976	9,280,597
Less accumulated depreciation	-	(10,272)	(787,658)	(1,573,053)	(10,964)	(21,475)	-	(2,403,422)
Carrying value at 30 June 2024	**68,938**	**9,462**	**2,603,258**	**3,630,522**	**12,609**	**11,410**	**540,976**	**6,877,175**
Additions	-		-	-	-	-	388,539	388,539
Transfers from work in progress	-	1,534	156,848	144,598	4,669	4,836	(278,645)	33,840
Donated assets	5	-	38,579	36,822	-	-	-	75,406
Disposals	(26)	(1)	(78)	(330)	(19)	(181)	-	(635)
Revaluation decrements in operating surplus	-	-	(98,870)	(119,288)	-	-	-	(218,158)
Revaluation decrements in revaluation surplus	-	(696)	(85,559)	(129,587)	-	-	-	(215,842)
Depreciation	-	(1,376)	(80,333)	(143,475)	(4,649)	(2,569)	-	(232,402)
Carrying value at 30 June 2025	**68,917**	**8,923**	**2,533,845**	**3,419,262**	**12,610**	**13,496**	**650,870**	**6,707,923**
Carrying value	68,917	20,519	3,401,821	5,135,778	27,421	36,964	650,870	9,342,290
Less accumulated depreciation	-	(11,596)	(867,976)	(1,716,516)	(14,811)	(23,468)	-	(2,634,367)
Carrying value at 30 June 2025	**68,917**	**8,923**	**2,533,845**	**3,419,262**	**12,610**	**13,496**	**650,870**	**6,707,923**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

8.7 Asset revaluation surplus movement

2025	LAND $'000	BUILDINGS $'000	WATER SUPPLY NETWORK $'000	SEWERAGE NETWORK $'000	TOTAL $'000
Balance 1 July 2024	1,789	487	59,653	90,925	152,854
Decrease in asset revaluation surplus, net of tax	-	(487)	(59,653)	(90,925)	(151,065)
Balance 30 June 2025	1,789	-	-	-	1,789

2024	LAND $'000	BUILDINGS $'000	WATER SUPPLY NETWORK $'000	SEWERAGE NETWORK $'000	TOTAL $'000
Balance 1 July 2023	1,789	487	59,653	90,925	152,854
Decrease in asset revaluation surplus, net of tax	-	-	-	-	-
Balance 30 June 2024	1,789	487	59,653	90,925	152,854

8.8 Measurement at fair value

Land, buildings, and infrastructure assets are measured at fair value in accordance with *AASB 116 Property, Plant and Equipment* and *AASB 13 Fair Value Measurement*. These assets are reported at their revalued amounts, being the fair value at the date of valuation, less any subsequent accumulated depreciation and impairment losses, where applicable.

Assets within each class of property, plant and equipment carried at fair value are subject to ongoing review and revaluation, as necessary, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. A fair valuation of the Authority was undertaken as at 30 June 2025 using a discounted cash flow methodology, which determined the fair value to be $6.9B (2024: $7.0B). As a result of this review, a difference of $434M was identified between the carrying amount and the fair value of assets, resulting in the recognition of an valuation decrement.

The valuation decrement was first applied against the Asset Revaluation Surplus associated with the relevant asset classes $216M (see Note 8.6).

The remaining valuation decrement $218M was recognised in the Statement of Comprehensive Income. The deferred tax implications arising from this transaction are disclosed in note 4.2.

The valuation decrement was allocated on a pro-rata to the carrying values of the following asset classes.

ASSET CLASS	VALUATION DECREMENT ALLOCATED $'000
Buildings	696
Water Supply Network	184,429
Sewerage Network	248,875
Total	**434,000**

The Authority's review of its fair value methodology was based on *AASB 13 Fair Value Measurement* (see Note 16). The fair values reported in these financial statements are based on appropriate valuation techniques that maximise the use of available and relevant observable inputs and minimise the use of unobservable inputs. The inputs involved are not based on observable market data. Therefore, these assets have been categorised as level 3 in the fair value hierarchy and there have been no transfers between levels in the current and prior year.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

8.9 Key valuations assumptions used

Valuation techniques and process used to determine level 3 fair values

Fair value has been determined using the discounted cash flow valuation methodology over a time horizon of 20 years with a terminal value. Terminal value is estimated based on the average of a perpetual growth to perpetuity model and RAB multiple methods.

The following table summarises the quantitative information regarding the significant unobservable inputs used in the level 3 fair value measurements:

UNOBSERVABLE INPUTS	BASIS	RANGE OF INPUTS	RELATIONSHIP BETWEEN UNOBSERVABLE INPUTS AND FAIR VALUE
Revenues	Maximum Allowable Revenue (MAR)[1] calculated based on operating costs, capital expenditures and forecast pricing WACC[2] trajectory. Competitive services revenues based on budgeted and forecast amounts.	Years 1 – 5 in line with FY26 Budget approved by the Board and FY26 Annual Operating Plan in line with MAR calculations. Years 6 – 20 in line with calculated MAR forecast.	The higher the revenue cash flow, the higher the fair value.
Increase in the consumer price index (CPI)	Long-term forecast aligned with the mid-point of the Reserve Bank of Australia target range.	3.2% in FY26 decreasing to 2.5% in the long term to align with the RBA long-term mid-point target (FY24: 3.6% decreasing to 2.5% in the long-term).	The higher the CPI increases the higher the fair value.
Terminal value (TV)	Average of the perpetual growth to perpetuity (Gordon Growth Model[3]) and Regulatory Asset Base (RAB) multiple.	1) Gordon Growth Model based on sustainable cash flows with 2.5% (FY24: 2.5%) nominal annual growth to perpetuity 2) RAB multiple approach assuming 1.15x transaction multiple.	The higher the terminal value, the higher the fair value.
RAB Multiple	RAB multiple applied as an exit multiple at the end of the 20-year time horizon.	1.15x (FY24: 1.15x) as a mid-point applied in RAB TV which is inside the range estimated by an external valuation expert.	The higher the RAB multiple the higher the terminal value and fair value.
Capex in terminal value	Approximated by using a multiple of the year 20 accounting depreciation.	Multiple assumption of 1.20x plus capital allowance aligned to capital revenues (FY24: multiple assumption of 1.20x).	The higher the capex in terminal value, the lower the fair value.
Fair valuation discount rate	Developed by Management in consultation with valuation experts.	6.49% applied (FY24: 6.85%).	The higher the fair valuation discount rate, the lower the fair value.

[1]Maximum allowable revenue is a function of operational expenditure, capital expenditure and the WACC discount rate, and any increase/decrease in one of these inputs will result in an increase/decrease to revenue. These interrelationships mitigate the effect of changes to these inputs on the fair value measurement.

[2]The regulatory weighted average cost of capital (WACC) is developed in line with regulatory principles by management in consultation with independent experts.

[3]The Gordon Growth Model is used to calculate the intrinsic value of an asset today, based on the asset's expected constant growth rate.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

8.10 Impairment of non-current assets

The Authority assesses individual non-current physical and intangible assets for indicators of impairment on an annual basis. This assessment considers a range of internal and external sources of information.

Internal indicators may include:

- Physical damage or obsolescence
- Significant adverse changes in asset usage or operations
- Evidence from internal reporting indicating underperformance relative to expectations

External indicators considered include:

- Changes in the technological, market, economic, or legal environment
- Shifts in the regulatory environment, including government policy or legislative changes

Where such indicators are identified, the Authority determines the recoverable amount of the asset. An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount.

Based on this review no impairment loss has been recognised (2024: $Nil).

Impairment losses are recognised in the Statement of Comprehensive Income, unless the asset is revalued, in which case the loss is offset against the revaluation surplus. Reversals of impairment are recognised in income to the extent they reverse a prior loss, unless the asset is revalued, in which case the reversal increases the revaluation surplus.

