



# 2021 annual report

**hunterh<sub>2</sub>O**  
*Water together*



Advisory and Planning

Asset Management

Design

Digital and SCADA

Process

Project Management

Operations Support

## Our Vision: **Water Together**

*Together we create the right water solutions to improve lives and support sustainable and healthy communities.*

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# chairperson's message

Dr Kirsten Molloy | Chairperson



Dear Shareholders

I was delighted to have been appointed to the role of Chair of Hunter H<sub>2</sub>O from 1 January 2021. It has been a very active year in terms of financial outcomes, innovation, people and culture, in the midst of an ongoing global pandemic, and our people's health and safety has been at the forefront of our minds and considerations. I also want to acknowledge the leadership and commitment of Brian Gatfield in his role as Chair since the company's inception in 2014 through to the end of 2020. It is pleasing to still have continued access to Brian's wise counsel as a Director and I thank him for his significant contribution to Hunter H<sub>2</sub>O.

I'm pleased to report on a year of outstanding achievements on a range of fronts, despite challenges of drought, floods, pandemic and continued economic uncertainty. It is worth reflecting on the reasons for how well the company did in these circumstances and, in particular, success in adjusting to the COVID-19 environment.

First, we started the year with a Strategic Plan that provided a framework to cope with uncertainty and management of risk. As a more agile organisation, we were able to react swiftly, adapting operations to an avalanche of change, including impacts of the pandemic, industry reform and new and emerging risks for both Hunter H<sub>2</sub>O and our customers.

Second, at all times our customers were front of mind. We kept close to our customers and met their needs in difficult conditions. When COVID-19 struck, we were organised and innovative, able to focus on customer response without business interruption or delay.

Third, Hunter H<sub>2</sub>O has built a high quality client portfolio, is financially conservative and, in this year under review, generated strong cash flow sufficient to generate positive shareholder returns.

A commitment to Zero Harm is embedded in our culture; our continued excellent safety performance is another positive for 2020/21. While we have an ongoing focus on physical safety, I am pleased we have adjusted our focus to include wellbeing and supporting positive mental health. While there are always areas for more development in this complex space, it has provided a solid foundation to support people through another uniquely challenging year.

At Hunter H<sub>2</sub>O, contributing to a sustainable future for everyone is core to who we are and what we want to achieve. We believe that future generations should enjoy environmental, social and economic conditions that are equal to or better than those enjoyed by the present generation. Our Strategy and business operations are guided by our renewed Sustainability Policy.

The Board and Executive have been working hard on inclusion and diversity within our business. An inclusive workplace culture creates the foundation for increased diversity and I look forward to further focus and outcomes in this area. Employee engagement has remained very positive and is, in fact, increasing over time, while focus areas for further improvement have been identified.

But lastly, and of most importance, Hunter H<sub>2</sub>O has extraordinarily capable people. It is due to you and all your colleagues, your enthusiasm, work ethic, skills, and competence that has delivered, all these outcomes, including very good financial results.

To my fellow Directors, my thanks for your support and guidance; to Peter Dennis and the Executive Leadership Team, my thanks and appreciation for impressive leadership, team cohesion and well laid plans for the longer term, well done.

With a strong order book, developing opportunities here and in the Pacific, the year ahead shows promise for further growth in a rapidly changing external environment.





# managing director's message

Peter Dennis | Managing Director



The last year has seen substantial business growth, leveraging our strong water sector positioning and long-term market penetration in a diverse range of markets across Australia, New Zealand and the Pacific. A steady stream of major project and panel wins has enabled robust growth and the ability to attract even more talented people to our team.

Our Board and Executive Leadership Team have continued to successfully execute our 2025 Strategic Plan. We have seen growth in profitability, we are more customer connected, we have expanded our client base and we have developed a healthy pipeline of work and long-term opportunities.

Hunter H<sub>2</sub>O's long-term relationships and agility have enabled us to provide vital assistance to our regional clients through catastrophic drought, bush fires and subsequent flooding events, epitomising our character, purpose and values. We have gained clarity on our market edge and have adapted into an agile organisation — able to respond to the needs of our customers when they need us most.

I am proud of our team's resilience in adapting to the challenges presented by COVID-19. I want to thank everyone for their perseverance through difficult times, and particularly for their support of one another. Our improved team connectedness and ability to rapidly move to a virtual working environment continues to be a key factor in our success.

We believe that, to be successful, you must put culture first. To strive for an environment that is inclusive, promotes diversity and that we are all proud to be part of. Most pleasing this year is our focus on and improvement in all aspects of our culture. This improvement strongly underpins our future success and I am proud of the collaborative way our people are engaging and sharing knowledge across the business.

A culture-first company focuses on employees as the driver of great performance. This approach aims to strengthen our unique service offering, encouraging the search for innovative solutions to better understand our clients' needs and challenges.

Our team continues to build market edge and competitive advantages through ongoing investment in digitalisation of our design processes, smart asset management approaches, creation of next generation operating systems and innovative process designs that result in more resilient and sustainable treatment plant performance.

One of the key litmus tests for being customer connected was the renewal of a number of our major panel partnerships. In particular, this year our team was successful in securing our position as one of two partners under Hunter Water's Design & Engineering Services Partnership, which has a life of up to eight years. One of the primary selection criteria was around our culture and ways of working, and we are excited to continue on our journey of shaping sustainable urban water management in our own backyard with our partner, Hunter Water. Our increased panel revenue, together with our exceptionally strong revenue from our regional market, ensures a resilient forward pipeline of exciting and meaningful work for our team.

Hunter H<sub>2</sub>O continues to recognise the importance of investing meaningful support into our neighbouring Pacific communities. Our people play a vital role in supporting the intent of the Sustainability Development Goal set by the United Nations for Clean Water and Sanitation (SDG6). This is more important than ever as our Pacific friends recover from the impacts of COVID-19 on their local economies. We see first-hand the value we can foster through close partnerships that show genuine investment in building the local capacity of our neighbours.

Our critical connections with the Australian Water Partnership and the Pacific Water and Wastewater Association directly support Young Water Professional development in Pacific nations. This is an important investment in a more sustainable, diverse and equitable future.

Our Board and team continue to strive to contribute to a more sustainable future. This year, we invested in a 100 kW solar system for our Newcastle head office, in addition to a number of other sustainability initiatives implemented by our Sustainability Team (detailed further in the Our Sustainability Journey section of this Annual Report).

Our diverse network of talented people continues to inspire me through their unique strengths, insights and how they apply these to develop smarter and more practical water solutions for our clients. Through blending our technical capability and our personal approach, we forge strong, trusted relationships with our clients and stakeholders. A number of these smart, customised water solutions are showcased in the Project Highlights section of this Annual Report.

We really appreciate the strong team we are building outside of the Hunter. Our new offices in Tamworth and Suva, together with our existing offices in Adelaide and Brisbane, enable us to stay connected with our regional clients and build a strong, diversified network of clients throughout Australia and the Pacific.

Well done to our team for your commitment towards building a great culture, continuously improving our organisation and supporting one another. Your resilience and agility in responding to the challenges of the last year is inspiring.

I am incredibly excited and optimistic about our future. A future where:

- » We continue to collaborate to make a difference in the communities in which we work
- » We continue to grow our business, increase our impact and reward our staff and shareholders
- » Our people grow and develop to achieve their professional aspirations
- » Our work contributes to more sustainable use of water for the longevity and liveability of the communities we work with.

I also appreciate the support of our Chair and the Board in providing effective governance and oversight of our company strategy and risk management processes and, most vitally, backing our team at Hunter H<sub>2</sub>O.





# company vision & purpose

## We get excited about your toughest water and engineering challenges

- » 100% Australian and employee-owned
- » Water focused, internationally skilled and competitive
- » Our operations heritage fosters the trust and practical insight needed to deliver the right solution the first time.

Hunter H<sub>2</sub>O is one of the largest Australian specialist consulting firms in the water industry. We operate across a broad range of water industry project types within the following diverse set of clients and geographies: Regional Water Utilities, Metropolitan Water Authorities, International, Private Sector Clients and Government Agencies.

We employ over 125 water industry specialists and forecast continual growth through building a strong presence around our major city offices in Brisbane, Newcastle, Adelaide, Tamworth and our new office in Suva, Fiji.

We work alongside our clients to integrate:

- » Process expertise including both Water and Wastewater
- » Design services (including civil, mechanical, electrical, hydraulic and chemical/process engineering)
- » Planning (Australia and international)
- » Digital SCADA & automation integration services
- » Project management and operations support
- » Asset management
- » Strategic advisory expertise.

Our third-party certified health and safety, environment and quality management systems define the framework for consistent quality and safe operations during the successful delivery of projects.

Our vision of “Water Together” has several meanings. Water is vital for the many communities we serve.

Our vision reflects:

- » The importance we place on collaboration, diversity and teamwork in creating the right innovative solutions that drive value
- » It also reflects our strong desire to partner with our customers, constructors, universities and other professionals in ensuring healthy and sustainable communities.

Our purpose epitomises who we are at Hunter H<sub>2</sub>O. Our work in regional areas and in the Pacific is really about helping communities to ensure they have reliable and safe drinking water, as well as sustainable management of wastewater. It also captures our desire to deliver smart and innovative water solutions for our customers.

### Our vision

Water Together

### Our purpose

Together we create the right water solutions to improve lives and support sustainable & healthy communities

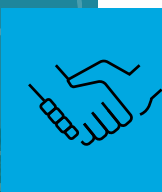
### Our values

I care deeply  
I am inclusive  
I do what's right



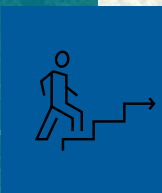
#### We work as one team

We connect the right people for the job  
We collaborate to create the right solutions  
We encourage and recognise excellence and we celebrate achievements.



#### We are customer connected

We put the customer “front of mind” in everything we do  
We seek solutions that drive value for our customers and the communities that they serve  
We deliver services that are timely, efficient and meet the needs of the customer.



#### We develop our people so that they can be the best they can

We support mentoring and development programs  
We provide constructive feedback  
We provide exposure to the right work experiences.



#### We empower our people

We dedicate time for creativity and problem solving  
We have courage to try things out  
We value solutions and innovations that make our communities more sustainable.



#### We are always improving

We have a commercial mindset in how we work  
We actively engage our customers to seek feedback on our service delivery and identify opportunities for improvement  
We dedicate time to reflect and learn from our experiences.



# supporting healthy communities for our traditional owners

## We acknowledge the Traditional Owners and Custodians of the lands on which we live and work.

We pay our respects to Elders, past, present and emerging, and acknowledge the cultural heritage, beliefs and continuing relationship of Traditional Owners with the land.

The Aboriginal and Torres Strait Islander people have provided custodianship of the waters of this region for more than 40,000 years. Our team recognises this strong connection and celebrates their contribution to the region and the importance of the Traditional Owners in the journey ahead.

Hunter H<sub>2</sub>O supports Indigenous communities through our work assisting in the delivery of clean water and sanitation infrastructure.

## Chlorination Options Study, Summervale Aboriginal Community | Department of Planning Industry and Environment (DPIE)

DPIE manages the Aboriginal Communities Water & Sewerage Program (ACWSP). The ACWSP is a joint initiative between the NSW Government and NSW Aboriginal Land Council (NSWALC).

The Summervale Aboriginal community is located approximately 5 kms from the town of Walcha. The land on which the community is situated is owned by the Amaroo Local Aboriginal Land Council (LALC). There are 12 permanent residences in the community, with a fluctuating population.

Under the ACWSP, Walcha Council is engaged by DPIE as the service provider of water and sewerage services to the Summervale community under a long-term agreement.

Drinking water is supplied to Summervale from the Walcha WTP. Water from the WTP is piped directly into the Summervale reticulation without a service reservoir. There has been a history of low chlorine residuals recorded at Summervale, with regular detections below 0.2 mg/L. Due to the fluctuating use at Summervale, detention time can vary between 4-8 days, with pH exceeding 8.5.

DPIE engaged Hunter H<sub>2</sub>O to perform an options study to increase chlorine residual in Summervale. The ultimate outcome is to ensure Summervale has a chlorine residual of  $\geq 0.2$  mg/L throughout the distribution system, in accordance with the Australian Drinking Water Guidelines 2011.



## Chlorination System Design Develop & Construct (DD&C), Summervale Aboriginal Community | DPIE

Following on from the options study, a preferred option was selected involving dosing chlorine at the beginning of the Summervale Gravity Main. This option would boost the chlorine residual to ensure that a residual would be maintained at the Summervale community.

Hunter H<sub>2</sub>O was engaged to develop a concept design for the chlorine dosing and monitoring system, development of DD&C specifications and project management of the tendering and construction process.

## Namatjira Design Review Department of Industry - Water

Dareton is located in the far west of NSW, within the Wentworth Shire Council, approximately 850 kms west of Sydney and 15 kms northwest of Mildura

The Dareton Raw Water system is sourced from the Murray River, and owned by Wentworth Shire Council. At the eastern end of the system, a steel reservoir and pump station are located adjacent to Namatjira Avenue to supply raw water to the Namatjira / New Merinee Aboriginal Communities.

The existing steel reservoir has been deemed to be in a state beyond economical repair as assessed by Public Works Advisory (PWA), and PWA has put forward that it needs to be demolished and replaced with an alternative Raw Water supply system.

Hunter H<sub>2</sub>O was engaged review the current Namatjira and New Merinee Raw Water Supply Upgrade design for the purposes of:

- » Checking the validity of the assumptions used to develop the current concept design,
- » Reviewing the proposed design to see if it represents value for money
- » Identifying areas of over-design, over-specification and/or the inclusion of excessive requirements.







# our sustainability journey

Hunter H<sub>2</sub>O's Sustainability Policy is built upon our guiding values and principles and is intrinsically supported by our four strategic pillars: Being Customer Connected; Our Team; Our Market Edge; and Sustainable and Agile.

For our team at Hunter H<sub>2</sub>O, contributing to a sustainable future for everyone is core to who we are and what we want to achieve.

Earlier this year Hunter H<sub>2</sub>O undertook a carbon accounting and energy audit to identify opportunities for reducing our carbon output. The assessment found that renewable energy would be a viable and effective option in helping us achieve carbon neutrality in the near future.

Therefore, in early March, a 100 kW solar system was installed at our head office in Newcastle, reducing approximately 25% of power imported from the grid.

At the same time, it was identified that our head office car park lighting was consuming a significant amount of electricity, based on old lighting technology. We have since installed energy efficient LEDs, reducing approximately 84% of the electricity used to power the car park lights.

