

sunwater

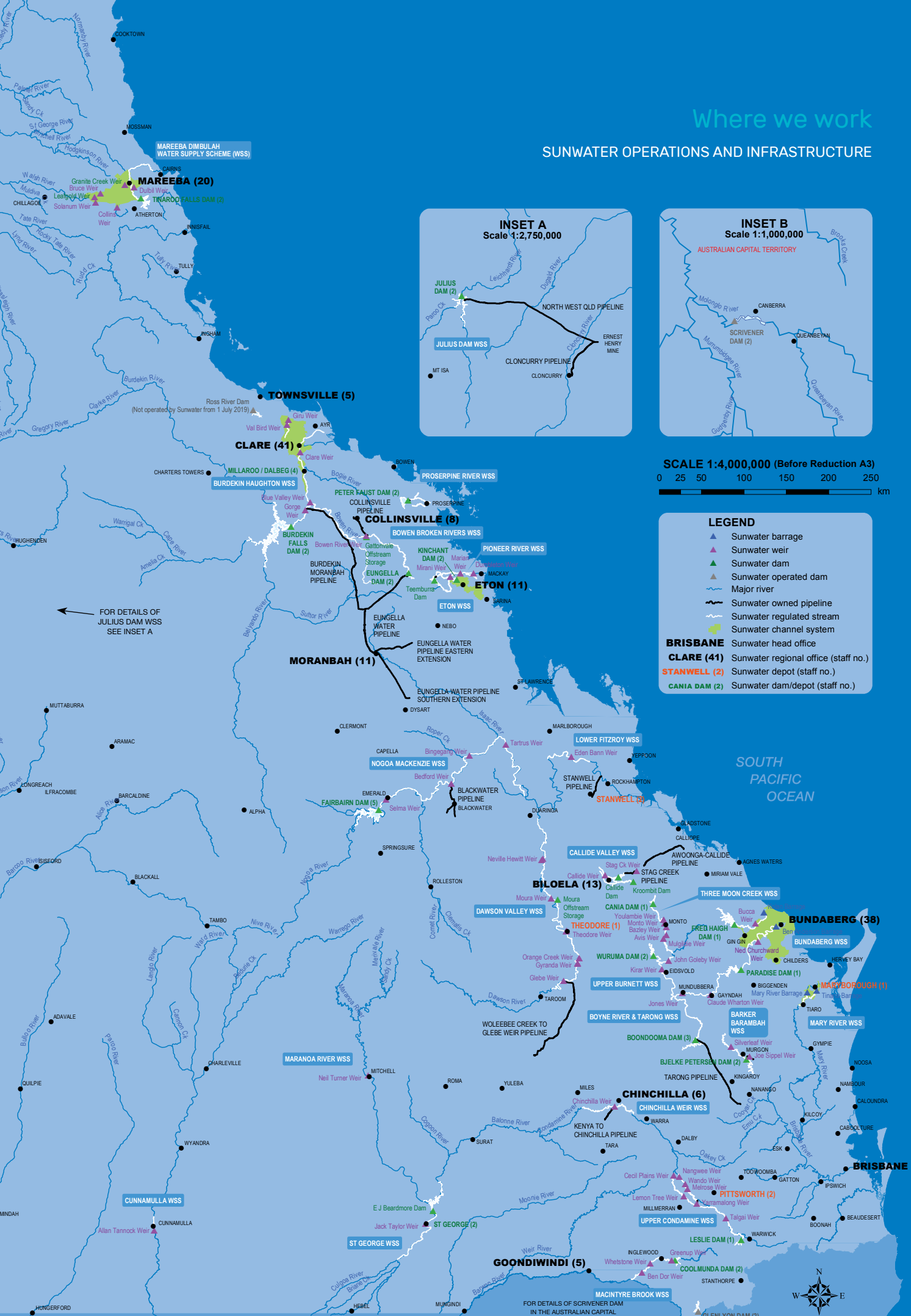


Delivering water
for prosperity

2018–2019 Annual Report

Where we work

SUNWATER OPERATIONS AND INFRASTRUCTURE



MAREEBA DIMBULAH WATER SUPPLY SCHEME (WSS)