8.11 Right-of-use assets

	2025 $'000	2024 $'000
Buildings		
Right-of-use asset at 1 July	27,226	30,809
Depreciation charge for the year	(2,378)	(3,583)
Other adjustments	(5,132)	-
Right-of-use asset at 30 June	19,716	27,226

The Authority leases office and warehouse premises in our service territory. A right-of-use asset is recognised when control of the use of a specific asset for a length of time is conveyed by a lease contract in exchange for consideration. Except in the case of short-term leases or leases of low-value assets (which are expensed through the Statement of Comprehensive Income), such right-of-use assets are capitalised at cost on the commencement date of the lease.

The cost of right-of-use assets comprises the initial lease liability adjusted for initial direct costs, lease payments prior to commencement, lease incentives and estimated make good costs. The assets are subsequently held at cost less accumulated depreciation and impairment losses and remeasured in line with lease liabilities as a result of CPI adjustments. They are depreciated on a straight-line basis over the lesser of the various lease terms and the assets' estimated useful lives, with any extension clause options being taken up where reasonably certain.

Refer to Note 19 Leases for details of the financing of these assets.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

9. INTANGIBLE ASSETS

	SOFTWARE $'000	WORK IN PROGRESS $'000	TOTAL $'000
Cost	137,663	59,439	197,102
Accumulated amortisation	(65,852)	-	(65,852)
Net book value at 30 June 2023	**71,811**	**59,439**	**131,250**
Additions	-	16,967	16,967
Disposals	(53)	-	(53)
Transfers from work in progress	4,984	(38,053)	(33,069)
Amortisation	(17,208)	-	(17,208)
Net book value at 30 June 2024	**59,534**	**38,353**	**97,887**
Cost	135,358	38,353	173,711
Accumulated amortisation	(75,824)	-	(75,824)
Net book value at 30 June 2024	**59,534**	**38,353**	**97,887**
Additions	-	14,973	14,973
Transfers from work in progress	10,082	(43,922)	(33,840)
Amortisation	(20,065)	-	(20,065)
Net book value at 30 June 2025	**49,550**	**9,404**	**58,954**
Cost	144,538	9,404	153,942
Accumulated amortisation	(94,988)	-	(94,988)
Net book value at 30 June 2025	**49,550**	**9,404**	**58,954**

Acquisition and recognition

Intangible assets (mainly purchased and internally generated software) with a value equal to or greater than $10,000 are recognised as assets in the year of acquisition. Items with a lesser value than the recognition threshold are expensed during the year. Intangible assets recognised by the Authority have no active market; the assets are recognised at cost less accumulated amortisation and impairment losses. Subsequent costs are capitalised only when they increase the future economic benefits of the intangible asset to which they relate. Software development costs are assessed regularly for capitalisation and where costs cannot be capitalised are expensed. Development costs are not amortised until the software is completed and ready for use.

Amortisation expense

Amounts paid for computer software in excess of the recognition threshold are capitalised and then amortised on a straight-line basis over the expected period of benefit of 3 – 10 years. The estimated useful life and the amortisation method applied to assets are reviewed annually.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

Cloud computing arrangements

Software-as-a-Service (SaaS) cloud computing arrangements are service contracts providing the Authority with the right to access the cloud provider's application software over the contract period. As such the Authority does not receive a software intangible asset at the contract commencement date. A right to receive future access to the supplier's software does not, at the contract commencement date, give the Authority the power to obtain the future economic benefits flowing from the software itself and to restrict others' access to those benefits. The application software access fee, the customisation costs and configuration costs are recognised as an operating expense over the term of the service contract if the services are not separately identifiable. Costs incurred for the development of software code that enhances or modifies, or creates additional capability to, existing on-premises systems and meets the definition of and recognition criteria for an intangible asset are recognised as intangible software assets.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

10. SUPERANNUATION

Refer to Note 3.3 for details of amount of superannuation contributions paid by the Authority to the superannuation funds in respect of this year for the benefit of the employees.

10.1 Brighter Super

The Authority contributes to Brighter Super for employees under both a defined benefits scheme and an accumulation superannuation scheme. The Authority has no liability to, or interest in, Brighter Super other than the payment of the statutory contribution. Contributions are expensed when incurred.

The Scheme has three elements:

- The Accumulation Benefits Fund (ABF) is open to new members. Additional accumulation benefits are also provided within the ABF for most defined benefit members. The Authority has no liability to or interest in the ABF other than the payment of the statutory contributions (see Note 3.3).
- The Regional Defined Benefits Fund (Regional DBF), which covers defined benefit fund members working for regional areas, is a defined benefit plan as defined in *AASB 119 Employee Benefits*. The Regional DBF is closed to new members. The Authority 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 the Authority its proportionate share of the defined benefit obligations, plan assets and costs (see to Note 10.2); and
- The City Defined Benefits Fund (City DBF), which covers former members of the City Super Defined Benefits Fund, is a defined benefit plan as defined in *AASB 119 Employee Benefits*. The City DBF is closed to new members. The Authority engaged an actuary to assess the values and to provide the disclosures in accordance with *AASB 119 Employee Benefits* (see Note 10.3).

10.2 Regional Defined Benefit Fund – Brighter Super

The Authority contributes to the Regional DBF at the rate of 12% for each permanent employee who is a Regional DBF member. The Regional DBF is not a current asset or liability of the Authority, and any amount by which the scheme is over or under funded would only affect future benefits and contributions to the Regional DBF. The Authority has 9 employees (2024: 16) funded under this benefit.

	2025 $'000	2024 $'000
Contributions made to Regional Defined Benefits Fund	308	455

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

10.3 City Defined Benefits Fund – Brighter Super

City DBF members receive lump sum benefits on retirement, death, disablement, and withdrawal. The defined benefit section of the City DBF is closed to new members. The Authority has 9 employees (2024: 9) funded under this benefit. The Authority has provided a written guarantee to Brighter Super which commits the Authority to fund the defined benefits of employees who are members of City DBF. The Authority contributes to the City DBF at a rate of 14% (inclusive of the 3% occupational contribution) for each employee who is a City DBF member.

Brighter Super's actuarial valuation of the City DBF as of 1 July 2024 confirmed that the fund's net assets are sufficient to cover the present value of accrued benefits for members at the valuation date. Based on this, the actuary has recommended that each City DBF employer maintain the current contribution holiday. Furthermore, Brighter Super's actuary anticipates that the contribution holiday may continue beyond the next actuarial valuation, which is due no later than 1 July 2027.

The Authority engaged an actuary to assess the value and provide the disclosures in accordance with *AASB 119 Employee Benefits*. The outcome is outlined below:

	2025 $'000	2024 $'000
Net defined benefit asset[1]		
Net asset at start of the year	4,499	4,782
Net asset at end of year	4,102	4,499
Fair value of Fund assets[2]		
Fair value at beginning of the year	9,300	9,009
Fair value at end of the year	8,328	9,300
Defined benefit obligation[3]		
Present value at beginning of the year	4,801	4,227
Present value at end of the year	4,226	4,801

[1] Movements in the net defined benefit asset were primarily due to current service cost, net interest, returns on fund assets and actuarial losses/gains. The asset ceiling has no impact on the net defined benefit asset.

[2] Movements in the fair value of Fund assets were primarily due to interest income, returns on fund assets, contributions by plan participants, and taxes, premiums and expenses paid.