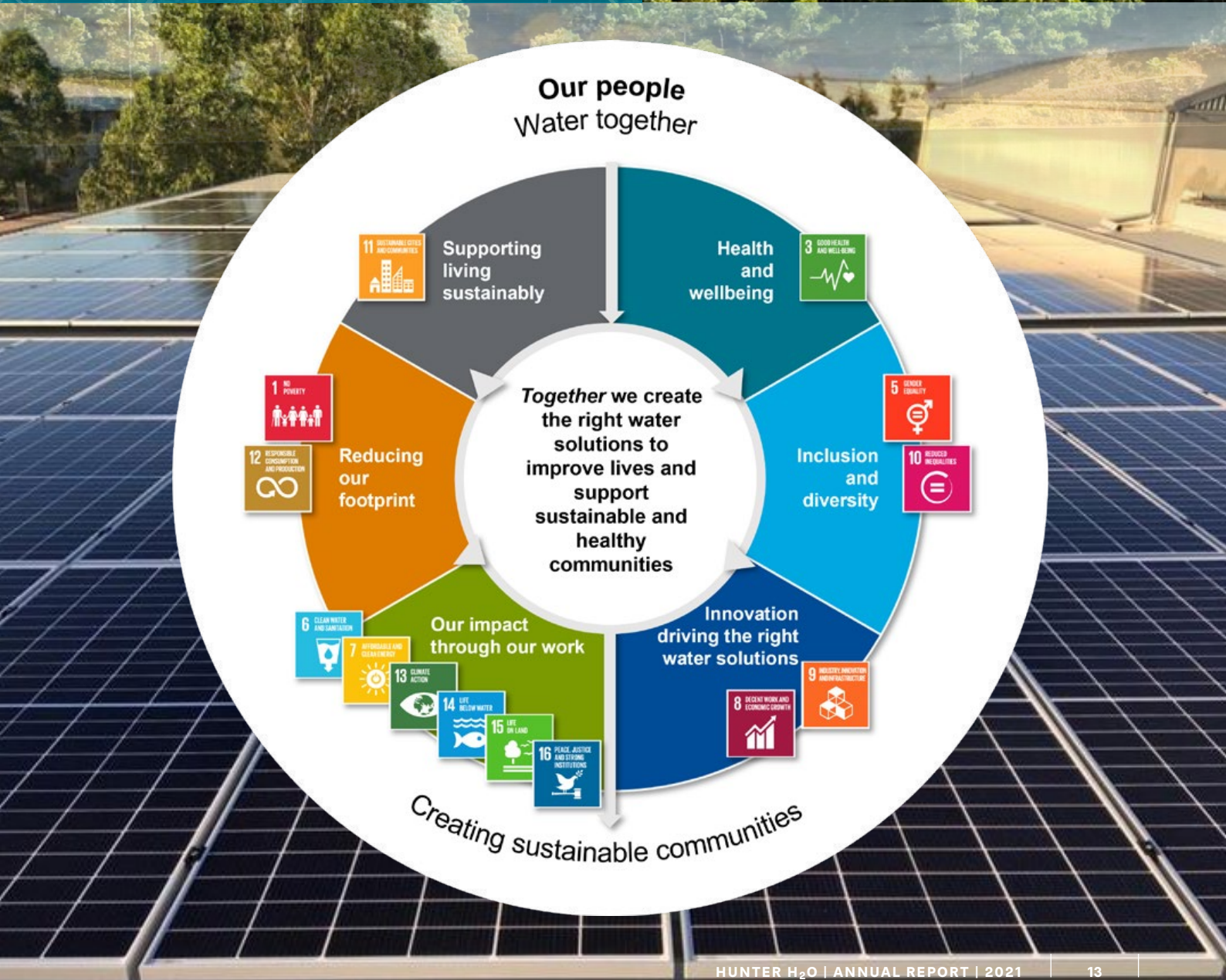
We also now have a veggie patch and compost bin at our head office, thanks to the hard work and green thumbs of our team. The veggie patch has been in place since June and is already producing lots of fresh and tasty veggies, ready for the picking!



We believe that future generations should enjoy environmental, social and economic conditions that are equal to or better than those enjoyed by the present generation. Our strategy and business operations are guided by the following principles:

- » We recognise that climate change is a significant challenge to achieving sustainable economic, social and environmental development in the water industry and this belief is reflected in our core business activities
- » We recognise the importance of the United Nations' Sustainable Development Goals and strive to meet the intent in whatever way we can. Through our strategy execution, Hunter H<sub>2</sub>O is committed to continually reviewing and improving sustainability practices

- » Our business operations are guided by the 10 Principles of the United Nations' Global Compact. We recognise our strong partnership with our Pacific clients and other agencies is founded on trust and an implicit respect for these principles
- » We strongly support the objectives of the Modern Slavery Bill 2018 (Commonwealth) and Modern Slavery Act 2018 (NSW).







# project highlights

## Liverpool Plains Shire Council Quipolly Water Project

The Quipolly Water Project is the final stage of Liverpool Plains Shire Council's (LSPC) regional water supply strategy. The project improves water supply security by connecting the catchment and storage capacity of Quipolly Dam to customers in the towns of Quirindi, Werris Creek and Willow Tree.

The project includes construction of a new greenfield 6 ML/day Quipolly WTP, 21 km of pipelines to interconnect the water supplies of Werris Creek and Quirindi, dam destratification and intake tower modifications. The WTP will be required to treat some of the most difficult water quality encountered in Australia, and will incorporate varied treatment processes including PAC, DAF, ozone, chemical dosing and UV disinfection.

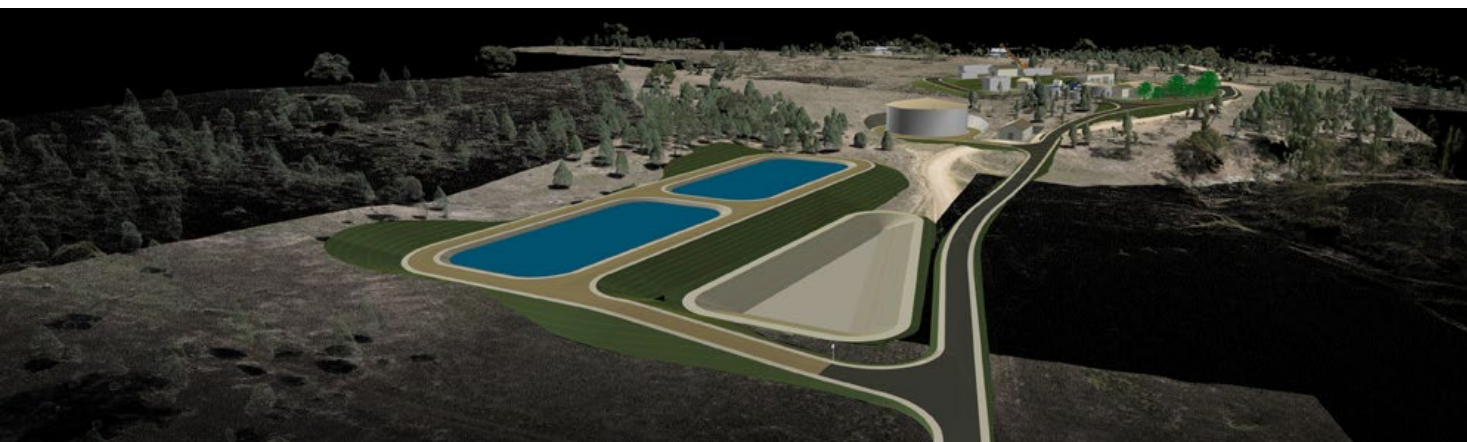
Having successfully secured \$20M in Federal and NSW Safe & Secure grant funding, LPSC needed a trusted partner to assist them in delivering this significant water infrastructure project.

LPSC engaged Hunter H<sub>2</sub>O to provide project management, engineering and procurement services.

A review of project risks and opportunities identified early work and investigations that LPSC could undertake immediately to reduce their contract risk and improve price certainty. Our project team worked closely with LPSC to determine the right areas where our project management and engineering support would add value.

Our team continues to support LPSC with ongoing project management, contract administration and engineering support through the contract period, testing and commissioning.

Under a separate engagement, we are currently fulfilling a role as a Principal's Authorised Person and Owner's Engineer for a GC21 Design and Construct contract valued at \$32M. We will continue throughout this engagement to administer the contract, review the contractors, supervise construction including release of hold point and provide proof of performance testing, and commissioning assistance.



## Hunter Water

### Design & Engineering Services Partnership

Hunter H<sub>2</sub>O has been awarded a four-year partnership agreement as part of Hunter Water's Design & Engineering Services Partnership, with the opportunity to extend an additional four years. This partnership agreement has been in effect since February 2021.

The Partnership provides a range of design and engineering services focused on water and wastewater challenges across multiple engineering disciplines, including civil, structural, mechanical, electrical, process, geotechnical, environmental and dam engineering. It also covers all aspects of water utility engineering support, including master planning, advisory, planning, design and operational support.

Within two months of the panel being initiated, Hunter H<sub>2</sub>O has received and undertaken over 50 service requests ranging from water and wastewater planning model calibrations, ad-hoc design advice, water and wastewater asset condition assessments, value management workshop facilitation and assessments, business case support, dam geotechnical inspections, hazardous chemical management plans, water treatment plant operations support, survey support and water network monitoring.

This current partnership builds on our long-term relationship with Hunter Water, where we have provided planning, engineering and design services to them under a range of different models for over 20 years.

This arrangement is a true partnership, with a focus on ensuring the relationship is not transactional. To support this, the partnership has created a roadmap with broader aspirations for Hunter Water, including long-term capability development, pursuing digital engineering best practice, sustainable decision-making frameworks and other agreed long-term partnership goals. We have a set of KPIs that measure performance, including against our longer-term partnership objectives.







# project highlights

## MidCoast Council

### Gloucester STP

The Gloucester STP was constructed in the 1930s and is typical of other trickling filter plants constructed throughout regional NSW during this era. The last major upgrade was completed in 1983, realising a rated capacity of 4,600 EP. A portion of the treated effluent undergoes further post maturation pond treatment prior to agricultural reuse at adjoining properties. The balance of effluent is discharged to the Gloucester River.

A 2015 condition assessment showed the 80-year old civil structures were mostly in poor condition. Mechanical and electrical assets are in varying condition, with many requiring urgent replacement. A number of significant WHS risks were also identified, mostly associated with construction prior to implementation of modern standards.

Population projections have indicated that plant capacity will be exceeded within the next 15 years. Further, the current plant is unable to produce effluent consistent with contemporary environmental standards and both the EPA and the community have an expectation that any STP upgrade would deliver incremental improvements in effluent quality.

MidCoast Council (MCC) has committed to replacing the current STP in order to address WHS issues, cater for future growth and improve effluent quality. The upgrade must also ensure that flood risks associated with the current site (adjacent to the Gloucester River) are effectively managed. An options study completed in 2020 identified a continuous activated sludge process as the preferred treatment configuration.

Hunter H<sub>2</sub>O was engaged in January 2021 to develop a concept design of the preferred option that can be used to inform a subsequent detailed design phase. Compilation of a REF and technical specifications / schedules associated with the detailed design were also delivered as part of the engagement.

The concept design also included construction staging that minimised non-compliance risks throughout the construction process, and outlined how the rising mains could be successfully transferred to the new infrastructure.

The tender documentation was delivered in close consultation with MCC in accordance with their templates and requirements.



## Watercare Services

### Papakura WTP

Watercare Services Ltd (WSL) is delivering a new WTP at Papakura, south of Auckland, NZ, to augment the existing Auckland region water supply. The plant will treat water from the relatively small Hay's Creek Dam which, during the winter months, sees significant rainfall, with the dam often spilling. The new Papakura WTP will have capacity of 12 ML/d, harvesting water from the dam and treating it to a very high standard.

Our long history with WSL was a catalyst for their Operations Excellence Group to directly seek us out to provide advice on the process train and initial project development support. Following on from the success of this initial work, our role has evolved into whole of plant design assistance, including process, mechanical, hydraulic and design management and coordination.

This project was initiated in mid-2020 as a part of a drought response program, and must be completed by late-2021, as the temporary plant is taken offline. The project involves WSL and a number of third parties, including major plant vendors (Suez, Filtec, Trojan, WTA), local NZ design consultants and contractor (Fletcher Constructions), with all suppliers working together to deliver the works in this challenging timeframe.

Our experience in whole of plant design, vendor management and client support, and providing a leading role in coordinating the design, ensured WSL had confidence to deliver within a unique project environment.

An aspect of design coordination that is more unique to this project, is our coordinating the integration of a 3D model that brings together and integrates the individual design models of seven different designers across four countries. This model is being used to develop the design, complete Safety in Design and operational planning, and provide downstream construction efficiency, with the Contractor being able to plan for its construction well ahead of receiving final 2D drawings.

Our team is providing a high level of consultation and engagement with the WSL team as they work through preliminary, concept, detail design and construction in a very compressed timeframe.

We have delivered all of this through a virtual working environment – design, consultation, workshop facilitation – against a background of drought and the COVID pandemic.







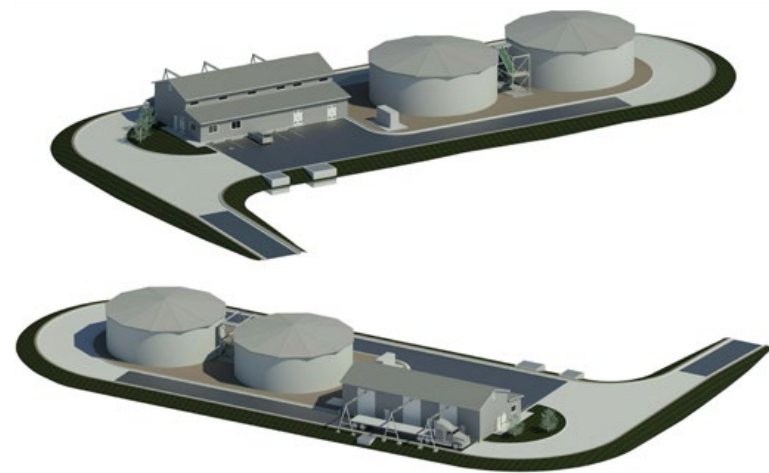
# project highlights

## Gunnedah Shire Council

### Gunnedah WTP

Gunnedah Shire Council (GSC) townships are currently supplied with chlorinated water. In 2009, NSW Health approached GSC to implement fluoride into the town water supply as part of the NSW Health Fluoridation Implementation Scheme. It wasn't until December 2017 when GSC approved the implementation of fluoride.

GSC approached Hunter H<sub>2</sub>O in February 2019 to undertake an options assessment study to review the benefits between continuing with decentralised dosing systems and a centralised dosing system. Both configurations were for fluoride and chlorine dosing only. The outcome of the options assessment saw endorsement of the preferred option of a centralised chlorine and fluoride dosing plant by NSW Health and DPIE, as they saw significant benefit to GSC's ongoing operational costs.



Upon endorsement, GSC engaged Hunter H<sub>2</sub>O to complete a high level 50% concept design to firm budget requirements with the funding body, which later led to completion of the concept design to 100% and development of GC21 Design and Construct tender specifications.

Hunter H<sub>2</sub>O built a strong relationship with GSC and was further engaged as Owner's Engineer to aid GSC with design review, construction technical assistance / site inspections and commissioning / training assistance through the delivery of the WTP.

As a separate engagement in June 2021, GSC engaged Hunter H<sub>2</sub>O to act in the role of Principal's Authorised Person for the contract. This role provides direct correspondence between the Principal and the Contractor, with main tasks including assessment of payment claims, design / construction progress and review of project management documentation.



## Walcha Council

### Walcha Off Creek Storage

Hunter H<sub>2</sub>O was engaged by Walcha Council in early 2020 to undertake project planning for the detailed design of a new 300ML Off Creek Storage, River Pontoon Pumping Station (RPPS) and associated pumping and control system infrastructure. The project focused directly on improving water supply redundancy and security of supply following a period of unprecedented drought in the Namoi Region in 2018/19.