MAREEBA (20)

TINAROO FALLS DAM (2)

TOWNSVILLE (5)

CLARE (41)

COLLINSVILLE (8)

ETON (11)

MORANBAH (11)

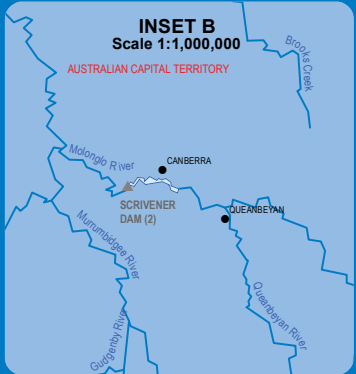
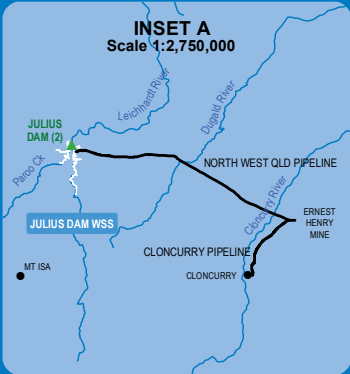
BILOELA (13)

BUNDABERG (38)

CHINCHILLA (6)

GOONDIWINDI (5)

BRISBANE



SCALE 1:4,000,000 (Before Reduction A3)



LEGEND

- ▲ Sunwater barrage
- ▲ Sunwater weir
- ▲ Sunwater dam
- ▲ Sunwater operated dam
- Major river
- Sunwater owned pipeline
- Sunwater regulated stream
- Sunwater channel system

- BRISBANE** Sunwater head office
- CLARE (41)** Sunwater regional office (staff no.)
- STANWELL (2)** Sunwater depot (staff no.)
- CANIA DAM (2)** Sunwater dam/depot (staff no.)

FOR DETAILS OF JULIUS DAM WSS SEE INSET A

FOR DETAILS OF SCRIVENNER DAM IN THE AUSTRALIAN CAPITAL TERRITORY SEE INSET B

Table of contents

4	We are Sunwater
10	Our Performance
14	High-Performance Culture
16	A Sustainable Business
20	Supportive Stakeholders
24	Commercially Focused Operations
27	Corporate Governance
41	Directors' Report
44	Auditor's Independence Declaration
45	Financial Report
95	Glossary

About this report

This annual report provides a review of Sunwater Limited's financial and non-financial performance for the 12 months ended 30 June 2019. The report includes a summary of activities undertaken to meet Key Performance Indicators (KPIs) set out in Sunwater's Statement of Corporate Intent 2018–2019, which represents our performance agreement with our shareholding Ministers.

This annual report aims to provide information to meet the needs of Sunwater stakeholders. An electronic version of this annual report is available on the Sunwater website:

www.sunwater.com.au

We invite your feedback on our report. Please contact our Customer Services team by calling 13 15 89 or email **customerservices@sunwater.com.au**

Aboriginal acknowledgement

Sunwater respectfully acknowledges the traditional custodians of the land on which we operate and pays our respect to Elders past, present and emerging.

Printed in Queensland using FSC-certified 100% post-consumer recycled paper.

Cover image: Sugar cane and flower farmer, Andrew Vassallo, has his eye on bright horizons at Brightley near Eton.

We are Sunwater

2018-2019 Highlights

We provide vital bulk water supply to more than 5000 agriculture, urban and industrial customers, supporting businesses and communities throughout Queensland 365 days a year.

In 2018-2019, we operated in an environment that saw 65% of Queensland experience severe drought. We recognise the extreme pressure drought places on our customers' livelihoods and continued to work closely with all stakeholders to maximise water supply and keep our customers informed.

In February 2019, the convergence of a monsoon and a slow-moving tropical low severely impacted North Queensland's Townsville community. Flood levels in the Ross River were greater than a 1 in 500-year event. We acknowledge the stress major flooding causes and the resilience of Townsville and other impacted communities during and after this event.