[3] Movements in the defined benefit obligation were primarily due to current services cost, interest cost, contributions by fund participants, actual losses/gains, and taxes, premiums and expenses paid. The weighted average duration of the defined benefit obligation is 6 years.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

II. TRADE AND OTHER PAYABLES

	2025 $'000	2024 $'000
Current		
Trade creditors	83,071	78,720
Other payables	7,670	8,353
Total	90,741	87,073

Trade creditors

Trade creditors and other payables represent the value of goods and services provided to the Authority 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. Generally, amounts owing are unsecured and are settled on 30-day terms or as contractually/legally required.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

12. EMPLOYEE BENEFITS

	2025 $'000	2024 $'000
Current		
Long service leave	15,902	14,811
Annual leave	12,944	12,811
Accrued salaries and wages	8,032	12,142
Time in lieu	138	148
	37,016	39,912
Non-current		
Long service leave	4,654	4,189
	4,654	4,189
Total	41,670	44,101

A liability is recognised for benefits accruing to employees for salaries and wages, annual leave, time in lieu and long service leave up to the reporting date, when it is probable that settlement will be required, and the liability is capable of being measured reliably. Employee benefits are recognised as a current liability where the Authority does not have an unconditional right to defer settlement of these liabilities.

Annual Leave and Long service leave

A liability for annual leave and long service leave expected to be settled within 12 months of the reporting date is recognised in respect of employee's service up to the reporting date and is measured at current salary and wage rates and includes related employee on-costs. Leave expected to be settled more than 12 months after the reporting date is measured at the present value of expected future payment eligibility in respect of services provided by employees up to the reporting date.

Accrued 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' service up to that date.

Time in lieu

A liability for time 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

13. OTHER LIABILITIES

	2025 $'000	2024 $'000
Current		
Accrued capital program costs	36,450	39,341
Accrued bulk water purchases	44,426	41,313
Accrued interest	11,580	9,401
Unearned revenue	18,854	14,795
Other liabilities	35,175	47,043
	146,485	151,893
Non-current		
Provision for restoration	223	216
Unearned revenue	9,091	-
Other liabilities	616	1,232
	9,930	1,448
Total	156,415	153,341

Accrued capital program costs

Cost incurred for capital assets under construction is recognised as liability when not yet paid.

Accrued bulk water purchases

Bulk water purchases consumed is recognised as liability when not yet paid.

Unearned revenue

Revenue that has been received but has not yet met the recognition criteria is deferred and will be recognised in the Statement of Comprehensive Income once the performance obligation is fulfilled. Developer contributions for specific assets are recognised as a liability where the specific asset has not been constructed at reporting date.

Provision for restructuring

A provision for restructuring cost (including termination payments) is recognised when the Authority has approved a detailed and formal restructuring plan, and the restructuring has either commenced or been publicly announced.

Provision for restoration

In accordance with the existing lease agreements, the Authority is required to restore the leased buildings to its original condition at the end of the lease. The Authority estimated the amount of building restoration using the discount rate similar to the borrowing rate used for estimating the lease liability under *AASB 16 Leases*. A corresponding right-of-use asset is recognised in Note 8.11.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

14. CONTRIBUTED EQUITY

14.1 Participation returns

Participation returns are paid to the Participating Councils in accordance with the Participation Agreement.

Total returns to Participating Councils are as follows:

	2025 $'000	2024 $'000
In accordance with the Participation Agreement, an interim participation return was paid on 31 January 2025.	60,500	60,000
The Board declared the full year participation return payment of $60.5M on 23 June 2025. Payment will be made on 30 September 2025.	60,500	60,000
Total participation rights paid/payable	121,000	120,000
Amounts per Participant:		
Brisbane City Council	102,858	102,008
Ipswich City Council	14,789	14,666
Lockyer Valley Regional Council	1,092	1,083
Scenic Rim Regional Council	1,261	1,251
Somerset Regional Council	1,000	992
	121,000	120,000
Cash payments to Participants during the financial year	120,500	125,000

Total returns to Participating Councils are as follows:

	2025 $'000	2024 $'000
Participation returns	121,000	120,000
Income tax	72,002	94,574
Interest	3,297	2,995
Land tax	6,511	6,060
Stamp duty	131	87
Total	202,941	223,716

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

14.2 Assets and liabilities transferred

On 1 July 2010 the Participating Councils transferred the assets, liabilities, instruments, and employees necessary for the Authority to commence trading under a scheme made in accordance with the Act and gazetted on 29 June 2010.

	1 JULY 2010 $'000
Summary of the transferred assets and liabilities is:	
Property, plant and equipment	4,003,528
Capital works in progress	227,794
Cash	9,006
Employee entitlements	(31,424)
QTC debt transferred to Urban Utilities	(183,092)
	4,025,812
Represented by:	
Contributed equity	2,538,793
Participant's debt	1,487,019
	4,025,812

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

15. LOANS AND BORROWINGS

	2025 $'000	2024 $'000
QTC client specific pool	3,011,680	2,841,680
Participant Loans		
Participating Councils:		
Lockyer Valley Regional Council	14,736	14,736
Scenic Rim Regional Council	14,676	14,676
Somerset Regional Council	53,803	53,803
	83,215	83,215
Total	3,094,895	2,924,895

Borrowings are initially recognised at fair value, plus any transaction costs directly attributable to the borrowings, then subsequently held at amortised cost using the effective interest method. The fair value of these loans would be classified at level 2 of the fair value hierarchy in accordance with *AASB 13 Fair Value Measurement*.

Borrowings are classified as 'current' when they are due to be settled within 12 months after the reporting date, or the Authority does not have an unconditional right to defer settlement to beyond 12 months after the reporting date. All other borrowings are classified as non-current.

Queensland Treasury Corporation (QTC)

The Authority borrows funds from QTC in the form of long-term funding facilities, currently consisting of a client specific pool facility to fund capital projects and a working capital facility to fund short-term working capital requirements. At year end, the outstanding QTC loan balances are disclosed at book value. The weighted average interest rate for the QTC client specific pool facility in for this financial year is 4.51% (2024: 4.02%). Further details of the available funding facilities are provided in Note 5.3.

Participants' loans

Participant loans subject to an annual reset of the interest rate are in place with Lockyer Valley Regional Council, Scenic Rim Regional Council and Somerset Regional Council with an expiry date of 30 June 2028. The interest rate for the year ending 30 June 2025 year was 4.54% (2024: 4.21%) for the loans entered into in 2010, and 3.34% (2024: 2.94%) for the additional loan entered into with Somerset Regional Council in 2021 and 2023. The loans require monthly interest-only payments and no principal payments were made to Participating Councils during the year.

All borrowings are in Australian dollar denominated amounts. Total borrowing costs of $6.9M were capitalised during the financial year (2024: $5.5M). The rate used to determine the amount of borrowing costs eligible for capitalisation was 4.49% (2024: 4.00%), which is the weighted average borrowing rate of all borrowings. There were no defaults or breaches of the loan agreements during the year. No fair value adjustment is made to the carrying amount of the borrowings. No assets have been pledged as security for any liabilities.

Information about the Authority's exposure to interest rate, foreign currency and liquidity risks is included in Note 17.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

16. FAIR VALUE MEASUREMENT

16.1 Accounting policies and inputs for fair values

The Authority measures financial instruments and non-financial assets at fair value at each reporting date. Fair value is 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.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using or selling the asset in its highest and best use. 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 data and assumptions used in the most recent specific appraisals:

- Level 1 – quoted market prices in active markets for identical assets and liabilities;
- Level 2 – inputs (other than quoted prices included within Level 1) that are directly or indirectly observable; and
- Level 3 – inputs for the asset or liability that are substantially derived from unobservable inputs.

The Authority recognises any evident transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers of assets between fair value hierarchy levels during the period. The key valuation assumptions used by the Authority are outlined in Note 8.