Hunter H<sub>2</sub>O led the design of the proposed network infrastructure and engaged dam specialist subconsultant, Entura, to complete the design of the Walcha Off Creek Storage infrastructure. The detailed design and associated GC21 commercial documentation were successfully delivered by mid-2021, with Walcha Council approaching the market for procurement of a Construct Only engagement shortly after.

Hunter H<sub>2</sub>O encountered several key challenges in the development of the design. The impacts of COVID, particularly with travel restrictions making site attendance difficult, were managed by our team working collaboratively with Walcha Council.

The high level of collaboration that Hunter H<sub>2</sub>O embodied ensured that the project was ultimately delivered in a timely manner for Walcha Council to begin the procurement phase within the timeframes stipulated by their Funding Deed.

The project team delivered significant value to Walcha Council. A high level of consultation with representatives from Walcha Council, NRAR, DPIE, DSNSW and other identified stakeholders (including the private landowner), ensured that no 'showstoppers' disrupted the development of the design, and the final output was fit for purpose and satisfied the key requirements of both internal and external stakeholders.







# project highlights

## Townsville City Council

### Reservoir Condition Assessments

Townsville City Council (TCC) owns and operates 45 water service reservoirs across an expansive area of operations. Hunter H<sub>2</sub>O was engaged to conduct inspection and detailed condition assessment of 15 reservoirs within TCC's supply network. The primary drivers for the condition assessment were to locate condition issues that affect structural condition, operation and maintenance, and WHS, water quality, environment, site security and community impacts.

This type of work has traditionally been completed via divers and an invasive inspection. Hunter H<sub>2</sub>O proposed the use of a submersible ROV to complete internal inspections and an external air drove to assist with external inspections where possible.

This approach mitigated significant WHS risks, as divers were not required to enter each reservoir. As a result of this approach, there was significant cost savings and a reduction in operational impact to Townsville's water supply network (with all reservoirs remaining in service during the inspection).

This significantly reduced the operational input required from TCC to complete the inspections, by removing the need for localised shutdowns and disinfection works, etc. to maintain water quality. The main requirement was the need to have each reservoir full.

Another benefit was that the inspection was completed by qualified engineers on-site, resulting in solid and tangible recommendations for repairs that were needed to be completed on each reservoir to ensure continued operation.

A detailed condition assessment report was prepared for each reservoir, highlighting and discussing issues in relation to asset condition, with accompanying photos, any impacts to water quality and ongoing operation of the asset, as well as documenting WHS issues at the site, such as non-compliant access structures.

Due to the success of the initial inspections, follow-up work for this project has recently been awarded to Hunter H<sub>2</sub>O, which includes the preparation of tender packages for the remediation of five of the highest priority reservoirs inspected. In addition, Hunter H<sub>2</sub>O will complete inspections for a further 18 reservoirs.



## Water Supply Network Storage

### Risk Assessment Methodology

Hunter H<sub>2</sub>O is regularly engaged to carry out analysis of the current and future performance of water supply systems and develop augmentation strategies where required. When considering potential augmentation options, including changes in reservoir storage capacity, WSAA recommends a risk-based approach that reflects the characteristics of the system and the associated risk to water resilience.

Any request for funding assistance from external parties would be expected to include outcomes from such an assessment, to demonstrate that a robust consideration of options has been undertaken and the optimal solution identified.

To assist in determining the optimum outcomes for water supply systems, Hunter H<sub>2</sub>O has developed a risk assessment methodology that aligns with ISO 31000, the international standard for risk management, and meets WSAA requirements. The process can be adapted to incorporate a utility's existing risk measurement tools and enables focus on the highest risk scenarios and their viable solutions. It is a collaborative process that can bring together planning and operational staff to objectively determine the best path forward for the network and its customers

## Case Study: Snowy Monaro Regional Council Cooma Risk Assessment Workshop

Hunter H<sub>2</sub>O was in the process of finalising a water supply strategy for Cooma on behalf of Snowy Monaro Regional Council (SMRC), when the catastrophic failure of an existing reservoir within the network was experienced.

The effects of this loss on the capacity of the network to meet current and future customer demands needed to be examined to enable SMRC to decide whether to replace the reservoir.

A collaborative approach was adopted with SMRC to integrate system modelling outcomes and operational experiences. Risk assessment techniques were customised to the situation, enabling the consideration of a range of practical options scaled to address the risks identified.

The objective of the project was to identify options for infrastructure and operational modifications to ensure water supply continuity is maintained in line with customer expectations. The outcomes needed to meet WSAA requirements for risk analysis of the causes of supply interruption, and take current and future customer demand into account, including the needs of major commercial customers.

The risk workshop was conducted onsite at Cooma and involved SMRC representatives from water management, planning and operations. Participants were guided through an identification of the potential network failure modes that could affect supply continuity and the level of severity these posed. Those events with the capacity to interrupt customer supply for unacceptable durations were extracted and the likelihood of occurrence was determined.

Whilst replacing the lost reservoir was an option for SMRC, the risk analysis approach resulted in a number of other approaches being considered. These ranged from modifying existing pumps and process units, to proactive regulation of reservoir depletion and bolstering bushfire response plans.

The risk analysis methodology developed for this project is transferable to other network management situations. Failure modes can be considered in light of their consequences to service expectations and then compared to risk appetite levels of the organisation.

It is flexible and adaptable and intuitive for users with minimal risk management experience.





# project highlights

## North East Water

### West Wodonga Bioenergy Facility

North East Water (NEW) owns and operates West Wodonga WWTP. The WWTP is close to capacity, with over 40% of the load being attributed to high organic strength trade waste. In parallel, NEW has a goal to significantly reduce Greenhouse Gas (GHG) emissions by 2025. NEW and Hunter H<sub>2</sub>O have been working together since 2018 to identify options to reduce loading to the WWTP and reduce GHG emissions.

Hunter H<sub>2</sub>O has recently been engaged to provide a reference design and tender specification for the procurement of a new bioenergy facility. The contract also includes tender review, construction support and commissioning support. The proposed new bioenergy facility will receive the diverted high strength organic waste, freeing up an additional 40% capacity for growth. The trade waste will then be anaerobically digested, a process which will produce methane gas which will be combusted to produce electricity.

A struvite precipitation process will then be used to strip phosphorus and nitrogen from the anaerobic digestate for beneficial agricultural reuse. This component of the process is relatively novel, with limited examples of implementation in Australia. Following stripping of nutrients, the effluent will then be treated through a new Membrane Bioreactor (MBR) process.

The proposed project provides additional capacity for growth, whilst providing beneficial by-products and significantly reducing site GHG emissions. It is further estimated that this project has the potential to save up to \$20M over a 30-year lifecycle, compared with the business as usual option.

In parallel with the new bioenergy facility, a new hydrogen production facility will be installed adjacent by Australian Gas Infrastructure Group. It is intended to use the by-product of hydrogen production, oxygen, for biological processes within the WWTP. Use of this oxygen will reduce site power consumption and, hence, GHG emissions. Although Hunter H<sub>2</sub>O is not involved in the hydrogen project, we will be completing the reference design and specification for the integration of the pure oxygen injection.



## Queanbeyan-Palerang Regional Council

### Queanbeyan STP

Hunter H<sub>2</sub>O is working with Queanbeyan Palerang Regional Council (QPRC) to deliver the Queanbeyan STP Upgrade which will replace Queanbeyan's existing STP with a modern treatment facility that protects public health and the environment for future generations.

The new 75,000 EP Queanbeyan STP supports the continued growth and development of Queanbeyan and is designed to meet stringent environmental objectives for effluent discharge into the Molonglo River that flows into Canberra's Lake Burley Griffin. The design of the new facility has been developed in close consultation with QPRC, with a strong focus on reliable operation, sustainability and whole of life value to QPRC.

The upgrade uses an advanced treatment process that includes a continuous flow oxidation ditch and clarifiers for biological nutrient removal, tertiary DAF filtration for phosphorus removal and UV disinfection. The plant is configured with the ability to operate in a solids-contact mode to provide enhanced treatment during wet weather flows.

As the lead design consultant, Hunter H<sub>2</sub>O is supporting QPRC through delivery of all aspects of the project. The detailed design is being delivered using digital design practices that include digital drone survey with photogrammetry, development of fully-integrated 3D design of the upgrade, as well as Smart P&IDs that include meta-data.

The use of these tools assists in engaging QPRC and other stakeholders in a detailed and meaningful review of the operational and maintenance needs as the design develops, and continues to provide value during construction and plant operation.



Hunter H<sub>2</sub>O and QPRC have established a highly collaborative project team. This high level of trust and collaboration has enabled us to support QPRC with our specialist resources as new needs arise, and has provided an opportunity to share ideas and deliver innovation.

The project includes the following innovation enhancements:

- » Hunter H<sub>2</sub>O used pilot plant testing to demonstrate that mechanical mixers could be removed from the anoxic zone design, delivering an ongoing saving of \$25,000 per year in power costs
- » Our procurement for the project includes early vendor engagement, with equipment suppliers being engaged by QPRC during the design phase. This delivers a high degree of collaboration between QPRC's operators, equipment suppliers and the designer during design development, providing QPRC with a high degree of control over the equipment they will operate and reducing supply risks during the construction phase
- » The digital design and supplier engagement are being delivered with the end-operator in mind. As part of the project, we propose to deliver a NextGen operating system providing QPRC's treatment operators with digital operation and maintenance information, including record drawings, equipment details, training videos and automated information reports of key compliance and monitoring information.





# project highlights

## Snowy Monaro Regional Council

### Adaminaby & Bombala STPs

Adaminaby and Bombala STPs were commissioned in the 1960s and are typical of trickling filter type plants of this time. Faced with aging assets and tightening effluent quality requirements, Snowy Monaro Regional Council (SMRC) elected to upgrade the STPs. Hunter H<sub>2</sub>O was engaged to undertake options assessment, concept and detailed design for replacement treatment plants.

We first worked with SMRC to develop a design basis to be utilised throughout the project. The limited quantity of reliable information complicated design basis development and considerable effort was placed in closing information gaps and adopting conservative assumptions. We then developed a long-list of suitable technology and equipment types. Through discussions with SMRC and a subsequent multi-criteria assessment (MCA), a preferred approach was identified.

With a preferred approach selected, we then undertook concept designs at each site that included construction of a packaged inlet works, dual intermittent activated sludge reactors with diffused aeration, tertiary continuous backwash filters, chemical dosing facility (phosphorus removal and alkalinity correction) and sludge lagoons. A new switchroom, blower building and site recycled water system were also included within the design.

Engagement with funding partners and regulatory authorities saw delivery of the Adaminaby project delayed and minor changes to the headworks at Bombala. We undertook all levels of process, civil / structural, mechanical and electrical / control detailed design. Considerable effort was required to allow construction within the restricted brownfield site, whilst allowing continued operation of the existing plant. We then developed technical specifications and schedules for use during delivery via a Construct Only contract. We provided support during the construction and commissioning phases of the project. We were responsible for process commissioning of the plant when sewage was introduced in the summer of 2021, and we continue to provide operational assistance during the early stages of the plant's life, including provision of operational manuals and training.

During construction of the Bombala STP, we worked with SMRC to resolve funding and regulatory approval issues for Adaminaby that led to a reduction in size of the Adaminaby STP and a revised in-channel inlet works. With the configuration approved, we then undertook a detailed design technical package as per Bombala that was completed at the end of 2020. The Construction Contract was awarded in early 2021 and site works have just commenced. We will provide the same construction and commissioning support as per the Bombala project to support SMRC in the delivery of this vital infrastructure. This project saw us support SMRC from inception through to initial running of industry best practice treatment plants that will yield operational, environmental and community benefits across their design life.



## Wingecarribee Shire Council

### Bowral, Moss Vale & Mittagong STPs

Wingecarribee Shire Council (WSC) is projecting significant growth across a large part of its LGA. Their three largest STPs at Bowral, Moss Vale and Mittagong are at or approaching capacity and require augmentation to support anticipated growth.

Operating within Sydney's drinking water catchment, effluent quality requirements are extremely stringent and WSC has adopted Neutral or Beneficial Effect (NorBE) criteria as established by WaterNSW. WSC intends to upgrade each of the plants sequentially over the next five to six years.

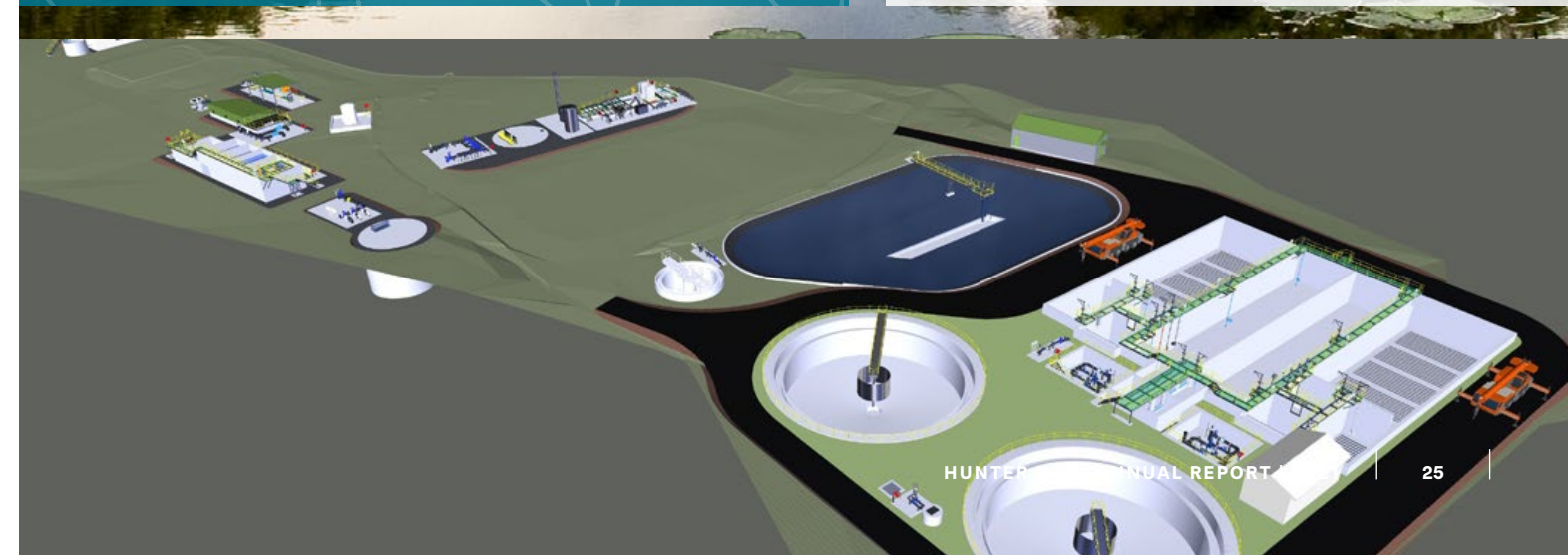
Hunter H<sub>2</sub>O was awarded the detailed design of the first upgrade (Bowral STP) in early 2020. A review of the previous concept design identified innovations associated with reactor configuration and sludge handling that reduced capital costs, improved effluent quality and simplified operation.

Shortly following endorsement of an intermittent activated sludge process, WSC released the detailed design brief for the second upgrade (Moss Vale STP). The required an alternate process to cater for anticipated growth. Knowing WSC's preference for consistency across the plants, a value proposition was made involving conversion to continuous activated sludge and dual media filtration technology, much better suited to achieve quality objectives across both sites and also maximise potential beneficial reuse. Following a number of workshops with WSC and external stakeholders, the alternate configuration was adopted across both sites.