Achievements



Customer collaboration

We improved our customer engagement and satisfaction, raising our measure of customer advocacy more than 42% from 2018 to a score of 27.42, and piloted a future customer collaboration model with the Lower Mary Customer Advisory Board.



Dam improvements

We invested \$40 million in our Dam Improvement Program (DIP) to ensure high levels of safety. Projects included continued construction on the Fairbairn Dam Spillway Improvement works and preliminary business cases for Burdekin Falls Dam, Teemburra Dam, Paradise Dam and Leslie Dam.



Digital transformation

We continued investing in efficiencies through digital transformation including the cloud transition of our water billing system, planning for upgrades to our finance and asset management system, enhancements to our records management technology and website, and a new digital solution for more efficient and accurate safety management and reporting.



Energy efficiency

We optimised commercial arrangements, piloted energy audits and installed renewable generation initiatives to minimise energy prices across all customer segments.



New projects

We progressed preparatory works for the Rookwood Weir project that presents an opportunity to supplement future urban water supplies and enhance agricultural and industrial development in central Queensland, progressed a preliminary business case for the raising of the Burdekin Falls Dam and commenced preparatory works for the Mareeba Dimbulah water efficiency project.



Regional Blueprint

We developed our long-term plan to maximise assets and water availability and identify opportunities for our regional communities and all of Queensland.



Local ownerships and management

We successfully supported the transition of St George, Theodore and Emerald channel irrigation schemes to local management.



Business Development

We continued to expand our revenue base, notably through the sale of latent capacity in our dams and pipeline network including tenders for water from Paradise Dam and Burdekin Falls Dam, and sale of surplus capacity in the Eungella Water Pipeline to interested mining customers in the Bowen Basin.



Culture and engagement

We continued to transform our culture, driven by our values and supporting behaviours, increased employee engagement and targeted safety including more efficient and accurate safety management and reporting.

We are Sunwater

Who we are

We are a Queensland Government-owned water service provider, making the most of the available water supply for our agriculture, urban and industrial customers.

We operate 365 days a year to deliver for our customers and the essential role they play in regional growth and prosperity.



Brightley irrigator Andrew Vassallo at his sugar and flower farm.

Our services

From Mareeba in the far north, west to Mount Isa, and south to St George and Goondiwindi, we work to capture and deliver around 40% of the water used commercially in Queensland through a network of critical infrastructure including:

- 19 major dams
- 64 weirs and barrages
- 625 kilometres of water channels
- 76 major pumping stations
- 2100 kilometres of pipelines
- 5 water treatment plants.

Our customers

We supply water to agriculture, urban and industrial customers throughout regional Queensland.

Our strong regional presence helps us understand and adapt to the needs and changing environment of our more than 5000 customers.




Our purpose

Delivering water for prosperity

Our strategic roadmap

Our strategic roadmap is how we engage our people and cascade our purpose to align our work to our strategic direction. It is also how we assess and report our performance.

OUR STRATEGIC ROADMAP

	DELIVERING WATER FOR PROSPERITY			
PURPOSE				
FOUR STRATEGIC GOALS	A SAFE HIGH PERFORMANCE CULTURE 'Act on it' safety mindset Our people deliver results, are engaged and capable	A SUSTAINABLE BUSINESS Innovation and business Improvement focus Assets and resources optimised	SUPPORTIVE STAKEHOLDERS Our customers value us We collaborate with all stakeholders	COMMERCIALLY FOCUSED OPERATIONS Efficient service delivery to our customers Value improvement focused
	MEASURES • Employee engagement • Zero Harm	• Return on Assets • Margin growth	• Customer engagement/advocacy	• \$/ML • KPIs delivered
VALUES	THE FOUNDATION OF HOW WE DELIVER FOR OUR CUSTOMERS			
	 VALUE PEOPLE	 WORK TOGETHER	 TAKE RESPONSIBILITY	

We are Sunwater

How we work

Our key partners

Our key partners in delivering water for prosperity.