16.2 Categorisation of assets and liabilities measured at fair value

		LEVEL 1		LEVEL 2		LEVEL 3		TOTAL CARRYING AMOUNT	
	NOTES	2025	2024	2025	2024	2025	2024	2025	2024
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Property, plant and equipment									
Land	8	-	-	-	-	68,917	68,938	68,917	68,938
Buildings	8	-	-	-	-	8,923	9,462	8,923	9,462
Water supply network	8	-	-	-	-	2,533,845	2,603,258	2,533,845	2,603,258
Sewerage network	8	-	-	-	-	3,419,262	3,630,522	3,419,262	3,630,522
Total property, plant and equipment		-	-	-	-	6,030,947	6,312,180	6,030,947	6,312,180
Other assets									
Defined benefit plan	10.3	-	-	8,328	9,300	-	-	8,328	9,300
Renewable energy certificates	7	192	545	-	-	-	-	192	545
Total other assets		192	545	8,328	9,300	-	-	8,520	9,845

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

17. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Authority becomes a party to the contractual provisions of the financial instrument. No financial assets and financial liabilities have been offset and presented net in the Statement of Financial Position.

17.1 Financial risk management

Exposure to financial risks is managed in accordance with 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 the Authority. The Authority's activities expose it to a variety of financial risks as follows:

17.1.1 Credit risk

Credit risk is the risk of financial loss to the Authority if a customer or another party fails to meet its obligations. The Authority is exposed to credit risk through its customers. It uses ageing analysis to measure exposure to this risk.

The Authority's credit risk is mainly from billed and unbilled receivables due from customers. The Authority is obliged to provide water and wastewater services without an application for services or regard to customer credit quality. The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the gross carrying amount of those assets inclusive of any provisions for impairment (see Note 6). Although no collateral is held as security relating to the financial assets held by the Authority, a lien may be claimed on the property for utility debts to reduce the Authority's credit risk exposure, as the debt is attached to the property and any outstanding balance is normally paid at settlement when the property is sold.

The Authority manages credit risk through the use of credit management strategy which outlines credit collection processes such as referral of overdue accounts to a debt collection agency, sending reminder letters and mobile text messages to customers, and entering into payment arrangements with customers. A statutory charge may be registered on the property as lien to secure payment for utility debts. The hardship policy and framework are available for customers experiencing financial hardship. Exposure to credit risk is monitored on an ongoing basis.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

17.1.1 Credit risk (cont'd)

Ageing analysis

The Authority considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Authority in full or the financial asset is more than 90 days past due. Ageing of past due receivables and the amount of impairment is disclosed in the following table:

2025	NOTES	CURRENT	> 30 DAYS PAST DUE	> 60 DAYS PAST DUE	> 90 DAYS PAST DUE	TOTAL
		$'000	$'000	$'000	$'000	$'000
Gross trade and other receivables	6	109,300	19,075	6,587	46,765	181,727
Provision for impairment	6	(1,302)	(54)	(256)	(4,210)	(5,822)
Total		107,998	19,021	6,331	42,555	175,905
2024						
Gross trade and other receivables	6	113,665	18,845	5,434	40,450	178,394
Provision for impairment	6	(1,386)	(416)	(69)	(5,059)	(6,930)
Total		112,279	18,429	5,365	35,391	171,464

The Authority applied the *AASB 9 Financial Instruments* 'simplified approach' which uses a provision matrix to measure the lifetime expected credit losses of receivables from individual residential and commercial customers, which comprise a very large number of small balances. Default rates are calculated based on actual credit loss experience over the past years. These rates are adjusted to reflect historical, current, and future economic conditions over the expected lives of the receivables. No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired and are stated at the carrying amount as indicated.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

17.1.2 Liquidity risk

Liquidity risk is the risk that the Authority may encounter difficulty in meeting obligations associated with financial liabilities which are settled by delivering cash or another financial asset. The Authority is exposed to liquidity risk in respect of its trade and other payables (see Note 11) and interest-bearing liabilities (see Note 15). The Authority manages liquidity risk by maintaining sufficient cash deposits and undrawn facilities, both short and long term, to cater for unexpected volatility in cash flows.

The following table sets out the liquidity risk of the financial liabilities held by the Authority. It represents the contractual maturity of financial liabilities, calculated based on cash flows relating to the repayment of the principal amount outstanding at reporting date.

		2025 PAYABLE IN			
2025 FINANCIAL LIABILITIES	NOTES	< 1 YEAR	1-5 YEARS	> 5 YEARS	TOTAL
		$'000	$'000	$'000	$'000
Trade and other payables	11	90,741	-	-	90,741
Participant loans	15	-	83,215	-	83,215
QTC borrowings	15	-	-	3,011,680	3,011,680
Lease Liabilities	19	3,653	13,248	10,160	27,061
		94,394	96,463	3,021,840	3,212,697

		2024 PAYABLE IN			
2024 FINANCIAL LIABILITIES	NOTES	< 1 YEAR	1-5 YEARS	> 5 YEARS	TOTAL
		$'000	$'000	$'000	$'000
Trade and other payables	11	87,073	-	-	87,073
Participant loans	15	-	83,215	-	83,215
QTC borrowings	15	-	-	2,841,680	2,841,680
Lease Liabilities	19	3,494	13,697	13,364	30,555
		90,567	96,912	2,855,044	3,042,523

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

17.1.3 Market risk

The Authority's market risk is primarily in relation to interest rate risk. This 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. The Authority is exposed to interest rate risk through its borrowings from QTC (see Note 15), investment with QTC and cash deposited in interest-bearing accounts (see Note 5). It uses sensitivity analysis to measure this risk. The Authority does not trade in foreign currency and is not materially exposed to commodity price changes.

The Authority manages its portfolio by setting, monitoring, and adjusting the terms and duration of its loan portfolio as allowed under its commercial financing contract with QTC. The risk in borrowing is effectively managed through QTC's capacity to issue securities with variable terms allowing an appropriate duration for the Authority while diversifying the interest resetting profile.

Sensitivity analysis

The following sensitivity analysis depicts the outcome on net profit if interest rates would change by +/- 1% from the year-end rates applicable to the Authority'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. This is mainly attributable to the Authority's exposure to variable interest rates on its borrowings.

2025	NOTES	NET CARRYING AMOUNTS	-1%		+1%	
			PROFIT	EQUITY	PROFIT	EQUITY
		$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	5	94,115	(941)	(941)	941	941
QTC client specific pool	15	3,011,680	30,117	30,117	(30,117)	(30,117)
Overall effect on profit and equity		3,105,795	29,176	29,176	(29,176)	(29,176)

2024	NOTES	NET CARRYING AMOUNTS	-1%		+1%	
			PROFIT	EQUITY	PROFIT	EQUITY
		$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	5	88,331	(883)	(883)	883	883
QTC client specific pool	15	2,841,680	28,417	28,417	(28,417)	(28,417)
Overall effect on profit and equity		2,930,011	27,533	27,533	(27,533)	(27,533)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

18. CAPITAL MANAGEMENT

The Authority's objectives when managing capital are to:

- ensure long-term financial sustainability while considering appropriate returns on invested equity and benefits to other stakeholders; and
- maintain an optimal capital structure to reduce the cost of capital.

The Authority manages its capital structure by targeting, at a minimum, a credit rating of A-. This is achieved by maintaining key credit metrics and supported through the adjustment of participation returns. The Participation Return Policy provides flexibility for the Board to balance long-term financial sustainability, shareholder returns and capital expenditure funding requirements (see Notes 5.3, 14.1 and 15).

The Authority monitors capital using the following credit metrics and ratios:

	2025	2024
Funds from operations to net debt[1] (>= 9%)	9%	9%
Net debt to fixed assets[2] (<= 60%)	45%	41%
Net debt to Regulated Asset Base[3] (RAB) (<=60%)	51%	50%
EBITDA Interest Cover[4] (>= 2.25x)	3.73 x	4.07 x

[1] Funds from operations to net debt measures the Authority's ability to manage its debt obligations.