The Moss Vale concept design assumed delivery in a number of stages to provide flexibility to cater for scenarios where the planned growth does not eventuate. The first of these stages had a population extremely close to the ultimate population of Bowral (21,000 EP). This presented an opportunity to design two equally sized and configured plants. Hunter H<sub>2</sub>O tendered on the Moss Vale detailed design on this basis and was able to demonstrate a range of efficiency (cost and time), delivery (through consistency) and operational advantages to WSC. These advantages saw Hunter H<sub>2</sub>O awarded the detailed design in July 2020.

The third and final detailed design (Mittagong) was released for tender in late 2020, again with an ultimate size of 21,000 EP and similar effluent quality requirements. This presented a unique opportunity to deliver three very similar treatment facilities, offering both delivery and long-term operational benefits associated with commonality. In early 2021, Hunter H<sub>2</sub>O was awarded the detailed design phase of the Mittagong STP and secured a vital place in the development of a once in a generational upgrade to WSC's treatment assets.

The Bowral STP detailed design is approaching completion, with the Moss Vale STP scheduled for completion in Q1 2021/22 and Mittagong in Q2. As well as the design phases, Hunter H<sub>2</sub>O will remain part of the delivery team throughout tender and construction phases, providing technical delivery advice and assistance. The design team will then lead the process commissioning phase of the projects, supporting WSC from the revised concept phase all the way through to process proving and the initial operating phases (cradle to grave).







# project highlights

## Hunter Water

### Bulk Supply Strategy

Hunter H<sub>2</sub>O was engaged to undertake a bulk supply strategy to determine the current and future risk profile of Hunter Water's bulk supply and storage infrastructure. The project involved using Hunter Water's InfoWorks trunk network model to assess the system under current and future demands. Risks were identified and prioritised in accordance with Hunter Water's ERM framework and an augmentation strategy to mitigate these risks developed.

Hunter Water's trunk model was validated and used as the basis for the assessment. Capital works were incorporated into the model prior to assessing system performance. Model scenarios were developed representative of 2022, 2027 and Ultimate demands.

Hunter H<sub>2</sub>O assessed water capacity constraints, including minimum reservoir levels and durations of no redundancy at critical water pump stations during average day demand (ADD), peak day demand (PDD) and extreme week demand (EWD) scenarios.

Water continuity was also assessed by modelling customer impacts following failure at critical water pump stations. Pipe criticality for isolation blocks (single and double isolations) was modelled using Critical Link Analysis (CLA) in InfoWorks WS Pro.

A workshop was held with representatives from Hunter Water's Planning, Assets, Operations and Infrastructure Delivery teams to discuss project findings and confirm priority risks. Options were developed to mitigate these risks considering capital upgrades / replacements, system control and contingency management. Options were assessed based on Hunter Water's Economical Appraisal Guidelines.

Due to uncertainties in growth, human behaviour, level of service and asset performance, staging of the preferred strategy was developed using an adaptive pathways approach. This approach was an important success factor in the project, as it supports strategic, flexible and structured decision-making.



## MidCoast Council

### Hawks Nest STP

MCC and Hunter H<sub>2</sub>O have been collaborating on the upgrade of the Hawks Nest STP since July 2020.

Our involvement has included:

- » Development of the design basis to allow review of all available information and setting of design population, flows, raw sewage characteristics and effluent targets
- » Feasibility assessment to determine the possibility of conversion to a continuous process, which involved hydraulic and process design investigations to ensure the required hydraulic grade was available and the process units would fit into the constrained site
- » Options assessment to determine the best upgrade approach by considering additional intermittent reactors or conversion to a continuous process by utilising the existing infrastructure. This included development of capital and operational costs to determine the overall lifecycle costs
- » Comparison of all four options through a range of cost and non-cost factors multi-criteria analysis methodology to determine the best upgrade approach for MCC and the Hawks Nest STP
- » Development of a concept level design for implementation of two discrete continuous bioreactors, blower building, two clarifiers, new UV system, additional sludge lagoons, sludge handling area and chemical dosing systems (alum and sodium hydroxide). The concept design included process, mechanical, civil and electrical design to allow for detailed design
- » Completion of aerial drone survey of the STP site to an accuracy of 30-50mm and 3D modelling of each process unit. This drafting approach allowed efficient review of the design and was an accurate representation of the upgraded site.

A four stage bardenpho process (4SB) was adopted to achieve the required EPL load limits at the 2050 design population. The concept design was developed to allow operation of the bioreactors as either MLE or 4SB by changing the position of two valves. However, it has since been recommended to operate as a 4SB from commissioning to reduce nitrogen loads to the environment.

Two discrete bioreactors were adopted to simplify construction staging and allow the plant to remain operational during the construction period.

Provision has been made for sugar and urea dosing to allow effective conditioning of biomass prior to extended peak tourist periods (December / January) and reduce the opportunity to breach the licence conditions due to sudden increases in nitrogen from tourists. Future sugar provisions also allow increased removal of total nitrogen (while operating as 4SB) by providing the required carbon for denitrification.

Stakeholder engagement was deemed necessary early on to ensure the required government approvals could be achieved, as this bespoke upgrade approach is not typical of upgrades within NSW. We have assisted in this process.

A recommendation early in the upgrade investigations saw the undertaking of additional raw sewage sampling to allow accurate determination of sewage characteristics and reduce the risk of performance issues after commissioning.







# project highlights

## Coffs Harbour City Council Sewerage Treatment Plants and Reclaimed Water Strategy Options Study

Coffs Harbour City Council (CHCC) operates the Corindi, Moonee, Woolgoolga and Coffs Harbour Water Reclamation Plants (WRPs). Under licence from the NSW Environmental Protection Authority (EPA), reclaimed water produced at these WRPs is reused through a reclaimed water distribution network to both domestic and industrial users. Any excess reclaimed water is discharged into the ocean through a deep-sea release system.

In future, CHCC's strategy is likely to include increased usage of reclaimed water, and this is one of the key factors influencing future upgrades to the existing WRPs and reticulation system.

Hunter H<sub>2</sub>O was engaged to perform an options assessment of the existing reclaimed water reuse and treatment plants, considering future reclaimed water demand, population growth and other key influencing factors, such as existing condition of WRPs, reclaimed water storage, emerging technology, climate / carbon neutrality, biosolids strategy and energy efficient systems.



The current Sewer Strategy (2000) was built around infrastructure needs up to 2021. The goal is to develop a sewerage strategy through to 2050. This study will form a key component of the decision process and final adoption of the strategy.

Our scope included:

- » Developing a reuse strategy considering pricing investigation, cost-benefit analysis, hydraulic capacity assessment, water balance of current and future scenarios
- » Developing upgrade / augmentation strategy for the existing treatment plants considering key influencing factors.



## Icon Water

### LMWQCC Liquid Waste Recycle Facility Upgrade

As part of routine maintenance to prevent system blockages, Icon Water utilises vacuum trucks to extract accumulated solid / liquid wastes from their SPS and network mains. For years, these wastes have been disposed of through a pit receipt system at Coppins Crossing, where all wastes re-enter the major sewage transport main (Molonglo Valley Interceptor Sewer, or MVIS) before being transported to the treatment facility, the Lower Molonglo Water Quality Control Centre (LMWQCC).

The Coppins Crossing facility has been earmarked for closure due to planned future development in the area. Hence, Icon Water embarked on a replacement solution, the first step being the construction of a liquid waste receipt facility (LWRF) at the LMWQCC, which was completed in 2017.

Since its construction, the LWRF has been plagued with performance issues, due largely to the highly variable and difficult waste stream (fats, oils and greases (FOG), rags, foreign objects and grit), and the incompatible equipment selected for the original design. This has resulted in significant system downtime and maintenance intervention to clear blockages, and has proven to be an operational headache.

In addition to the SPS waste, Icon Water was also reliant on the Coppins Crossing facility to dispose of extremely high solids loads associated with network main dredgings and, not being suitable for treatment through the LWRF, needed to find an alternative solution to allow the Coppins Crossing facility to be decommissioned.

#### The SPS waste solution

Icon Water embarked on an internal investigation to improve LWRF system performance, consisting of improved waste stream characterisation, supplier liaison, consultant investigations and delivery logging. Frustrated with the solutions available, Icon Water engaged Hunter H<sub>2</sub>O to provide a fresh set of eyes and to further assist them with developing a feasible technical solution. On our recommendation, and in collaboration with Icon Water, a series of trials were organised and undertaken by Icon Water, with Hunter H<sub>2</sub>O providing technical oversight and guidance.

Following the trials, a shortlist of potential solids removal options was identified for further development. Options for the discharge of the liquid waste were also identified for further development.

Our team developed concept designs for each option, which included civil layout drawings, process schematics and capital cost estimates for each of the options.

A workshop to seek stakeholder input and assess the advantages / disadvantages of each of the options was undertaken. The outcome of this workshop was to adopt Hunter H<sub>2</sub>O's novel passive net screening option. This option was clearly preferred by stakeholders based on its simplicity, low capital cost, lack of mechanical equipment and low maintenance input.

#### The network dredging solution

Our team identified two feasible options (drying beds and modified skip bins) to treat the high solids network dredging waste material.

It was jointly decided to assess the feasibility of each option through a series of full-scale trials undertaken by Icon Water, once again with Hunter H<sub>2</sub>O providing technical oversight. Both trials were undertaken at Fyshwick STP, with the results of the trials proving the feasibility of both the drying bed and skip bin options.

Our team developed concept designs for each option, which included civil layout drawings, process schematics and capital cost estimates.

A workshop to seek stakeholder input and to assess the advantages / disadvantages of each of the options was undertaken. The outcome of this workshop was to adopt Hunter H<sub>2</sub>O's concept for a sludge drying bed. Whilst both options were technically feasible, this option was preferred by stakeholders based on its simplicity, ease of unloading, drier product, and ability to provide a workable back-up contingency to net screening option (should it fail).

This project clearly enhances our team's reputation as a hands-on, practical designer who is willing to think 'outside the box' to come up with simple, low maintenance solutions that meet our clients' needs.





# project highlights

## Central Coast Council

### Mardi WTP

Mardi WTP is one of Central Coast Council's (CCC) two major WTPs used to supply drinking water to over 340,000 residents on the Central Coast and Lower Hunter regions. While the plant has a nominal production capacity of 160 ML/day, production is often de-rated due to elevated raw water turbidity in Mardi Dam following periods of heavy rain. In addition, an increase in algae risk in Mardi Dam poses new challenges for water quality.

Hunter H<sub>2</sub>O has supported CCC since 2014 in delivering this major upgrade to Mardi WTP. Our team initially prepared an option selection report and concept design to support the project business case and NSW DPIE review and approval. CCC subsequently engaged our team to prepare a preliminary design and tender documentation to enable CCC to invite tenders for the work using a Design, Develop and Construct contract.

The Stage 3 upgrade to Mardi WTP will install DAF as a clarification stage prior to the existing filters, to enable treatment production to be maintained for a wider range of raw water conditions and to provide a treatment barrier to algal blooms. Our design services on this project have included preparation of preliminary process, civil, mechanical and electrical design. The upgrade scope includes a new DAF facility, upgrades to PAC and liquid chemical facilities, baffling of the clear water tank, civil works including structure refurbishment, and electrical upgrade work including a new switchroom.

The design of the upgrade has been developed in close collaboration with CCC's project delivery and operational teams. As part of our approach, we have worked with CCC to provide further investigations, engage with their operators, and incorporate feedback and lessons learned from other water authorities.

Under our current engagement, Hunter H<sub>2</sub>O continues to support CCC with our specialist resources as their client-side engineer during tendering and subsequent design development and construction. This arrangement enables us to provide specialist engineering to support CCC's resources as needed throughout the project delivery.

Our collaboration with CCC on this project from the very early stages has provided continuity for the project. Our team understands the key issues and drivers, as well as the condition of the existing assets. This delivers efficiency to CCC, maximising the time spent developing deliverables, rather than reviewing background.

Our specialist and experienced team were able to react quickly during the project to support CCC when an algae bloom in Mardi Dam drove a significant project change. Our team provided jar testing and additional and revised process option assessment to provide a barrier to the changed risk of algal toxin and taste and odour.







# safety & wellbeing

At Hunter H<sub>2</sub>O, our people underpin the success of our business, they are valued as individuals, and we have a duty of care to ensure their safety and wellbeing is an integral part of the way we work. The strategic pillar 'Our Team' highlights the importance that we place on individual as well as collective contributions, and how this supports a collaborative workplace where we hold ourselves accountable for creating a safe and supportive workplace for everyone.

A key focus of Hunter H<sub>2</sub>O is the implementation of effective procedures and systems that protect our people and others who interact with our business. To achieve this objective, we have the framework provided by our Health Safety Environment and Quality (HSEQ) Management System which was re-certified to ISO standards in October 2020. This re-certification included confirmation of our successful migration from the previous Australian Standard AS/NZS4801 Occupational Health and Safety Management Systems, to the newly adopted International Standard ISO45001.

During the year, health and safety management has benefited from collaboration and consultation with our people. Our HSEQ Employee Representative Group meets regularly and provides valuable input to reviewing performance and looking for improvement opportunities. Our people are also involved with internal audits, which gives them the opportunity to explore our systems and procedures while learning from the experience. We draw on employee expertise to assist with procedure review, as their on-the-job experience is invaluable to ensuring our procedures are fit for purpose.

Hunter H<sub>2</sub>O tracks health and safety performance to ensure we strive for continual improvement, and we are pleased to report that in the past year we have recorded no lost time injuries.

The COVID-19 pandemic has continued to affect our lives during the past year, however we have been able to build on our adaptability and resilience in response to the pandemic.

We recognise that our people may be impacted by periodic lockdowns and travel restrictions and may be separated from their loved ones. The continuing threat of the virus has led to a review and revision of our procedure for overseas travel. This has been updated to include COVID-19 safe requirements and to focus on the wellbeing support we must provide to travelling staff as they face additional challenges, such as coping with quarantine at destination locations and when returning home.

The mental health and wellbeing of our people is vital and is why we continue to prioritise support services and initiatives in this important area. Over the past year there has been a focus on mental health information sessions, participation in national awareness programs, financial assistance for home office setups, care packages to show appreciation, regular collaboration and check-ins, lockdown activities, and flexibility for our people to manage the additional demands of lockdown.

Another focus of mental health has been encouraging our people to do their part in the COVID-19 vaccination roll-out by attending vaccination appointments during business hours. We recognise the importance of vaccination as part of the road map to freedom. This aligns with our purpose to *improve lives and support sustainable and healthy communities*.





# corporate governance

## board of directors

Hunter H<sub>2</sub>O aspires to meet high standards of governance and reporting. We are committed to incorporating governance standards of an equivalent public company. We have clearly defined roles for both the Board and the Executive Leadership Team.

Our Board is responsible for risk and strategic governance. The Board has adopted a robust governance structure of policies and processes which facilitates reporting and auditing. The Executive Leadership Team is led by the Managing Director and is responsible for the implementation of strategy, management of risks and the operations of the business.