Irrigation customers

Includes Local Management entities, irrigation consultative groups and individual irrigators



Urban customers

Local Councils of Local Government Association of Queensland

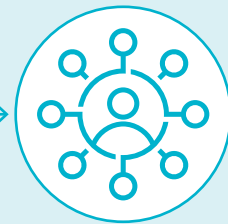


Industrial customers

Includes mines and power stations



Supports safe use



Community

In the communities in which we operate, our stakeholders include recreational dam users, suppliers and contractors, local government bodies and environmental interest groups



Queensland Treasury

Regulates Sunwater under legislation including: *Government Owned Corporations Act 1993 (Qld)*

Regulates



Shareholding Ministers

Our shareholding Ministers are:

The Hon Jackie Trad, MP, Deputy Premier, Treasurer and Minister for Aboriginal and Torres Strait Islander Partnerships

The Hon Dr Anthony Lynham, MP, Minister for Natural Resources, Mines and Energy

Regulates



Department of Natural Resources, Mines and Energy

Regulates Sunwater under legislation including: *Water Supply (Safety and Reliability) Act 2008* and *Water Act 2000*

We are Sunwater

What we do

Delivering water for prosperity

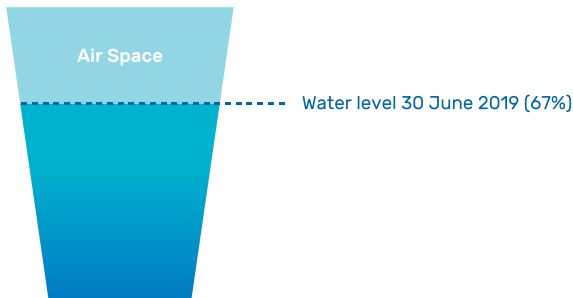
We delivered on our commitment in 2018-2019, delivering 1367 gigalitres (GL) of water within targeted distribution levels and service level efficiencies.

The following infographics outline how we work to deliver safe and reliable water solutions for customers to support Queensland growth and prosperity.

1. Water available in our storages

2018-2019 snapshots

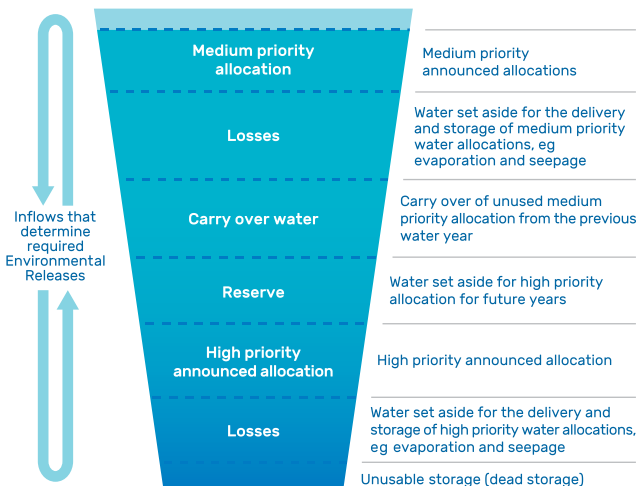
Conditions across Queensland, such as the extremes of drought and rainfall events, may affect the volume of water in individual storages. The impact of these conditions on available water can be illustrated through the total amount available across all storages. At 1 July 2018, the total useable volume of water in our dams was 72% with 28% airspace. At 30 June 2019, the total useable volume of water in our dams was 67% with 33% airspace.



2. Making available water work

How water in our dams is shared

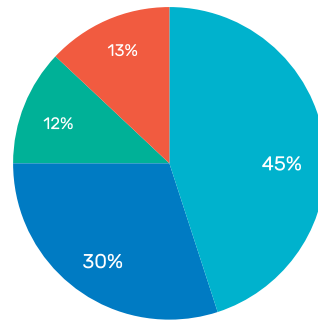
Of the water that we have available in our storages, there are various requirements as to how it can be allocated to support our customer and operational needs. One of these requirements includes environmental water releases, generally made to mimic natural inflows.