[2] Net debt to fixed assets measures the extent to which the Authority's assets are financed by debt.

[3] Net debt to Regulated Asset Base (RAB) ratio measures the extent to which the Authority's regulatory asset base is financed by debt.

[4]EBITDA Interest Coverage ratio measures the Authority's ability to pay interest on its outstanding debt. In this metric Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) excludes developer contributions and asset revaluation increments or decrements.

Under terms of the Authority's borrowing facilities, it is required to comply with the following financial covenants:

- EBITDA (excluding developer contributions and asset revaluation increments or decrements) interest coverage ratio equal to or greater than 2.25 times; and
- a net debt to fixed assets ratio equal to or less than 60 per cent.

The Authority has complied with these financial covenants throughout the reporting period.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

19. LEASES

	2025 $'000	2024 $'000
Lease liabilities at 1 July	30,844	33,615
Interest charge for the year	645	1,113
(Decrease)/Increase in lease liability	(5,185)	975
Payment of lease liabilities	(2,630)	(4,859)
Lease liabilities at 30 June	23,674	30,844
Lease Liability - Current	2,883	3,034
Lease Liability - Non current	20,791	27,810
	23,674	30,844

Discounted lease payments are recognised as lease liabilities at the commencement date of the lease. In determining the present value of the lease payments, the Authority has used its incremental borrowing rate since the implied interest rate is not able to be readily determined. Subsequently, interest at this rate is added to the lease liability, and payments deducted, in order to reflect the carrying value of the lease liability. Where lease contracts incorporate CPI escalations, the lease liability and its corresponding right-of-use asset are adjusted to take this into account once the impact is known.

The total cash outflow for leases in 2025 was $2.6M (2024: $4.8M).

The lease liability reflects an estimate of the present value of the lease payments since CPI adjustments are not accounted for until confirmed and the discounting is based on the Authority's incremental borrowing rate. Management has used judgement when considering whether extension options will be exercised.

Refer to Note 8.11 Right-of-use assets for details of the assets covered by these leases.

Finance leases

Leases in which the Authority transfers substantially all of the risks and rewards of ownership to another party are classified as finance leases. The Authority does not at present have any such leases.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

Non-cancellable operating leases

Where leases do not transfer substantially all of the risks and rewards of ownership, they are classified as operating leases. In this respect, the Authority leases other sites to telecommunication carriers for installation and operation of mobile telecommunication facilities. Commitments to the Authority under non-cancellable operating leases at reporting date are receivable as follows:

	2025 $'000	2024 $'000
Within one year	206	186
One to two years	199	211
Two to three years	202	212
Three to four years	186	196
Four to five years	165	180
More than five years	377	713
Total	1,334	1,698

20. COMMITMENTS

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

	2025 $'000	2024 $'000
Capital		
Within one year	44,507	97,700
Between one and five years	67,910	102,325
More than five years	-	-
	112,417	200,025
Other		
Within one year	91,498	39,598
Between one and five years	306,784	12,300
More than five years	7,176	9,146
	405,459	61,044

Capital contract commitments extending beyond one year do not include forecast amounts associated with the delivery of the Authority's Capital Investment Program. As at the reporting date, the Authority was in the process of tendering for the delivery of its Capital Infrastructure Program, part of the Next Generation 4D Partnerships initiative. This major 10-year investment program is planned to be delivered through long-term partnerships with qualified engineering and construction firms. Contractual commitments related to this program will be confirmed upon the appointment of preferred delivery partners.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

21. CONTINGENCIES

Contingent Assets

The Authority is seeking reimbursement of costs associated with damage claims for which it is not able to predict the likely outcome or reliably measure as at the reporting date.

Contingent Liabilities

The Authority is not able to predict the likely outcome or reliably estimate the probability of payout of the contingent liabilities as at the reporting date. There is currently 1 appeal (2024: 1) in the Planning and Environment Court.

22. FUNDS HELD IN TRUST

	2025 $'000	2024 $'000
Standpipe bonds, security deposits and unclaimed money	5,649	5,624

Funds held in trust include deposits received for standpipe bonds, security deposits to guarantee performance and unclaimed money. The Authority performs only a custodial role in respect of these funds. As such, the balances disclosed above are not recorded in the financial statements and are disclosed here for information purposes only. All unclaimed monies which have not been paid by the Authority to the owner are paid to the Public Trustee of Queensland in accordance with the *Public Trustee Act 1978.*

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

23. KEY EXECUTIVE MANAGEMENT PERSONNEL AND REMUNERATION

Key executive management personnel and remuneration disclosures are made in accordance with section 3C of the Financial Reporting Requirements for Queensland Government Agencies issued by Queensland Treasury.

23.1 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 the Authority 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.

In October 2024, the Authority implemented improvements to its operating structure resulting in changes to the position responsibilities for key executive management personnel

POSITION TITLE TO 6 OCTOBER 2024	POSITION RESPONSIBILITIES TO 6 OCTOBER 2024	POSITION TITLE FROM 7 OCTOBER 2024	POSITION RESPONSIBILITIES FROM 7 OCTOBER 2024 TO 30 JUNE 2025	CONTRACT CLASSIFICATION AND APPOINTMENT AUTHORITY	DATES APPOINTED TO ROLE
Chief Executive Officer	Accountable for the deployment of strategy and the day-to-day service delivery and operations of Urban Utilities.	Chief Executive Officer	No changes to position responsibilities.	Board appointed Band A Contract	From 1 September 2022
Chief Financial Officer	Delivery of long-term financial sustainability; regulatory oversight and pricing; commercial and economic analysis; financial management and reporting; procurement and supply chain; and financial transactional activities.	Executive Leader Corporate and Finance	In addition to previous Chief Financial Officer responsibilities this position also oversees legal services, Board secretariat functions as well as strategic planning and sustainability.	Board appointed Band A Contract	From 12 February 2018
Executive Leader Integrated Solutions	Managing relationships with key stakeholders, government, and regulators; leading long-term infrastructure strategy, planning, feasibility, design, and procurement; and overseeing asset management through intelligence and analytics.	Executive Leader Infrastructure Planning and Delivery	No changes to position responsibilities.	Board appointed Band A Contract	From 31 August 2020
Executive Leader Environmental and Industrial	Effective relationship management of industrial partnerships and key commercial relationships, including developers, commercial water customers and trade waste customers, safe operation and maintenance of treatment plants, new commercial opportunities development related to effluent, recycled water, bio-solids and energy, and growth in Scientific Analytic Services.	Executive Leader Customer and Innovation	Enterprise leadership of Customer Experience, Developer Services, and Growth and Commercial functions. Also responsible for Trade Partnering, which includes the operation of the Scientific Analytical Services Laboratory.	Board appointed Band A Contract	From 23 August 2021