**Dr Kirsten Molloy**  
Non-Executive Director  
Director since 2015  
Independent  
Chair, Board of Directors  
Chair, People and Culture Committee

**Brian Gatfield**  
Non-Executive Director  
Director since 2014  
Non-Independent  
Chair, Audit and Risk Committee



**Peter Dennis**  
Managing Director  
Director since 2018  
Non-Independent

**Paul Thompson**  
Executive Director  
Director since 2014  
Non-Independent



**Jeremy Smith**  
Executive Director  
Director since 2018  
Non-Independent

**Jodie Golledge**  
Company Secretary



## executive leadership



**Peter Dennis**  
Managing Director



**Jodie Golledge**  
Chief Financial Officer  
Commercial Manager



**Jeremy Smith**  
Executive Manager: Design  
& Delivery



**David Bowerman**  
Executive Manager:  
Electrical & SCADA



**Paul Thompson**  
Executive Manager: Process  
& Operations



**Nicole Holmes**  
Executive Manager: Planning  
and Advisory



**Shane Bullen**  
Executive Manager:  
Corporate Services





# Appendix A financial statements

**hunterh<sub>2</sub>O**  
*Water together*



# Financial Statements for the Financial Year Ended 30 June 2021

## COMPANY PARTICULARS

### Directors

Dr K Molloy

Mr B Gatfield

Mr P Thompson

Mr J Smith

Mr P Dennis

### Company Secretary

Mrs J Golledge

### Registered Office

**The registered office and principal place of business of the company is:**

19 Spit Island Close, Steel River,  
Mayfield West  
NSW 2304

Hunter H2O Holdings Pty Limited is a company limited by shares, incorporated and domiciled in Australia.

ABN: 16 602 201 552

### Auditors

Prosperity Audit Services

### Bankers

National Australia Bank



## DIRECTORS' REPORT

The Directors submit the following report made in accordance with a resolution of the Directors of Hunter H2O Holdings Pty Limited (the Company) for the financial year ended 30 June 2021.

### Directors

The names and details of the Directors of the Company at any time during or since the end of the financial year ended 30 June 2021 are:

Dr K Molloy

Mr B Gatfield

Mr P Thompson

Mr J Smith

Mr P Dennis

### Information on Directors

#### K Molloy

*MBA, BSc (Hons), PhD, GAICD*

Dr Kirsten Molloy is a business leader and company director and Chair, sitting on a range of Boards of commercial and not-for-profit businesses since 2013. Her executive career included being a CEO of a complex member-based construct in a major industry, and executive roles in a large global corporate organisation.

Dr Molloy brings a regional lens, a passion for improving outcomes for people, and a belief in engaged, connected and authentic leadership. She places material importance on creating great workplace cultures, transforming organisations and embracing innovation and new technology to deliver to the needs of customers and the community.

#### B Gatfield

*FCPA*

Mr Gatfield has served as Chair and Non-Executive Director of a number of public companies. He has worked with leading Investment Banks, Accounting and Legal Firms in a number of IPO's and is very experienced in Private Equity. Since 1995, Mr Gatfield has been retained as an independent advisor by service sector organisations, including leading participants in financial services markets, to advise on business strategy, assist in organisation reviews and to help evaluate acquisitions and other growth options.

Mr Gatfield is currently a director of private companies.

#### P Thompson

*BEng (Chemical) (Hons), CPEng, EngExec, FIEAust, RPEQ, APEC Engineer, IntPE (Aus), MAICD*

Mr Thompson is a chemical engineer with over 25 years' experience in the water industry. He has extensive experience in senior leadership roles for asset creation and management of water and wastewater treatment infrastructure, for both the municipal and mining sectors in Australia and overseas. Mr Thompson is the Executive Manager, Process & Operations of Hunter H2O Holdings.



## J Smith

*BEng (Civil) (Hons), FIEAust, CPEng, RPEQ, Eng. Exec, APEC Engineer IntPE (Aus)*

Mr Smith is a Senior Principal Civil Engineer with 24 years' experience in the water industry. He has worked directly for Government water utilities and the private sector in both technical and management roles over his career. He has designed and delivered a wide range of water assets and has considerable construction and project management experience. Mr Smith is the Executive Manager, Design for Hunter H2O Holdings.

## P Dennis

*BEng (Chemical) (Hons), M Env Stud, Grad Dip Man, Cor Dir Dip., CPEng, FIEAust, RPEQ, APEC Engineer IntPE(Aus), MAICD*

Mr. Dennis is one of the leading water industry strategists with over 30 years' water industry experience both in Australia and Internationally. Mr Dennis is an experienced Chief Executive Officer having led Seqwater (Bulk Water Utility for South East Queensland) through a major merger and significant business transformation and as the inaugural CEO of the merged Armidale Regional Council. He is also an experienced Board Member being a Director of the Australian Water Association and a number of other water utilities and Local Government Boards throughout Australia. He is also Adjunct Professor in the School of Engineering with the University of Newcastle.

Mr. Dennis has been recognised by Engineers Australia on two occasions as being in the top 100 most influential engineers in Australia.

## Meetings of Directors

### Board Meetings

|            | Number of meetings attended | Number of meetings held during the time the Director held office |
|------------|-----------------------------|--|
| K Molloy   | 7                           | 7  |
| B Gatfield | 7                           | 7  |
| P Thompson | 7                           | 7  |
| J Smith    | 6                           | 7  |
| P Dennis   | 7                           | 7  |

## Principal Activities

The principal activities of the Company in 2020/21 were the provision of specialist support and operations services in the fields of water, wastewater, stormwater, environmental and strategic services.

## Results and Dividends

The net profit after tax, for the financial year ended 30 June 2021, was \$1,974,649.

In respect of the financial year ended 30 June 2021, fully franked dividends totalling \$716,760 were paid to Ordinary Shareholders.



## Review of Operations

The Company continues to perform well during the 2020/21 financial year. The 2020/21 financial results reflect the continuing favourable trading environment, excellent levels of work in hand and further implementation of the five-year strategic plan.

The impact of Covid-19 continues to be minimal with a positive forward order book.

The Company maintains a healthy order book and the business is budgeting a profitable result for the 2021/22 financial year.

## Significant Changes in the State of Affairs

No significant changes in the Company's state of affairs occurred during the financial year.

## Subsequent Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

## Directors' Indemnification

As far as is permitted by section 199A of the *Corporations Act*, other statutory provisions and common law, the Company has agreements in place to indemnify the Directors against:

- I. any Liability to a Third Party which arises as a result of anything done, or omitted to be done by him/her in good faith while a Director of the Company; and
- II. the Director's reasonable legal costs incurred in relation to any Claim by a Third Party in relation to such matters on a solicitor and own client basis.

No liability has arisen under these indemnities as at the date of this report.

## Future Developments

The Company is expected to operate profitably and meet its obligations as and when they fall due. The Company expects to maintain the present status and level of operations.

## Environmental Regulation

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

## Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under *Section 307C of the Corporations Act 2001* is set out on page 6.

## Directors' Benefits

During or since the financial year no Director of the Company has received or become entitled to receive a benefit, other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors shown in the accounts, by reason of a contract entered into by the Company with:

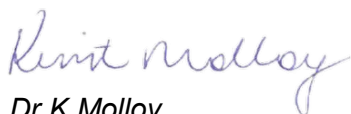
- a Director, or
- a firm of which a Director is a member, or
- an Entity in which a Director has a substantial financial interest.



## Code of Conduct

Hunter H2O Holdings Pty Limited has a Code of Conduct that must be adhered to by all employees. All employees are required to maintain high standards of ethical behaviour in the execution of their duties and comply with all applicable laws and regulations in Australia.

Signed in accordance with a resolution of the Directors of Hunter H2O Holdings Pty Limited.



*Dr K Molloy*  
Chair

Dated: 24 September 2021



*Mr P Thompson*  
Director





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audit services

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF HUNTER H2O HOLDINGS PTY LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2021 there have been no contraventions of:

- (i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

*Prosperity Audit Services*

**PROSPERITY AUDIT SERVICES**

**ALEX HARDY**  
Director

24 September 2021  
Newcastle

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Prosperity Advisers Audit Services Pty Ltd  
ABN 90 147 151 228

Chartered Accountants  
Liability limited by a Scheme approved under  
the Professional Standards Legislation.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HUNTER H2O  
HOLDINGS PTY LIMITED FOR THE YEAR ENDED 30 JUNE 2021**

**Report on the Audit of the Financial Report**

**Opinion**

We have audited the financial report of Hunter H2O Holdings Pty Limited (the Company), which comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' declaration.

In our opinion, the accompanying financial report of Hunter H2O Holdings Pty Limited is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Regulations 2001.

**Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Information Other than the Financial Report and Auditor's Report Thereon**

The Directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Directors for the Financial Report**

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Act 2001 and for such internal control as gives a true and fair view and is free from material misstatement, whether due to fraud or error. In preparing the financial report, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HUNTER H2O  
HOLDINGS PTY LIMITED FOR THE YEAR ENDED 30 JUNE 2021 (CONT'D)**

**Auditor's Responsibilities for the Audit of the Financial Report**

Our 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 our 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Prosperity Audit Services*

**PROSPERITY AUDIT SERVICES**



**ALEX HARDY**  
Director

24 September 2021  
Newcastle



# Hunter H2O Holdings Pty Limited

## Statement of Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

|  | Notes | 2021<br>\$        | 2020<br>\$        |
|--|-------|-------------------|-------------------|
| <b>INCOME</b>  |       |                   |                   |
| Revenue from contracts with customers                                    | 3     | 25,547,826        | 25,323,162        |
| Other income   | 3     | 1,315,503         | 676,254           |
| <b>TOTAL INCOME</b>  |       | <b>26,863,329</b> | <b>25,999,416</b> |
| <b>OPERATING EXPENSES</b>  |       |                   |                   |
| Employee related expenses  |       | 16,150,057        | 14,896,119        |
| Project and contract outlays   |       | 4,897,803         | 5,693,199         |
| Consultants and legal fees (non-project)                                 |       | 487,390           | 327,308           |
| Training and marketing expenses  |       | 407,249           | 488,758           |
| Motor vehicles (excluding minimum lease payments)                        |       | 27,898            | 22,462            |
| Property expenses  |       | 242,217           | 235,724           |
| Information technology and communications                                |       | 534,384           | 453,478           |
| Other  |       | 528,336           | 472,938           |
| <b>TOTAL OPERATING EXPENSES</b>  |       | <b>23,275,334</b> | <b>22,589,986</b> |
| <b>PROFIT BEFORE INTEREST, INCOME TAX, DEPRECIATION AND AMORTISATION</b> |       | <b>3,587,995</b>  | <b>3,409,430</b>  |
| Depreciation - Property, plant & equipment and Right of use assets       |       | 958,058           | 963,745           |
| Amortisation - Intangibles   |       | 43,124            | 18,330            |
| Finance costs  |       | 79,614            | 85,861            |
| <b>PROFIT/(LOSS) BEFORE INCOME TAX</b>                                   |       | <b>2,507,199</b>  | <b>2,341,494</b>  |
| Income tax expense   | 4     | (532,550)         | (646,099)         |
| <b>PROFIT/(LOSS) FOR THE YEAR</b>  |       | <b>1,974,649</b>  | <b>1,695,395</b>  |
| <b>OTHER COMPREHENSIVE INCOME</b>  |       |                   |                   |
| <b>ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS</b>             |       |                   |                   |
| Superannuation actuarial gains/(losses)                                  |       | (92,138)          | 9,880             |
| Income tax on superannuation actuarial gains                             | 4     | 23,956            | (2,717)           |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>                           |       | <b>1,906,467</b>  | <b>1,702,560</b>  |

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



# Hunter H2O Holdings Pty Limited

## Statement of Financial Position

AS AT 30 JUNE 2021

|                                      | Notes | 2021<br>\$        | 2020<br>\$        |
|--------------------------------------|-------|-------------------|-------------------|
| <b>CURRENT ASSETS</b>                |       |                   |                   |
| Cash and cash equivalents            | 6     | 5,191,179         | 4,205,342         |
| Trade and other receivables          | 7     | 5,455,146         | 4,062,220         |
| Contract assets                      | 3     | 2,365,500         | 2,617,358         |
| <b>TOTAL CURRENT ASSETS</b>          |       | <b>13,011,825</b> | <b>10,884,920</b> |
| <b>NON-CURRENT ASSETS</b>            |       |                   |                   |
| Plant and equipment                  | 8     | 1,197,872         | 1,034,276         |
| Right of use assets                  | 9     | 2,778,234         | 1,889,691         |
| Intangible assets                    | 10    | 109,953           | 19,975            |
| Deferred tax assets                  | 4     | 764,053           | 568,318           |
| <b>TOTAL NON-CURRENT ASSETS</b>      |       | <b>4,850,112</b>  | <b>3,512,260</b>  |
| <b>TOTAL ASSETS</b>                  |       | <b>17,861,937</b> | <b>14,397,180</b> |
| <b>CURRENT LIABILITIES</b>           |       |                   |                   |
| Trade and other payables             | 11    | 2,496,245         | 1,982,065         |
| Contract liabilities                 | 3     | 1,161,617         | 1,337,282         |
| Lease liabilities                    | 12    | 597,186           | 562,226           |
| Current tax liabilities              |       | 555,436           | 430,358           |
| Provisions                           | 13    | 2,539,486         | 2,298,922         |
| <b>TOTAL CURRENT LIABILITIES</b>     |       | <b>7,349,969</b>  | <b>6,610,853</b>  |
| <b>NON-CURRENT LIABILITIES</b>       |       |                   |                   |
| Lease liabilities                    | 12    | 2,190,930         | 1,386,399         |
| Provisions                           | 13    | 1,743,799         | 932,240           |
| Underfunded defined benefit super    | 15    | 91,511            | 171,668           |
| <b>TOTAL NON-CURRENT LIABILITIES</b> |       | <b>4,026,240</b>  | <b>2,490,307</b>  |
| <b>TOTAL LIABILITIES</b>             |       | <b>11,376,210</b> | <b>9,101,160</b>  |
| <b>NET ASSETS</b>                    |       | <b>6,485,727</b>  | <b>5,296,020</b>  |
| <b>EQUITY</b>                        |       |                   |                   |
| Contributed equity                   | 14    | 4,002,500         | 4,002,500         |
| Retained earnings                    |       | 2,483,227         | 1,293,520         |
| <b>TOTAL EQUITY</b>                  |       | <b>6,485,727</b>  | <b>5,296,020</b>  |