3. Maximising allocated water

How water was used in 2018-2019

Of the water available for allocation in 2018-2019, there was 12% that remained owned by Sunwater and available for purchase or temporary transfer.

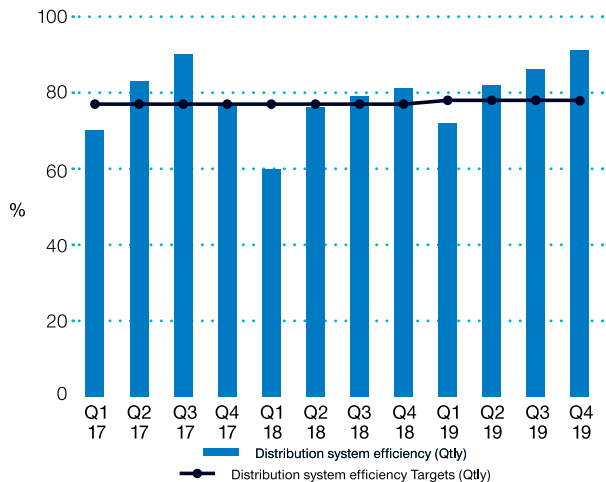


- Water utilised by customers
- Water owned by customers and retained in Sunwater storages (including for future use and water trading)
- Water owned by Sunwater and available for purchase or temporary transfer purchase
- Water available to maintain channels in irrigation schemes to ensure supply to customers

4. Distribution system efficiency

How we service customers

By targeting water supply efficiencies to better service our customers, including specific scheme targets, we achieved 85% distribution efficiency for 2018-2019, which was above our 75% full-year target.



We are Sunwater

Sunwater at a glance

We service more than

5000

customers



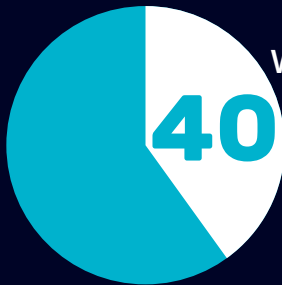
Irrigation



Industrial



Urban



We supply around **40%** of the water used commercially in Queensland



400+ people across 34 locations

We operate **365** days

per year to deliver the **LIFEBLOOD** of regional Queensland

On average, we deliver more than 1300 gigalitres of water each year



that's enough water to fill **Sydney Harbour 3 times**

Capacity of **6715** gigalitres of water storage in dams, weirs and barrages



19 DAMS



64 WEIRS AND BARRAGES



625 KM WATER CHANNELS



76 PUMPING STATIONS



2100 KM PIPELINES



5 WATER TREATMENT PLANTS

Our Performance

Chairman and CEO message

We are pleased to present Sunwater's achievements against the objectives agreed by the Board and Executive Leadership Team for 2018–2019 to pursue our purpose of delivering water for prosperity.

Our focus for 2018–2019 was maximising and efficiently delivering available water supply for our customers, effectively managing our \$13.7 billion (replacement cost) in water infrastructure assets, optimising and building assets for regional growth and prosperity, and improving value for our customers and stakeholders through maturing business processes and development of our people.

We took significant steps forward with our business transformation and organisational efficiency to deliver value to customers, as well as investing in existing and future water supply through our dam improvements and projects.

We continued to transform our culture, driven by our values and supporting behaviours. With an increase in employee engagement, we worked to evolve as a business that is high performing, trusted and respected by customers and our people.

Under our Dam Improvement Program (DIP), we continued construction of the Fairbairn Dam Spillway to ensure the long-term viability of the 1.3 million megalitre (ML) dam near Emerald and advanced a suite of projects involving Queensland's largest dam, the vital 1.86 million ML Burdekin Falls Dam.

We progressed preparatory works for the Rookwood Weir project, with first construction activities anticipated to start in the second half of 2019. The project presents an opportunity to supplement future urban water supplies and enhance agricultural and industrial development in central Queensland. The weir will provide water for agricultural production along the Fitzroy River, as well as urban supply

for Rockhampton, Livingstone Shire and Gladstone regions in addition to industrial supply for Gladstone.