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

POSITION TITLE TO 6 OCTOBER 2024	POSITION RESPONSIBILITIES TO 6 OCTOBER 2024	POSITION TITLE FROM 7 OCTOBER 2024	POSITION RESPONSIBILITIES FROM 7 OCTOBER 2024 TO 30 JUNE 2025	CONTRACT CLASSIFICATION AND APPOINTMENT AUTHORITY	DATES APPOINTED TO ROLE
Executive Leader Service Delivery	Management of water and wastewater networks, customer operations, retail relationships, billing and metering assurance, and coordinating service functions (control centre, faults, scheduling, and contact centre)	Executive Leader Operations and Maintenance	Enterprise Leadership and Management of water and wastewater network services, maintenance services, resource recovery. and coordinating service functions (control centre and faults scheduling)	Board appointed Band A Contract	From 27 April 2020
Chief Experience Officer	Enterprise leadership of customer, people, employee relations, employee and customer experience, human resources services, internal communications, and brand management.	Executive Leader People and External Relations	Enterprise leadership of People and Capability, Brand and Communications, and Stakeholder Relations functions.	Board appointed Band A Contract	From 5 May 2020
Executive Leader Corporate Affairs	Strategic leadership of the CEO office, Board support, governance, corporate strategy and performance, shareholder and communications management, and oversight of property, innovation, policies, and internal audit	n/a	n/a	Board appointed Band A Contract	From 31 October 2013 to 16 October 2024.
Chief Digital and Information Officer	Oversees the Digital Utility team, which works to shape and scale Urban Utilities' digital future; the Digital Programs team, which focuses on delivering digital transformations; and the Digital Experience and Operations team, to provide safe, reliable digital services and improves the overall digital experience.	Chief Digital and Information Officer	No changes to position responsibilities.	Board appointed Band A Contract	From 27 November 2023
Chief Risk Officer	Leads the functions of Safety, Risk, Insurance, Security and Resilience; Policy, Health, Safety and Wellbeing.	Chief Risk Officer	Leads the functions of Safety; Risk, Insurance, Security and Resilience; Policy Right to Information (RTI) and Privacy, Health and Wellbeing, Property and Facilities, and Environment.	Board appointed Band A Contract	From 9 October 2023

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

23.2 Remuneration

Remuneration for key executive management personnel is determined by the Board and is reviewed on an annual basis, and is based on consideration to performance, market movements and other relevant factors. Remuneration and other terms of employment are specified in individual employment contracts. With the exception of the Chief Executive Officer, the contracts do not provide for performance-related cash payments.

Remuneration packages for key executive management personnel comprise the following components:

- Short-term employee benefits include:
  - salaries, allowances and leave entitlements paid and provided for the entire year or for that part of the year during which the employee occupied the specified position;
  - performance payments recognised as an expense during the year; and
  - non-monetary benefits.
  - Long-term employee benefits include long service leave accrued.
- Post-employment benefits include superannuation contributions.
- Redundancy payments are provided for within individual contracts of employment.
- Contracts of employment provide for notice periods or payment in lieu of notice on termination, regardless of the reason for termination.

Total fixed remuneration is calculated on a "total cost" basis by employee as per below.

1 July 2024 – 30 June 2025:

	SHORT TERM					
POSITION	MONETARY BENEFITS $'000	NON-MONETARY BENEFITS $'000	LONG TERM EMPLOYEE BENEFITS $'000	POST EMPLOYMENT BENEFITS $'000	TERMINATION BENEFITS $'000	TOTAL REMUNERATION $'000
Chief Executive Officer	788	6	20	30	-	845
Chief Risk Officer	394	6	10	29	-	439
Executive Leader Corporate and Finance	443	6	11	30	-	490
Executive Leader Customer and Innovation	394	6	10	30	-	440
Executive Leader Infrastructure Planning and Delivery	454	6	11	30	-	501
Executive Leader Operations and Maintenance	431	6	11	30	-	478
Executive Leader People and External Relations	383	6	10	30	-	429
Chief Digital and Information Officer	345	6	9	30	-	390
Executive Leader Corporate Affairs (to 16 October 2024)[1]	102	3	3	25	570	704
Total remuneration	**3,735**	**51**	**95**	**264**	**570**	**4,716**

[1] Termination benefits to Executive Leader Corporate Affairs include a $6,500 ex-gratia payment on termination.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

23.2 Remuneration (cont'd)

1 July 2023 – 30 June 2024:

	SHORT TERM					
POSITION	MONETARY BENEFITS $'000	NON-MONETARY BENEFITS $'000	LONG TERM EMPLOYEE BENEFITS $'000	POST EMPLOYMENT BENEFITS $'000	TERMINATION BENEFITS $'000	TOTAL REMUNERATION $'000
Chief Executive Officer	785	7	20	27	-	839
Chief Risk Officer (from 9 October 2023)	279	3	7	19	-	309
Chief Financial Officer	416	7	10	16	-	449
Executive Leader Environmental and Industrial	392	7	10	27	-	436
Executive Leader Integrated Solutions	427	7	11	27	-	472
Executive Leader Service Delivery	415	7	10	27	-	459
Chief Experience Officer	369	7	9	27	-	412
Executive Leader Corporate Affairs	314	7	8	27	-	356
Chief Digital and Information Officer (from 27 November 2023)	296	5	7	27	-	335
Acting Chief Digital and Information Officer (from 1 July 2023 to 26 November 2023)	28	-	1	11	-	40
Total remuneration	**3,722**	**54**	**93**	**239**	**-**	**4,108**

23.3 Performance payments

The aggregate amount of performance payments made during the financial year was $81,768 (2024: $84,990).

A performance payment may be paid annually to the Chief Executive Officer depending upon satisfaction of key criteria and is capped at 20% of total fixed remuneration (base pay plus superannuation). The amount payable is tied to the achievement of pre-determined organisational and individual performance targets as agreed by the Board. As the determination of the performance payment for 2025 has not been made at the date of management certification of these financial statements, any performance payment approved will be reported as an expense during the year ending 30 June 2026.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

24. RELATED PARTIES

24.1 Board members

Board remuneration

The Board remuneration is estimated under the Participation Agreement and is with unanimous agreement of the Participants. Reimbursements for reasonable travelling, accommodation, and other expenses in connection with the business of the Authority are not included in Board remuneration. To the extent permitted by law, the Authority must indemnify each Board Member against a liability of that person and the legal costs of that person. The Authority has an appropriate insurance coverage for Directors and Officers liability.

The Board Members who were paid directly or indirectly were:

	2025 $'000	2024 $'000
Paul Vincent [1]	135	-
Mark Gray	93	78
Phillip Strachan	81	78
Lucia Cade	81	78
Gerard Pender	69	66
Carmel Krogh[2]	69	33
Peter Hyland [3]	69	-
Andrea Kenafake [3]	69	-
Bronwyn Morris [4]	-	131
Julie-Anne Schafer [5]	-	78
Amanda Cooper [6]	-	39
Total board members' remuneration	665	581

[1] Paul Vincent commenced his term as Board Chair, effective 1 July 2024.
[2] Carmel Krogh commenced her term effective 1 January 2024
[3] Peter Hyland and Andrea Kenafake commenced their term, effective 1 July 2024.
[4] Bronwyn Morris' term expired on 30 June 2024.
[5] Julie-Anne Schafers' term expired on 30 June 2024.
[6] Amanda Cooper resigned on 28 January 2024.

A CPI increase of 3.6% (2024: 4.7%) was applied during the financial year and monthly rates set at $10,119 (2024: $9,812) for the Board Chairperson and $5,139 (2024: $4,983) for the Board Members.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

24.2 Loans to key management personnel

There are no loans to key management personnel and their related parties during the financial year.

24.3 Other key management personnel transactions

There are no other transactions with key management personnel and their related parties during the financial year, other than on normal commercial terms.

24.4 Board member transactions

A number of the Board members hold positions in other entities that may result in them having control or significant influence over financial or operating policies of those entities. Resulting related party transactions with Urban Utilities are conducted at arm's length, under normal commercial terms, in line with Urban Utilities' Conflict of Interest Policy. It is an annual requirement that Board members declare any directorships, board memberships, and other offices that they hold.

The aggregate value of transactions and outstanding balances related to board members and entities over which they have control or significant influence were as follows:

		TRANSACTION VALUES FOR THE YEAR ENDED 30 JUNE		BALANCE OUTSTANDING AS AT 30 JUNE	
		2025 $'000	2024 $'000	2025 $'000	2024 $'000
Transaction	**Note**				
Monthly service fees for out of hours contact centre services	(a)	-	438	-	41
Software related services	(b)	1,205	4,283	-	10,816
Purchase of R&D item	(c)	68	-	-	-

(a) The Authority engages out-of-hours contact centre services provided by Peak Services for which it pays a monthly service fee. A former member of the Authority's Board, who retired on 30 June 2024, currently serves as the Chair of Peak Services.