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



# Hunter H2O Holdings Pty Limited

## Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

|   | Notes | Retained<br>Profits<br>\$          | Contributed<br>Equity<br>\$          | Total<br>\$         |
|---|-------|------------------------------------|--------------------------------------|---------------------|
| <b>Balance at 1 July 2020</b>                               |       | 1,293,520                          | 4,002,500                            | 5,296,020           |
| <b>Profit for the year</b>                                  |       | <b>1,974,649</b>                   | -                                    | <b>1,974,649</b>    |
| <b>OTHER COMPREHENSIVE INCOME</b>                           |       |                                    |                                      |                     |
| Superannuation actuarial gains/(losses)                     |       | (92,138)                           | -                                    | (92,138)            |
| Income tax on superannuation actuarial gains/(losses)       |       | 23,956                             | -                                    | 23,956              |
| <b>Total Comprehensive Income for the year</b>              |       | <b>1,906,467</b>                   | -                                    | <b>1,906,467</b>    |
| <b>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS</b> |       |                                    |                                      |                     |
| Dividends provided for or paid                              | 5     | (716,760)                          | -                                    | (716,760)           |
| <b>Balance at 30 June 2021</b>                              |       | <b>2,483,227</b>                   | <b>4,002,500</b>                     | <b>6,485,727</b>    |
|   |       | <b>Retained<br/>Profits<br/>\$</b> | <b>Contributed<br/>Equity<br/>\$</b> | <b>Total<br/>\$</b> |
| <b>Balance at 1 July 2019</b>                               |       | (315,038)                          | 4,949,000                            | 4,633,962           |
| <b>Profit/(Loss) for the year</b>                           |       | <b>1,695,395</b>                   | -                                    | <b>1,695,395</b>    |
| <b>OTHER COMPREHENSIVE INCOME</b>                           |       |                                    |                                      |                     |
| Superannuation actuarial gains/(losses)                     |       | 9,880                              | -                                    | 9,880               |
| Income tax on superannuation actuarial gains/(losses)       |       | (2,717)                            | -                                    | (2,717)             |
| <b>Total Comprehensive Income for the year</b>              |       | <b>1,702,558</b>                   | -                                    | <b>1,702,558</b>    |
| <b>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS</b> |       |                                    |                                      |                     |
| Shares cancelled  | 14    | -                                  | (1,000,000)                          | (1,000,000)         |
| Shares issued   | 14    | -                                  | 53,500                               | 53,500              |
| Dividends provided for or paid                              | 5     | (94,000)                           | -                                    | (94,000)            |
| <b>Balance at 30 June 2020</b>                              |       | <b>1,293,520</b>                   | <b>4,002,500</b>                     | <b>5,296,020</b>    |

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



# Hunter H2O Holdings Pty Limited

## Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

|  | Notes | 2021<br>\$         | 2020<br>\$         |
|--|-------|--------------------|--------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                      |       |                    |                    |
| Receipts from customers (inclusive of GST)                       |       | 26,124,741         | 25,565,116         |
| Payments to suppliers and employees (inclusive of GST)           |       | (24,363,818)       | (23,637,308)       |
|  |       | <b>1,760,923</b>   | <b>1,927,808</b>   |
| Interest received  |       | 22,393             | 16,909             |
| Interest paid  |       | (79,614)           | (85,861)           |
| Income taxes paid  |       | (579,251)          | (169,369)          |
| Government Grants  |       | 1,668,173          | 77,404             |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                      |       | <b>2,792,624</b>   | <b>1,766,891</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                      |       |                    |                    |
| Purchases of property, plant and equipment and intangible assets |       | (528,748)          | (220,874)          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                      |       | <b>(528,748)</b>   | <b>(220,874)</b>   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                      |       |                    |                    |
| New shares issued  | 14    | -                  | 53,500             |
| Shares cancelled   |       | -                  | (1,000,000)        |
| Payments of principal on leases                                  |       | (543,144)          | (555,150)          |
| Dividends paid   | 5     | (716,760)          | (94,000)           |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                      |       | <b>(1,259,904)</b> | <b>(1,595,650)</b> |
| Net increase/(decrease) in cash held                             |       | 1,003,972          | (49,633)           |
| Cash at beginning of financial period                            |       | 4,205,342          | 4,200,193          |
| Effects of exchange rate changes on cash                         |       | (18,135)           | 54,782             |
| <b>CASH AT THE END OF THE FINANCIAL YEAR</b>                     | 6     | <b>5,191,179</b>   | <b>4,205,342</b>   |

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



# HUNTER H2O HOLDINGS PTY LIMITED

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

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### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### Note 1. Statement of Compliance

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These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards – Reduced Disclosure Requirements and comply with other requirements of the law.

The Company's financial statements for the financial year ended 30 June 2021 were authorised for issue in accordance with a resolution of the Board on 24 September 2021.

#### Note 2. Basis of Preparation

---

The Board has determined that the Company is a for-profit entity for financial reporting purposes. The accounting policies applied are based on the requirements applicable to for-profit entities on these mandatory or statutory requirements. The following policies apply to the financial statements to the extent to which they have not already been disclosed in the relevant notes.

##### *Historical Cost Convention*

The financial statements have been prepared on the basis of historical cost, except for certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets.

##### *Fair Value Hierarchy*

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs.

##### *Rounding*

All amounts in the financial statements are reported to the nearest dollar.

##### *Currency*

All amounts in the financial statements are reported in Australian dollars.

##### *Comparative Figures*

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

##### *Key Judgements, Estimates and Assumptions*

In the application of the Company's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are relevant. Actual results may differ from these estimates.

The 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Material accounting estimates and judgements applied in preparing the financial statements are detailed in the relevant Accounting Policy note.



# HUNTER H2O HOLDINGS PTY LIMITED

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

### *Impairment Assessment*

The Company assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are assessed using value-in-use calculations which incorporate various key assumptions. No impairment has been recognised due to the strong predicted cash flows of the Company in future years.

### *Key Judgements – Performance obligations under AASB15*

To identify a performance obligation under AASB15, the promise must be sufficiently specific to be able to determine when the obligation is satisfied. Management exercises judgement to determine whether the promise is sufficiently specific by taking into account any conditions specified in the arrangement, explicit or implicit regarding the promised goods or services. In making this assessment, management includes the nature/type, cost/value, quantity and the period of transfer related to the goods or services promised.

## Note 3. Revenue

### A. Disaggregation of revenue from contracts with customers

The company derives revenue from the transfer of goods and services over time and a point in time in the following categories and type of contracts:

| REVENUE FROM CONTRACTS WITH CUSTOMERS   | Time & Materials  | Fixed Fee         | Total             |
|---|-------------------|-------------------|-------------------|
|   | \$                | \$                | \$                |
| <b>2021</b>                             |                   |                   |                   |
| Consultancy                             | 11,496,522        | 13,029,391        | 24,525,913        |
| Engineering, Procurement & Construction | -                 | 1,021,913         | 1,021,913         |
|   | <u>11,496,522</u> | <u>14,051,304</u> | <u>25,547,826</u> |
| <b>2020</b>                             |                   |                   |                   |
| Consultancy                             | 11,782,367        | 10,949,144        | 22,731,511        |
| Engineering, Procurement & Construction | -                 | 2,591,651         | 2,591,651         |
|   | <u>11,782,367</u> | <u>13,540,795</u> | <u>25,323,162</u> |

### B. Assets and liabilities related to contracts with customers

The company has recognised the following assets and liabilities related to contracts with customers:

|                            |                  |                  |
|----------------------------|------------------|------------------|
|                            | <b>2021</b>      | <b>2020</b>      |
|                            | \$               | \$               |
| Total contract assets      | <u>2,365,500</u> | <u>2,617,358</u> |
| Total contract liabilities | <u>1,161,617</u> | <u>1,337,282</u> |



# HUNTER H2O HOLDINGS PTY LIMITED

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

### Note 3. Revenue

#### C. Other Income

|   | 2021             | 2020           |
|---|------------------|----------------|
|   | \$               | \$             |
| Interest from financial institutions              | 22,393           | 16,909         |
| Gain/(loss) on cancellation of right of use asset | 158,936          | -              |
| Foreign currency gain/(loss)                      | -                | 47,841         |
| JobKeeper government stimulus income              | 988,500          | 534,000        |
| Other government grants                           | 145,673          | 77,404         |
| Other   | -                | 100            |
|   | <u>1,315,503</u> | <u>676,254</u> |

The Company was eligible for JobKeeper from May 2020 and has also received the COVID cash boost and other government grants during the financial year. There are no unfulfilled conditions or contingencies attached to this government assistance.



# HUNTER H2O HOLDINGS PTY LIMITED

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

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### Accounting Policies

#### REVENUE FROM CONTRACTS WITH CUSTOMERS

The company provides consulting services under fixed-price and time and materials contracts. Revenue from providing services is recognised in the accounting period in which the services are rendered.

For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. This is determined based on the actual contract costs relative to the total expected contract costs.

Some contracts include multiple deliverables, such as process design, mechanical design, workshop facilitation, tender phase assistance, construction phase assistance, commissioning assistance, and on-going technical support. Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated on expected cost, plus margin.

Estimates of revenues, costs, or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

In the case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Company exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised. If the contract includes an hourly fee, revenue is recognised in the amount to which the Company has a right to invoice the customer. Customers are invoiced monthly, and consideration is payable when invoiced.

#### REVENUE FROM GOVERNMENT GRANTS

The Company has applied AASB 120 in recognising and presenting the revenue received from Government Grants during the year. The Company has presented the revenue on a "gross" basis where the revenue has been recognised as part of revenue, rather than offsetting any relevant expenses. Revenue is recognised when there has been reasonable assurance that the Company will comply with the conditions attached to the relevant Government Grant.



# HUNTER H2O HOLDINGS PTY LIMITED

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

### Note 4. Current and Deferred Taxes

|  | 2021      | 2020      |
|--|-----------|-----------|
|  | \$        | \$        |
| <b>INCOME TAX</b>  |           |           |
| <b>A. INCOME TAX EXPENSE</b>   |           |           |
| <i>Current tax</i>   |           |           |
| Current tax on profits for the year  | 846,155   | 485,146   |
| <b>Total current tax expense</b>   | 846,155   | 485,146   |
| <i>Deferred income tax</i>   |           |           |
| Decrease/(increase) in net deferred tax assets   | (226,735) | 161,146   |
| Deferred tax expense relating to change in tax rate  | 31,000    | -         |
| Under/(over) provided in prior years   | (117,870) | (193)     |
| <b>Total deferred tax expense/(benefit)</b>  | (313,605) | 160,953   |
| <b>Income tax expense</b>  | 532,550   | 646,099   |
| <b>B. NUMERICAL RECONCILIATION OF INCOME<br/>TAX EXPENSE TO PRIMA FACIE TAX PAYABLE</b>  |           |           |
| Profit before income tax   | 2,507,198 | 2,341,494 |
| Tax at the Australian rate of 26% (2020 - 27.5%)   | 651,872   | 643,911   |
| Tax effect of amounts which are not deductible/(taxable)<br>in calculating taxable income:   |           |           |
| Deferred tax expense relating to change in tax rate  | 31,000    | -         |
| Non-assessable income  | (13,001)  | (13,750)  |
| Non-deductible expenses  | 5,576     | 16,131    |
| Temporary differences – superannuation   | (25,027)  | -         |
| Under/(over) provision in prior year   | (117,870) | (193)     |
|  | 532,550   | 646,099   |
| <b>C. TAX EXPENSE(INCOME) RELATING TO ITEMS<br/>IN OTHER COMPREHENSIVE INCOME</b>  |           |           |
| Aggregate current and deferred tax arising in the<br>reporting period and not recognised in net profit or<br>loss but directly debited or credited to equity | 23,956    | (2,717)   |
|  | 23,956    | (2,717)   |



# HUNTER H2O HOLDINGS PTY LIMITED

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

### Note 4. Current and Deferred Taxes

| DEFERRED TAX ASSETS (LIABILITIES)                            | 2021           | 2020           |
|--|----------------|----------------|
|  | \$             | \$             |
| <b>NON CURRENT</b>   |                |                |
| The balance comprises temporary differences attributable to: |                |                |
| <b>AMOUNTS RECOGNISED IN PROFIT &amp; LOSS</b>               |                |                |
| Contract assets  | (615,030)      | (719,773)      |
| Contract liabilities   | -              | 139,269        |
| Right of use assets  | (722,341)      | (519,665)      |
| Lease liabilities  | 724,910        | 535,872        |
| Employee benefits  | 1,075,404      | 880,953        |
| Provision for make good                                      | 62,043         | 54,826         |
| Other operating expenditure payable                          | 191,002        | 184,444        |
| Workers' compensation prepayment                             | (4,612)        | (4,881)        |
| Depreciation   | 53,696         | 164,169        |
| Unrealised tax foreign currency (gain)/loss                  | (1,019)        | (46)           |
| Unearned income  | -              | (146,850)      |
|  | <b>764,053</b> | <b>568,318</b> |
| <b>AMOUNTS RECOGNISED IN OTHER COMPREHENSIVE INCOME</b>      |                |                |
| Superannuation actuarial gains/(losses)                      | 23,956         | (2,717)        |
|  | <b>23,956</b>  | <b>(2,717)</b> |
| <b>MOVEMENTS:</b>  |                |                |
| Opening balance at 1 July                                    | 568,318        | 729,464        |
| Other items charged/(credited) to the income statement       | 195,735        | (161,146)      |
| <b>Closing balance at 30 June</b>                            | <b>764,053</b> | <b>568,318</b> |



# HUNTER H2O HOLDINGS PTY LIMITED

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

### Accounting Policy

#### INCOME TAX

The income tax expense or revenue for the year is the tax payable on the current year's taxable income based on the tax rate enacted at the reporting date adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

#### DEFERRED TAX ASSETS (LIABILITIES)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered, or the liabilities are settled. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised in other comprehensive income or directly in equity, are similarly recognised in other comprehensive income or directly in equity.



# HUNTER H2O HOLDINGS PTY LIMITED

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

### Note 5. Dividends Provided For or Paid

|   | 2021      | 2020     |
|---|-----------|----------|
|   | \$        | \$       |
| <b>ORDINARY SHARES</b>  |           |          |
| Opening balance   | -         | -        |
| Add dividend declared   | 716,760   | -        |
| Less dividend paid  | (716,760) | -        |
|   | -         | -        |
| Dividend per share  | \$0.18    | -        |
| <b>FULLY PAID REDEEMABLE 12% CUMULATIVE PREFERENCE SHARES</b> |           |          |
| Opening balance   | -         | -        |
| Add dividend declared   | -         | 94,000   |
| Less dividend paid  | -         | (94,000) |
|   | -         | -        |
| Dividend per share  | -         | \$0.12   |

### Accounting Policies

#### REDEEMABLE PREFERENCE SHARES

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs. The Company's redeemable preference shares (Note 14) are equity instruments for accounting and taxation purposes. No gain or loss is recognised in profit or loss on the purchase, sale, issue, or cancellation of the Company's own equity instruments.

#### DIVIDENDS

Provision is made for any dividend declared by the Directors of the Company on or before the end of the financial year but not distributed at balance date.



# HUNTER H2O HOLDINGS PTY LIMITED

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

### Note 6. Cash and Cash Equivalents

|                          | 2021             | 2020             |
|--------------------------|------------------|------------------|
|                          | \$               | \$               |
| Cash at bank and on hand | 4,679,992        | 4,143,992        |
| Foreign currency account | 511,187          | 61,350           |
|                          | <u>5,191,179</u> | <u>4,205,342</u> |

#### BANK OVERDRAFT FACILITY

The Company has a bank overdraft facility available to the extent of \$1,000,000. As at 30 June 2021, the overdraft was unused. The Company also has a credit card facility of \$100,000. All balances are repaid in full at the end of each month and no interest expense has been incurred during the year.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

### Accounting Policy

#### CASH AND CASH EQUIVALENTS

For Statement of Cash Flows presentation purposes, cash and cash equivalents include cash on hand and deposits held at call with financial institutions.

### Note 7. Trade and Other Receivables

|                           | 2021             | 2020             |
|---------------------------|------------------|------------------|
| CURRENT                   | \$               | \$               |
| Trade receivables         | 4,905,124        | 3,046,442        |
| Other current receivables | -                | 138              |
| Prepayments               | 548,450          | 481,232          |
| Accrued income            | -                | 534,000          |
| Security deposits         | 1,572            | 408              |
|                           | <u>5,455,146</u> | <u>4,062,220</u> |

The Company's exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivables mentioned above.