(b) The authority receives software-related services from Data #3 for which it is charged a fee. A current member of the Authority's Board also serves as the Chairman for Data #3.

(c) During 2024/2025 Authority purchased specialised equipment from Conexa Infrastructure Partners at a market rate payable under normal payment terms. A current member of the Authority's Board also serves as a non-executive director on the Board of Conexa Infrastructure Partners.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

24.5 Transactions and balance with Participating Councils

The amount of payments to and from participating councils, calculated on an accrual basis, and the amount of receivable or payable to participating councils are as follows. Amounts owing are unsecured and are expected to be settled in cash. These transactions were carried out under normal commercial terms.

	BRISBANE CITY COUNCIL		IPSWICH CITY COUNCIL		LOCKYER VALLEY REGIONAL COUNCIL		SCENIC RIM REGIONAL COUNCIL		SOMERSET REGIONAL COUNCIL		TOTAL	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Payments from participating councils												
Utility charges	7,828	7,687	3,494	4,320	716	675	374	343	423	432	12,836	13,457
Total payments from participating councils	**7,828**	**7,687**	**3,494**	**4,320**	**716**	**675**	**374**	**343**	**423**	**432**	**12,836**	**13,457**
Payments to participating councils												
Supplies and services	5,878	9,274	37	10	61	92	75	27	84	22	6,135	9,425
Finance and borrowing costs	-	-	-	-	669	620	666	618	1,963	1,757	3,298	2,995
Income tax equivalents	61,207	80,395	8,800	11,559	650	854	750	985	595	781	72,002	94,574
Participation returns	102,858	102,008	14,789	14,666	1,093	1,083	1,261	1,251	999	992	121,000	120,000
Land tax	5,535	5,151	796	741	59	55	68	63	54	50	6,511	6,060
Stamp duty	111	74	16	11	1	1	1	1	1	1	131	88
Total payments to participating councils	**175,589**	**196,902**	**24,438**	**26,987**	**2,533**	**2,705**	**2,822**	**2,945**	**3,696**	**3,603**	**209,077**	**233,142**
Amounts receivable												
Utility charges	1,468	1,629	842	1,212	169	126	68	77	69	55	2,616	3,099
Other receivables	207	327	4	13	-	1	7	10	-	-	218	351
Income tax equivalents	13,130	-	1,888	-	139	-	161	-	128	-	15,445	-
Total amounts receivable	**14,805**	**1,956**	**2,733**	**1,225**	**308**	**127**	**237**	**87**	**197**	**55**	**18,280**	**3,450**
Amounts payable												
Finance and borrowing costs	-	-	-	-	56	52	55	51	163	146	275	249
Income tax equivalents	-	2,646	-	380	-	28	-	32	-	26	-	3,112
Participation returns	51,429	51,004	7,394	7,333	546	542	630	625	500	496	60,500	60,000
Land tax	5,535	5,151	796	741	59	55	68	63	54	50	6,511	6,060
Stamp duty	111	74	16	11	1	1	1	1	1	1	131	88
Infrastructure agreements	1,941	-	-	-	-	-	-	-	-	-	1,941	-
Other payables	286	182	24	-	31	7	8	-	27	-	376	189
Total amounts payable	**59,302**	**59,057**	**8,230**	**8,465**	**693**	**685**	**763**	**772**	**745**	**719**	**69,733**	**69,698**
Borrowings												
Loans	-	-	-	-	14,736	14,736	14,676	14,676	53,803	53,803	83,215	83,215
Total borrowings	**-**	**-**	**-**	**-**	**14,736**	**14,736**	**14,676**	**14,676**	**53,803**	**53,803**	**83,215**	**83,215**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

25. FINANCIAL SUSTAINABILITY

The Authority seeks to ensure it remains financially sustainable by ensuring that it can meet its financial obligations both current and future, managing and operating its water and sewerage infrastructure in order to meet its customer service obligations, environmental licence conditions and requirements for water quality, and by working to deliver services to its customers at the lowest cost.

The following ratios reflect measures of financial sustainability and enable comparison with other water sector entities:

a) *Operating ratio* – Operating profit before income tax expense expressed as a proportion of total revenue. Ongoing positive results are one factor which indicate that sufficient revenue is being generated to fund operating and future capital expenditure.

b) *Capital replenishment ratio* – Capital expenditure on construction or replacement of non-current assets divided by depreciation expense on non-current assets. An average above one, over time, indicates that assets are being built or replaced at or above the rate the non-current asset base is being depreciated. Developer contributed donated assets are excluded from this calculation from 2023/2024 onwards.

c) *Debt to revenue ratio* – Total loans and borrowings divided by total revenue. This indicates the ability to pay principal and interest on borrowings when they fall due, from the funds generated through operations. Based on an optimal gearing ratio of 60%, the benchmark for a water utility debt to revenue ratio would be no more than 3 times.

The results have been disclosed for the current and comparative year as below:

	2025	2024
Operating ratio	5%	23%
Capital replenishment ratio	1.54 x	1.59 x
Debt to revenue ratio	1.88 x	1.77 x

The Authority continues to remain financially sustainable. The Authority's objectives in managing its capital structure are referenced in Note 18.

26. SUBSEQUENT EVENTS

To date, no events have occurred subsequent to balance date that materially impact on these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

27. NEW AND REVISED ACCOUNTING STANDARDS

At the date of authorisation of the financial report, the following Australian accounting standards and interpretations which could potentially have an impact on the Authority's Financial Statements have been issued but were not yet effective as at 30 June 2025. None of these have been early adopted and their impacts on the financial statements are not expected to be material.

STANDARD/ INTERPRETATION	APPLICATION DATE FOR AUTHORITY
AASB 2023-5 Amendments to Australian Accounting Standards – Lack of Exchangeability	1 January 2025
AASB 2024-2 Classification and Measurement of Financial Instruments	1 January 2026
AASB 18 Presentation and Disclosure in Financial Statements	1 January 2027

All other Australian accounting standards and interpretations with future commencement dates are not applicable to the Authority. The Authority applies standards and interpretations in accordance with their respective commencement dates.

CERTIFICATE OF THE CENTRAL SEQ DISTRIBUTOR-RETAILER AUTHORITY

For the year ended 30 June 2025

These general-purpose financial statements have been prepared pursuant to section 62 (1) of the *Financial Accountability Act 2009* (the Act), section 39 of the Financial and Performance Management Standard 2019 and other prescribed requirements. In accordance with section 62(1)(b) of the Act, we certify that in our opinion:

(i) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and

(ii) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Central SEQ Distributor-Retailer Authority (trading as Urban Utilities) for the financial year ended 30 June 2025 and of the financial position of the Authority at the end of that year; and

We acknowledge responsibility under s. 7 and s. 11 of the *Financial and Performance Management Standard 2019* for the establishment and maintenance, in all material respects, of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting throughout the reporting period.



Paul Vincent
BBus (Acc) FCA,GAICD

Board Chair

Date: 25 August 2025



Paul Arnold
BE (Hons), MBA, MAICD, MAusIMM, MIEAust EngExec

Chief Executive Officer

Date: 25 August 2025



Karen O'Brien
BBus (Acc) FCPA,MBA

General Manager, Corporate and Finance

Date: 25 August 2025

Queensland Audit Office
Better public services

INDEPENDENT AUDITOR'S REPORT

To the Board of Central SEQ Distributor-Retailer Authority

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Central SEQ Distributor-Retailer Authority.

The financial report comprises the statement of financial position as at 30 June 2025, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including material accounting policy information, and the management certificate.

In my opinion, the financial report:

a) gives a true and fair view of the entity's financial position as 30 June 2025, and its financial performance and cash flows for the year then ended; and

b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019 and Australian Accounting Standards.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including independence standards)* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

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

Other information

Those charged with governance are responsible for the other information.

The other information comprises the information included in the entity's annual report for the year ended 30 June 2025 but does not include the financial report and our auditor's report thereon.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

Queensland Audit Office
Better public services

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Responsibilities of the entity 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 the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019 and Australian Accounting Standards, and for such internal control as the Board determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Board is also responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the entity or to otherwise cease operations.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:
https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of my auditor's report.

Statement

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2025:

a) I received all the information and explanations I required.

b) I consider that, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.

Prescribed requirements scope

The prescribed requirements for the establishment and keeping of accounts are contained in the *Financial Accountability Act 2009*, any other Act and the Financial and Performance Management Standard 2019. The applicable requirements include those for keeping financial records that correctly record and explain the entity's transactions and account balances to enable the preparation of a true and fair financial report.

IAsim

26 August 2025

Irshaad Asim
Queensland Audit Office

APPENDICES

COMPLIANCE LETTER TO MINISTER

Office of the Chair
Level 10, 31 Duncan Street
Fortitude Valley QLD 4006

29 August 2025

The Honourable Ann Leahy MP
Minister for Local Government and Water and Minister for Fire, Disaster Recovery and Volunteers
Queensland State Government
GPO Box 2247
Brisbane QLD 4001

Dear Minister Leahy

Urban Utilities' FY25 Annual Report

I am pleased to present the FY25 Annual Report for the Central SEQ Distributor-Retailer Authority trading as Urban Utilities.

I certify that this annual report complies with:
- the prescribed requirements of the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*; and
- the detailed requirements set out in the Annual Report Requirements for Queensland Government Agencies.

A checklist outlining the annual report requirements can be found at page 126 of the document.

Yours sincerely



Paul Vincent
Chair
Central SEQ Distributor-Retailer Authority trading as Urban Utilities

APPENDICES

COMPLIANCE CHECKLIST

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 7	125
Accessibility	• Table of contents • Glossary	ARRs – section 9.1	3 128
	• Public availability	ARRs – section 9.2	2
	• Interpreter service statement	*Queensland Government Language Services Policy* ARRs – section 9.3	
	• Copyright notice	*Copyright Act 1968* *ARRs* – section 9.4	
	• Information Licensing	*QGEA – Information Licensing* ARRs – section 9.5	
General information	• Introductory Information	ARRs – section 10	10
Non-financial performance	• Government's objectives for the community and whole-of-government plans/specific initiatives	ARRs – section 11.1	Not applicable
	• Agency objectives and performance indicators	ARRs – section 11.2	14
	• Agency service areas and service standards	ARRs – section 11.3	23-23
Financial performance	• Summary of financial performance	ARRs – section 12.1	58-61
Governance – management and structure	• Organisational structure	ARRs – section 13.1	44
	• Executive management	ARRs – section 13.2	52-53
	• Government bodies (statutory bodies and other entities)	ARRs – section 13.3	Not applicable
	• Public Sector Ethics	*Public Sector Ethics Act 1994* ARRs – section 13.4	42
	• Human Rights	*Human Rights Act* 2019 ARRs – section 13.5	55
	• Queensland public service values	ARRs – section 13.6	Not applicable

APPENDICES

SUMMARY OF REQUIREMENT		BASIS FOR REQUIREMENT	ANNUAL REPORT REFERENCE
Governance – risk management and accountability	• Risk management	ARRs – section 14.1	54
	• Audit committee	ARRs – section 14.2	49
	• Internal audit	ARRs – section 14.3	54-55
	• External scrutiny	ARRs – section 14.4	54
	• Information systems and recordkeeping	ARRs – section 14.5	56
	• Information Security attestation	ARRs – section 14.6	Not applicable
Governance – human resources	• Strategic workforce planning and performance	ARRs – section 15.1	43
	• Early retirement, redundancy and retrenchment	*Directive No.04/18 Early Retirement, Redundancy and Retrenchment* ARRs – section 15.2	Not applicable
Open Data	• Statement advising publication of information	ARRs – section 16	57
	• Consultancies	ARRs – section 31.1	*https://data.qld.gov.au*
	• Overseas travel	ARRs – section 31.2	*https://data.qld.gov.au*
	• Queensland Language Services Policy	ARRs – section 31.3	*https://data.qld.gov.au*
Financial statements	• Certification of financial statements	FAA – section 62 FPMS – sections 38, 39 and 46 ARRs – section 17.1	122
	• Independent Auditor's Report	FAA – section 62 FPMS – section 46 ARRs – section 17.2	123 - 124

FAA Financial Accountability Act 2009

FPMS Financial and Performance Management Standard 2019

ARRs Annual report requirements for Queensland Government agencies

APPENDICES

GLOSSARY

CCRG
Customer and Community Reference Group

Central SEQ distributor-retailer
A statutory body supplying water and treating sewage to the service territories of Brisbane, Ipswich, Lockyer Valley, Scenic Rim and Somerset.

Earned Value
Calculated based on the percentage of completed projects multiplied by the project budget at completion. The budget at completion is the original budget plus approved variations.

Environmental regulator
The Department of the Environment, Tourism, Science and Innovation

FY25
Refers to the 2025 financial year, which spans 1 July 2024 to 30 June 2025.

HSW
Refers to our Health, Safety and Wellness portfolio of work.

Megalitre (ML)
Measurement of volume equal to one million litres.

Participation Agreement
A Participation Agreement under s20 or 23 of the South East Queensland Water (Distribution and Retail Restructuring) Act 2009.

Participant Council
Our Participant Councils, or shareholders, are Brisbane and Ipswich City Councils and Lockyer Valley, Scenic Rim and Somerset Regional Councils.

Recycled water
Water taken from any waste (effluent) stream and treated to a level suitable for further use, where it is used safely and sustainably for beneficial purposes. This is a general term that can include reclaimed water.

Resource Recovery Centre (RRC)
A wastewater treatment facility where materials can be recovered from wastewater and recycled back into the economy, often providing revenue to offset the cost of the treatment process.

S1
The largest wastewater (or sewer) pipe in Brisbane.

Stakeholder
All those who are either affected by or who can affect the activities of an organisation, namely customers, governments, the media, non-government organisations, local residents and employees.

THM
Trihalomethanes – a group of chemical compounds that can form as by-products when chlorine (or other disinfectants) used to treat drinking water reacts with natural organic matter like decaying leaves or algae in the water.

Trade waste
Water-borne waste from a business or manufacturing premises, that is not:

1. a prohibited substance (for example, petrol, pesticide),
2. domestic wastewater (human waste),
3. stormwater.

Wastewater
Material (also known as sewage) transported in a wastewater system. Wastewater is collected from all internal household drains; it contains all the contaminants of grey water and urine, plus high concentrations of faecal material from toilets and wastes from industrial and commercial premises.

Wastewater network
The pipes and channels, including all trunk, pressure and reticulation pipes, via which wastewater is transported from its point of origin (e.g. house or business) to a point of treatment and/or disposal.

Wastewater Treatment Plant (WWTP)
A facility that removes contaminants from wastewater to produce an effluent that is suitable to discharge to the surrounding environment or an intended reuse application.

UrbanUtilities

FOR MORE INFORMATION VISIT:

urbanutilities.com.au
or call **13 26 57**

Urban Utilities
GPO Box 2765 Brisbane QLD 4001

ABN 86 673 835 011
Q02399-2025 © Urban Utilities