Accrued income for 2020 relates to the JobKeeper payments due to the company for May and June 2020 but not yet received as at 30 June 2020. The amounts were subsequently received in July and August 2020.



# HUNTER H2O HOLDINGS PTY LIMITED

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

### Accounting Policy

#### FINANCIAL INSTRUMENTS

##### Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or the sale of the asset (ie trade date accounting is adopted).

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in paragraph 63 of AASB 15: Revenue from Contracts with Customers.

##### Classification and subsequent measurement

###### Financial assets

Financial assets are subsequently measured at amortised cost as all financial assets are managed solely to collect contractual cash flows and the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

##### Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

On derecognition of a financial asset or liability measured at amortised cost, the difference between the carrying amount and the sum of the consideration received/paid and receivable/payable is recognised in profit or loss.

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

##### Impairment

The Company recognises a loss allowance for expected credit losses.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

##### Recognition of expected credit losses in financial statements

At each reporting date, the Company recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.



# HUNTER H2O HOLDINGS PTY LIMITED

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

### Note 8. Plant and Equipment

Plant and equipment comprise the following at depreciated historical cost:

|                            | Plant &<br>Equipment | Leasehold<br>Improvements | Total            |
|----------------------------|----------------------|---------------------------|------------------|
| <b>At 30 June 2020</b>     |                      |                           |                  |
| At cost                    | 1,254,129            | 1,903,020                 | 3,157,149        |
| Accumulated depreciation   | (848,173)            | (1,274,700)               | (2,122,873)      |
| <b>Net carrying amount</b> | <b>405,956</b>       | <b>628,320</b>            | <b>1,034,276</b> |
| <b>At 30 June 2021</b>     |                      |                           |                  |
| At cost                    | 1,648,461            | 1,959,774                 | 3,608,235        |
| Accumulated depreciation   | (1,030,891)          | (1,379,472)               | (2,410,363)      |
| <b>Net carrying amount</b> | <b>617,570</b>       | <b>580,302</b>            | <b>1,197,872</b> |

### Reconciliations

Reconciliations of the book amounts of each class of plant and equipment at the beginning and end of the year are set out below:

|   | 2021<br>\$     | 2020<br>\$     |
|---|----------------|----------------|
| <b>RECONCILIATION - PLANT &amp; EQUIPMENT</b> |                |                |
| Net carrying amount at start of the year      | 405,956        | 351,424        |
| Additions                                     | 395,645        | 214,297        |
| Depreciation expense                          | (184,031)      | (159,765)      |
| <b>Net carrying amount at end of the year</b> | <b>617,570</b> | <b>405,956</b> |

|  | 2021<br>\$     | 2020<br>\$     |
|--|----------------|----------------|
| <b>RECONCILIATION - LEASEHOLD<br/>IMPROVEMENTS</b> |                |                |
| Net carrying amount at start of the year           | 628,320        | 818,191        |
| Additions  | 237,994        | -              |
| Disposals  | (122,110)      | -              |
| Depreciation expense                               | (163,902)      | (189,871)      |
| <b>Net carrying amount at end of the year</b>      | <b>580,302</b> | <b>628,320</b> |



# HUNTER H2O HOLDINGS PTY LIMITED

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

### Accounting Policies

#### PLANT AND EQUIPMENT

All items of plant and equipment acquired by the Company are recognised initially at the cost of acquisition. Cost is the amount of cash or cash equivalents paid, or other consideration given to acquire the asset, including costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended. Items costing \$500 or more individually and having a minimum expected working life of 12 months are capitalised.

#### *Depreciation*

Depreciation is calculated using the straight-line method on all plant and equipment at rates calculated to allocate their cost, net of their residual values, over their estimated useful lives. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable asset are:

| <b>Class of Asset</b>  | <b>Useful Life</b> |
|------------------------|--------------------|
| Plant & Equipment      | 2 to 10 years      |
| Leasehold Improvements | 5 to 20 years      |

#### IMPAIRMENT OF ASSETS

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised where the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units).



# HUNTER H2O HOLDINGS PTY LIMITED

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

### Note 9. Right of Use Assets

Right of use assets comprise the following at cost:

|                            | 2021             | 2020             |
|----------------------------|------------------|------------------|
|                            | \$               | \$               |
| Gross carrying amount      | 3,117,791        | 2,503,801        |
| Accumulated depreciation   | (339,557)        | (614,110)        |
| <b>Net carrying amount</b> | <b>2,778,234</b> | <b>1,889,691</b> |

Reconciliations of the carrying amounts of each class of right of use asset at the beginning and end of the year are set out below:

|   | 2021             | 2020             |
|---|------------------|------------------|
|   | \$               | \$               |
| <b>RECONCILIATION – RIGHT OF USE ASSETS</b>   |                  |                  |
| Net carrying amount at start of the year      | 1,889,691        | -                |
| AASB16 adjustment at start of the year        | -                | 2,306,351        |
| Additions – new lease contracts               | 2,804,617        | 197,450          |
| Termination of lease contracts                | (1,305,950)      | -                |
| Depreciation expense                          | (610,124)        | (614,110)        |
| <b>Net carrying amount at end of the year</b> | <b>2,778,234</b> | <b>1,889,691</b> |

#### Accounting Policy RIGHT OF USE ASSETS

Leases are recognised as right of use assets and corresponding liabilities at the date at which the leased assets are available for use by the Company.

The right of use assets is presented separately in the statement of financial position.

The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, any dismantling costs not previously recognised, plus any initial direct costs incurred.

Subsequently, the right of use assets is measured at cost less accumulated depreciation and any accumulated impairment losses and adjusted for remeasurement of the lease liability due to reassessment or lease modifications.

The right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The amortisation periods for the right-of-use assets are between one and four years.

Payments associated with all short-term leases (lease term of 12 months or less) and certain leases of all low-value assets are recognised on a straight-line basis as an expense in profit or loss. The Company applies the exemption for low-value assets on a lease-by-lease basis i.e. for the leases where the asset is sub-leased, a right-of-use asset is recognised with corresponding lease liability; for all other leases of low value asset, the lease payments associated with those leases will be recognised as an expense on a straight-line basis over the lease term.

During the year, the Company signed a new five-year lease over the Newcastle office and cancelled the existing lease that was due to expire on 13 November 2023. The new lease provides for additional office space and expires on 31 March 2026. There is no option to extend included in the current lease.



# HUNTER H2O HOLDINGS PTY LIMITED

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

### Note 10. Intangible Assets

Intangible assets comprise the following at cost:

|                            | 2021           | 2020          |
|----------------------------|----------------|---------------|
|                            | \$             | \$            |
| Gross carrying amount      | 1,130,621      | 996,206       |
| Accumulated amortisation   | (1,020,668)    | (976,231)     |
| <b>Net carrying amount</b> | <b>109,953</b> | <b>19,975</b> |

Reconciliations of the carrying amounts of each class of intangible asset at the beginning and end of the year are set out below:

|   | 2021           | 2020          |
|---|----------------|---------------|
|   | \$             | \$            |
| <b>RECONCILIATION - SOFTWARE</b>              |                |               |
| Net carrying amount at start of the year      | 19,975         | 31,727        |
| Additions - other                             | 133,102        | 6,578         |
| Amortisation expense                          | (43,124)       | (18,330)      |
| <b>Net carrying amount at end of the year</b> | <b>109,953</b> | <b>19,975</b> |

### Accounting Policy

#### INTANGIBLE ASSETS

Software assets are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives, being one to four years. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.



# HUNTER H2O HOLDINGS PTY LIMITED

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

### Note 11. Trade and Other Payables

|                                   | 2021             | 2020             |
|-----------------------------------|------------------|------------------|
| CURRENT                           | \$               | \$               |
| Trade payables                    | 995,584          | 812,010          |
| Accrued Employee Related Expenses | 976,942          | 839,857          |
| GST                               | 281,327          | 143,977          |
| Other payables                    | 242,392          | 186,221          |
|                                   | <u>2,496,245</u> | <u>1,982,065</u> |

### Accounting Policy

#### TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid.

Payables are recognised at cost, which is considered to approximate amortised cost due to the short-term nature of payables. They are not discounted as the effect of discounting would not be material for these liabilities.

Trade payables are normally settled within 45 days.



# HUNTER H2O HOLDINGS PTY LIMITED

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

### Note 12. Lease Liabilities

|  | 2021             | 2020             |
|--|------------------|------------------|
| <b>Amounts recognised in statement of financial position</b> | <b>\$</b>        | <b>\$</b>        |
| Current  | 597,186          | 562,226          |
| Non-current  | 2,190,930        | 1,386,399        |
|  | <u>2,788,116</u> | <u>1,948,625</u> |

|  | 2021           | 2020           |
|--|----------------|----------------|
| <b>Amounts recognised in statement of comprehensive income</b> | <b>\$</b>      | <b>\$</b>      |
| Interest expense on lease liabilities                          | 79,614         | 85,861         |
| Depreciation charge of right of use assets                     | 610,124        | 614,110        |
|  | <u>689,738</u> | <u>699,971</u> |

|  | 2021           | 2020           |
|--|----------------|----------------|
| <b>Amounts recognised in statement of cash flows</b> | <b>\$</b>      | <b>\$</b>      |
| Payments of principal on leases                      | 543,144        | 555,150        |
| Payments of interest on leases                       | 79,614         | 85,861         |
| Total cash outflow for leases                        | <u>622,758</u> | <u>641,011</u> |

|  | Within 1 year  | 1-2 years      | 2-3 years      | After 3 years    | Total            |
|--|----------------|----------------|----------------|------------------|------------------|
| <b>Future minimum lease payments at 30 June 2021 were as follows</b> | <b>\$</b>      | <b>\$</b>      | <b>\$</b>      | <b>\$</b>        | <b>\$</b>        |
| Lease payments   | 597,186        | 588,598        | 562,868        | 1,039,464        | 2,788,116        |
| Finance charges  | (101,130)      | (76,772)       | (53,901)       | (38,522)         | (270,325)        |
| Net present values   | <u>496,056</u> | <u>511,826</u> | <u>508,967</u> | <u>1,000,942</u> | <u>2,517,791</u> |



# HUNTER H2O HOLDINGS PTY LIMITED

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

### Accounting Policy

#### LEASE LIABILITIES

The company assesses whether a contract is or contains a lease, at inception of the contract.

AASB 16 Leases determines whether a contract contains a lease based on whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration.

The company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- Variable lease payments change based on consumer price index movements and periodic market rental rate assessments.

No leases have a guaranteed residual value at the completion of the lease term.

After initial measurement, the liability will be reduced for payments made and increased for interest.

In determining the lease term, management considers all facts and circumstances in deciding whether to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.



# HUNTER H2O HOLDINGS PTY LIMITED

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

### Note 13. Provisions

|                                  | 2021             | 2020             |
|----------------------------------|------------------|------------------|
|                                  | \$               | \$               |
| <b>CURRENT</b>                   |                  |                  |
| Employee benefits                | 2,539,486        | 2,298,922        |
|                                  | <u>2,539,486</u> | <u>2,298,922</u> |
| <b>NON-CURRENT</b>               |                  |                  |
| Employee benefits                | 1,505,172        | 732,874          |
| Make good - Steel River premises | 238,627          | 199,366          |
|                                  | <u>1,743,799</u> | <u>932,240</u>   |

### Reconciliations

Reconciliation of Provision for Make Good – Steel River Premises at the beginning and end of the year is set out below:

|  | 2021           | 2020           |
|--|----------------|----------------|
|  | \$             | \$             |
| <b>RECONCILIATION - MAKE GOOD - STEEL<br/>RIVER PREMISES - NON-CURRENT</b> |                |                |
| Net carrying amount at start of the year                                   | 199,366        | 188,260        |
| Increase/(decrease) in provision   | <u>39,261</u>  | <u>11,106</u>  |
| Net carrying amount at end of the year                                     | <u>238,627</u> | <u>199,366</u> |

Provisions are classified as current liabilities if the Company does not have unconditional right to defer settlement of the liabilities for at least 12 months after the reporting date.

The Make Good provision for the Steel River premises relates to the five-year lease that expires in March 2026. The previous Make Good provision was cancelled during the year and a new five-year lease commenced. The provision is based on an estimate of the cost of dismantling the improvements to the Steel River premises and restoring the site on which it is located.

The Managing Director's employment contract includes a long-term incentive scheme that entitles him to a cash payment as at 30 June 2023 or if a sale event occurs prior to this date. The amount payable will be determined based on twenty percent of the increase if the Company's Equity Value between \$4,000,000 and the vesting date (30 June 2023 or the sale event date). The fair value of the long-term incentive scheme of \$737,786 was recognised as an expense and non-current employee benefit during the year. The total long-term incentive provision relating to the Managing Director as at 30 June 2021 amounts to \$1,271,018.



# HUNTER H2O HOLDINGS PTY LIMITED

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

### Accounting Policy

#### EMPLOYEE BENEFITS

##### *(i) Retirement benefit obligations*

Employees of the Company are members of either defined benefit superannuation funds or defined contribution superannuation funds.

##### *Defined contribution superannuation schemes*

The Company contributes to the defined contribution superannuation schemes. Contributions to these schemes are recognised in the profit or loss as incurred. The liability recognised at the reporting date represents the contributions to be paid in the following month that relate to the period up to reporting date.

##### *Defined benefit superannuation schemes*

The defined superannuation funds provide defined lump sum benefits based on years of service and final average salary. The Company contributes to two defined benefit superannuation schemes in the NSW public sector Pooled Fund. These are: State Authorities Superannuation Scheme (SASS) and State Authorities Non-contributory Superannuation Scheme (SANCS).

The Company's net obligation in respect of these schemes is calculated separately for each scheme by estimating the amount of future benefit that employees have earned in return for their service in the current and prior reporting periods. That benefit is discounted to determine its present value and the fair value of any scheme assets is deducted.

The discount rate is the yield at the reporting date on Government Bonds that have maturity dates approximating to the terms of the Company's obligations. Calculations are performed by the Pooled Fund's actuary using the projected unit credit method and they are advised to individual agencies for recognition and disclosure purposes in their financial statements.

Where the present value of the defined benefit obligation in respect of a scheme exceeds the fair value of the scheme's assets, a liability for the difference is recognised in the Statement of Financial Position. Where the fair value of a scheme's assets exceeds the present value of the scheme's defined benefit obligation, an asset is recognised in the Statement of Financial Position.

Any superannuation asset recognised is limited to the total of any unrecognised past service cost and the present value of any economic benefits that may be available in the form of refunds from the schemes or reductions in future contributions to the schemes, as advised by the Pooled Funds actuary.

Australian Accounting Standard AASB 119 Employee Benefits does not specify whether an entity shall distinguish current and non-current portions of assets and liabilities arising from post-employment benefits because at times the distinctions may be arbitrary. Based on this, the Company discloses defined benefit superannuation liabilities or assets as non-current as this best reflects when the Company expects to settle (realise) the liabilities (assets).

Actuarial gains or losses are recognised in Other Comprehensive income (directly through retained earnings) in the reporting period in which they occur.

##### *(ii) Wages and salaries, annual leave and sick leave*

Liabilities for salaries and wages (including non-monetary benefits) and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts of the benefits.



## HUNTER H2O HOLDINGS PTY LIMITED

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

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The outstanding amounts of payroll tax, workers compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

Annual leave is not expected to be taken within twelve months and is measured at present value in accordance with AASB 119 Employee Benefits. Expected future payments are discounted using the 10-year Corporate Bond Rate. The liability for annual leave is recognised in the provision for employee benefits.

#### *(iii) Long service leave*

The liability for long service leave is recognised as an employee benefit and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future salary and wage levels, trends of employee departures and periods of service. Expected future payments are discounted using the 10-year Corporate Bond Rate. This is consistent with the estimated term of the post-employment benefit obligations.

#### *(iv) Long-term incentive scheme*

The liability for the long-term incentive scheme is recognised as an employee benefit and is measured as the fair value of the expected future payments in respect of services provided by employees up to the reporting date. Consideration is given to the expected equity value of the company, trends of employee departures and periods of service. Expected future payments are discounted using the relevant Corporate Bond rate. The Calculation is subject to several key assumptions and estimation risks.



# HUNTER H2O HOLDINGS PTY LIMITED

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

### Note 14. Contributed Equity

|                            | 2021             | 2020             |
|----------------------------|------------------|------------------|
|                            | \$               | \$               |
| Fully paid ordinary shares | 4,002,500        | 4,002,500        |
|                            | <u>4,002,500</u> | <u>4,002,500</u> |

#### RECONCILIATION – FULLY PAID ORDINARY SHARES

|                              | 2021             | 2020             |
|------------------------------|------------------|------------------|
| Balance at start of the year | 4,002,500        | 3,949,000        |
| New shares issued            | -                | 53,500           |
| Balance at end of the year   | <u>4,002,500</u> | <u>4,002,500</u> |

#### RECONCILIATION – FULLY PAID REDEEMABLE SHARES

|                              | 2021     | 2020        |
|------------------------------|----------|-------------|
| Balance at start of the year | -        | 1,000,000   |
| Shares cancelled             | -        | (1,000,000) |
| Balance at end of the year   | <u>-</u> | <u>-</u>    |

Fully paid ordinary shares carry one vote per share and carry a right to dividends.

All Redeemable Preference Shares were bought back at par value and cancelled during 2019/20.

### Accounting Policy

#### REDEEMABLE PREFERENCE SHARES

Classification of redeemable preference shares as equity; the shares are not to be redeemed at a specific date, the holders of preference shares do not have any power to instruct the Company to redeem the shares, redemption is solely at the discretion of the Company, and the option to redeem is only available up until 30 June 2087 from which time any preference shares still on issue are not able to be redeemed. Independent advice was obtained which supports this judgement.

|                               |             |
|-------------------------------|-------------|
| Net Equity                    | \$6,485,727 |
| Divided by ordinary shares of | 4,002,500   |

|                       |              |
|-----------------------|--------------|
| Share price per share | \$1.62041899 |
|-----------------------|--------------|

Note, no new shares issued and no preference shares remaining



# HUNTER H2O HOLDINGS PTY LIMITED

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

### Note 15. Superannuation

Superannuation benefits for new entrants are now provided through First State Super (FSS) or the employee's choice of fund, which are accumulation type schemes. The Company has made full provision for these commitments.

The following sets out details in respect of the defined benefits schemes only.

#### A. Defined Benefits Superannuation Position

Following is the 30 June 2021 superannuation position:

| Member Numbers | SASS | SANCS |
|----------------|------|-------|
| Contributors   | 1    | 1     |

|  | SASS          | SANCS         | 2021          |
|--|---------------|---------------|---------------|
| Superannuation Position  | \$            | \$            | \$            |
| Accrued liability (Note 1, below)  | 827,461       | 118,903       | 946,364       |
| Estimated reserve account balance  | (758,380)     | (96,473)      | (854,853)     |
| Deficit/(surplus)  | 69,081        | 22,430        | 91,511        |
| Future service liability (Note 2, below)   | 28,344        | 51,693        | 80,037        |
| <b>Net (asset)/liability to be recognised in statement of financial position</b> | <b>69,081</b> | <b>22,430</b> | <b>91,511</b> |

**Note 1:** The accrued liability includes a contribution tax provision. This is calculated based on grossing up the deficit/(surplus) less the allowance for past service expenses and insurable death and disability liabilities at a contribution tax rate of 15%.

**Note 2:** The Future Service Liability (FSL) does not have to be recognised by an employer. It is only used to determine if an asset ceiling limit should be imposed (AASB 119 para 64). Under AASB 119, any prepaid superannuation asset recognised cannot exceed the present value of any economic benefits that may be available in the form of refunds from the plan or reductions in future contributions to the plan. Where the "surplus in excess of recovery" is zero, no asset ceiling limit is imposed. (Note: this also includes a contribution tax provision).



# HUNTER H2O HOLDINGS PTY LIMITED

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

### B. Superannuation Plan

#### Description of risks

There are a number of risks to which the Fund exposes the Employer. The more significant risks relating to the defined benefits are:

- **Investment risk** - The risk that investment returns will be lower than assumed and the Employer will need to increase contributions to offset this shortfall.
- **Longevity risk** - The risk that pensioners live longer than assumed, increasing future pensions.
- **Pension indexation risk** - The risk that pensions will increase at a rate greater than assumed, increasing future pensions.
- **Salary growth risk** - The risk that wages or salaries (on which future benefit amounts for active members will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.
- **Legislative risk** - The risk is that legislative changes could be made which increase the cost of providing the defined benefits.

The defined benefit Fund assets are invested with independent fund managers and have a diversified asset mix. The Fund has no significant concentration of investment risk or liquidity risk.

#### Description of significant events

There were no fund amendments, curtailments or settlements during the year.

### C. Reconciliation

#### Net Defined Benefit Liability/(Asset)

The amount included in the statement of financial position arising from the entity's obligation in respect of its defined benefit plans is as follows:

|   | SASS          | SANCS         | 2020/2021     |
|---|---------------|---------------|---------------|
|   | \$            | \$            | \$            |
| Present value of funded defined benefit obligation          | 827,461       | 118,903       | 946,364       |
| Fair value of plan assets                                   | (758,380)     | (96,473)      | (854,853)     |
| <b>Net defined benefit liability/(asset) at end of year</b> | <b>69,081</b> | <b>22,430</b> | <b>91,511</b> |

Amount recognised in comprehensive income in respect of these defined benefit plans are as follows:

|                                    | SASS   | SANCS | 2020/2021 |
|------------------------------------|--------|-------|-----------|
|                                    | \$     | \$    | \$        |
| Employer contributions             | 20,424 | 1,584 | 22,008    |
| Contributions by fund participants | 10,810 | -     | 10,810    |



# HUNTER H2O HOLDINGS PTY LIMITED

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

### D. Fair Value of Fund Assets

All fund assets are invested by STC at arm's length through independent fund managers and assets are not separately invested for each entity.

As at 30 June 2021

| Asset Category               | Total<br>(A\$'000) |               |
|------------------------------|--------------------|---------------|
| Short term securities        | 5,108,370          | 12.2%         |
| Australian fixed interest    | 903,816            | 2.2%          |
| International fixed interest | 1,755,026          | 4.2%          |
| Australian equities          | 8,310,657          | 19.9%         |
| International equities       | 13,889,679         | 33.2%         |
| Property                     | 3,287,730          | 7.9%          |
| Alternatives                 | 8,529,710          | 20.4%         |
| <b>Total</b>                 | <b>41,784,988</b>  | <b>100.0%</b> |

Derivatives, including futures and options, can be used by investment managers. However, each manager's investment mandate clearly states that derivatives may only be used to facilitate efficient cashflow management or to hedge the portfolio against market movements and cannot be used for speculative purposes or gearing of the investment portfolio. As such, managers make limited use of derivatives.

### E. Fair Value of Entity's Own Financial Instruments

The fair value of the Pooled Fund assets as at 30 June 2021 include \$41.4 million in NSW government bonds.

### F. Significant Actuarial Assumptions at the Reporting Date

| As at   | 30 June 2021   |
|---|--|
| Discount rate   | 2.98% pa   |
| Salary increase rate<br>(excluding promotional increases) | 2.74% pa 21/22 to 25/26; 3.2% pa thereafter  |
| Rate of CPI increase                                      | 1.50% for 20/21; 1.75% for 21/22 and 22/23; 2.25% for 23/24, 24/25 and 25/26; 2.50% for 26/27; 2.75% for 27/28, 3.00% for 28/29; 2.75% for 29/30; 2.50% pa thereafter  |
| Pensioner mortality                                       | The pensioner mortality assumptions are those to be used for the 2021 Actuarial Investigation of the Pooled Fund. These assumptions are disclosed in the actuarial investigation report available from the trustee's website. The report shows the pension mortality rates for each age. |



# HUNTER H2O HOLDINGS PTY LIMITED

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

### Note 16. Contingent Liabilities and Assets

#### *Contingent Liabilities*

At the reporting date, the company has issued financial guarantees of \$299,328 in the ordinary course of business. The Company has not recognised any liability in the financial statements arising from a financial guarantee as there are currently no circumstances that would likely result in the recipients enacting any of the guarantees issued.

A claim for damages was lodged against the Company in July 2021 in relation to alleged non-performance under a service contract. The company has disclaimed liability and is defending the action. The claim is approximately \$850,000 but it is not practical to estimate the potential effect of this claim. Legal advice indicates that it is not probable that a material liability will arise.

#### *Contingent Assets*

The Company has lodged claims against two clients for damages by delay. Both matters remain unresolved and having received legal advice, the Directors believe that a favourable outcome is probable on one claim (claim is approximately \$410K) with the other claim expected to be not as favourable (claim is approximately \$400K). These contingent assets have not been recognised as receivable at 30 June 2021 as receipt of these amounts may be dependant on the outcome of an adjudication process.

### Note 17. Auditors' Remuneration

Amounts received or due and receivable by the auditors, from the Company:

|  | 2021          | 2020          |
|--|---------------|---------------|
|  | \$            | \$            |
| Audit review of financial reports (exclusive of GST) | 26,450        | 27,000        |
|  | <u>26,450</u> | <u>27,000</u> |

No other services were provided by the auditor during the year.



## HUNTER H2O HOLDINGS PTY LIMITED

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

#### Note 18. Related Party Disclosures

Transactions between related parties are conducted using commercial conditions no more favourable than those available to other parties unless otherwise stated.

##### TRANSACTIONS WITH RELATED ENTITIES

|                              | Entity                       | 2021          | 2020          |
|------------------------------|------------------------------|---------------|---------------|
| <b>PURCHASES</b>             |                              | \$            | \$            |
| Consultancy Services         | Australian Water Association | 39,450        | 24,132        |
| Consultancy Services         | Local Government Procurement | 24,404        | 27,066        |
| Training Services            | Verity Training              | -             | 682           |
| Superannuation Contributions | State Super SAS              |               |               |
|                              | Trustee Corporation          | 30,694        | 32,886        |
| Total purchases              |                              | <u>94,548</u> | <u>84,766</u> |

##### DIVIDENDS PAID

|                    |                |               |              |
|--------------------|----------------|---------------|--------------|
| Franked Dividend   | Valome Pty Ltd | 22,500        | -            |
| Unfranked Dividend | Valome Pty Ltd | -             | 5,875        |
| Total dividends    |                | <u>22,500</u> | <u>5,875</u> |

##### OUTSTANDING BALANCES AT YEAR END

##### PAYABLES

|                     |              |          |
|---------------------|--------------|----------|
| Sales and purchases | <u>3,581</u> | <u>-</u> |
| Total payables      | <u>3,581</u> | <u>-</u> |



# HUNTER H2O HOLDINGS PTY LIMITED

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

### Note 19. Key Management Personnel Disclosures

In addition to the Directors, the following persons also had authority and responsibility for planning, directing and controlling the activities of the group, directly or indirectly, during the year: -

| Name           | Position                                    |
|----------------|---|
| Mr P Dennis    | Managing Director                           |
| Mrs J Golledge | Chief Financial Officer, Commercial Manager |
| Mr P Thompson  | Executive Manager: Process                  |
| Mr J Smith     | Executive Manager: Design                   |
| Mr D Bowerman  | Executive Manager: Electrical & SCADA       |
| Mrs N Holmes   | Executive Manager: Advisory                 |
| Mr S Bullen    | Executive Manager: Corporate Advisory       |

|  | 2021             | 2020             |
|--|------------------|------------------|
|  | \$               | \$               |
| Compensation to directors and key management personnel – short-term              | 1,918,566        | 1,730,206        |
| Compensation to directors and key management personnel – long-term               | 737,786          | 409,314          |
| Dividends paid to directors and key management personnel as company shareholders | 136,774          | 5,875            |
|  | <u>2,793,126</u> | <u>2,145,395</u> |

### Note 20. Events Occurring After Balance Date

No matters or circumstances have arisen since the end of the financial year ended 30 June 2021 which significantly affect or may affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

### Note 21. Financial Instruments

The company's financial instruments consist mainly of deposits with banks, accounts receivable and payable, and bank loans. The carrying amounts for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

|   | Note | 2021              | 2020             |
|---|------|-------------------|------------------|
| FINANCIAL ASSETS  |      | \$                | \$               |
| Cash and cash equivalents   | 6    | 5,191,179         | 4,205,342        |
| Trade and other receivables (excluding prepayments and security deposits) | 7    | 4,905,124         | 3,580,580        |
|   |      | <u>10,096,303</u> | <u>7,785,922</u> |
| FINANCIAL LIABILITIES   |      |                   |                  |
| Trade and other payables  | 11   | 2,496,245         | 1,982,065        |
|   |      | <u>2,496,245</u>  | <u>1,982,065</u> |



# HUNTER H2O HOLDINGS PTY LIMITED

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

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### Note 22. Other Accounting Policies

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#### AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For Profit and Not-for-Profit Tier 2 Entities (effective 1 July 2021)

AASB 1060 sets out a new separate disclosure Standard to be applied by all entities that are reporting under Tier 2 of the Differential Reporting Framework in AASB 1053 Application of Tiers of Australian Accounting Standards. The Standard has been developed based on a new methodology and principles to be used in determining the Tier 2 disclosures that are necessary for meeting user needs, to replace the current Reduced Disclosure Requirements (RDR) framework.

When these amendments are first adopted for the year ending 30 June 2022, there will be no material impact on the financial statements. The changes are disclosure based only and will not impact the figures presented for the financial performance or position of the Company.

#### Other Standards and Interpretations in issue not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2021 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

### End of Audited Financial Statements



## DIRECTORS' DECLARATION

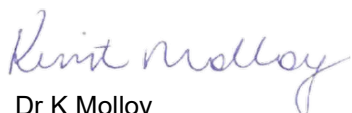
We state that in the opinion of the Directors of Hunter H2O Holdings Pty Limited, the financial statements and notes:

- a) Exhibit a true and fair view of the financial position of the Company as at 30 June 2021 and its performance as represented by the results of its operation and its cash flows for the financial year then ended.
- b) Comply with the applicable Australian Accounting Standards – Reduced Disclosure Requirements, Australian Accounting Interpretations, and other authoritative pronouncements of the Australian Accounting Standards Board, and the *Corporations Act 2001*.

There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

We are not aware of any circumstances, which would render any particulars included in these statements to be misleading or inaccurate.

Signed in accordance with a resolution of the Directors:



Dr K Molloy  
Chair



Mr P Thompson  
Director

Dated: 24 September 2021

Newcastle