In our ongoing business transformation that positions customers at the heart of everything we do, we worked closely with irrigation, urban and industrial customers in addition to governments, local councils and other key stakeholders to maximise the volume of water available, ensure efficiency in delivery, and secure future water supply.

Our achievements during the year are highlighted in this document and reported against our four strategic goals:

- High-performance culture
- A sustainable business
- Supportive stakeholders
- Commercially focused operations.

The results are reflective of the ongoing efforts and commitment of our people under the leadership of our Board of Directors and Executive Leadership Team.

The year in review

It has been a challenging year for many of our customers. As much as 65% of Queensland was drought declared, with south-western Queensland catchments experiencing the worst drought on record.

Drought conditions to this extent have contributed to above average evaporation and minimal inflow for several of our dams. We understand our customers are affected by these dry conditions, particularly in the eight water supply schemes that had less than 50% capacity in their dams.

By contrast, the convergence of a monsoon and a slow-moving tropical low was an extreme weather event estimated at greater than one-in-500-year probability that significantly impacted North Queensland's Townsville community in January and February 2019. The Ross River Dam peaked around 245% capacity, prompting the automatic maximum opening of spillway gates.

Our role and focus throughout the monsoon event was to ensure the dam was managed safely and in line with the operational direction of our customer, Townsville City Council. The Inspector General Emergency Management's 2019 Monsoon Trough Rainfall and Flood

Review confirmed that we fully met our obligations in operating the dam safely, in line with the Emergency Action Plan, and effectively communicated with Townsville City Council and the Local Disaster Management Group.

With more than half of our people in regions across the State, we understand the impacts of Queensland's diverse climate on our customers. We have worked to increase engagement and communications with our customers to ensure they remain safe and well informed about available water supply during challenging conditions.

We have also worked to develop a Regional Blueprint as a strategy to increase availability of water in our existing water supply schemes, examine opportunities for new water projects to generate economic prosperity and address future customer needs, as well as adapt to the impacts of climate change.

An efficient customer-centric Sunwater

Our challenge to truly be a valued water solution provider for our customers continued to transform our business. Sunwater is committed to our customers and the development of regional Queensland.

Our engagement with irrigation customers was essential to our input into the Queensland Competition Authority's water pricing review, in which we aimed to help gain the best outcomes for our customers and stakeholders through transparent reporting of our costs.

We piloted new models for customer engagement, such as the Lower Mary Customer Advisory Board, on top of our ongoing consultation with irrigation and industrial customers, as well as urban customers with whom we worked to develop the Urban Pricing Project.

With increased demand for industrial water supply across the Bowen Basin, as well as the Galilee and Surat basins, we recognised opportunities to utilise latent capacity in existing pipelines and construct new pipelines for this sector, and focused on delivering transparent cost calculations to existing and potential industrial customers.



We sought to minimise the impact of energy prices on water supply to our customers, delivering initiatives such as renewable energy generation pilot programs.

Under our business transformation program, we continued investing in our digital transformation including the cloud transition of our water billing system, planning for upgrading our finance and asset management system, enhancements to our records management technology and website, and introduction of a new digital solution for more efficient and accurate safety management and reporting.

We also reviewed our operating model to realign our internal functions to better support customer outcomes, relocated our Brisbane office to a new location in Fortitude Valley saving on average \$1.3 million annually, and upgraded our website to improve communication with customers and the community.

Our asset management

Public safety is our priority and we continued to deliver our DIP to ensure our dams comply with the latest safety standards and continue to function safely during extreme weather events.

We invested \$40 million into the DIP in 2018–2019.

A focus of our total capital expenditure planned for 2019–2020 will be continuing to enhance our dam infrastructure to meet extreme weather conditions and continuing to provide a reliable water supply to regional Queensland. Program highlights include continued planning works to enhance spillways to safeguard against future extreme weather events at Paradise Dam near Bundaberg and North Queensland’s Burdekin Falls Dam.



In 2018–2019 we also progressed projects such as the Queensland and Australian government-funded Rookwood Weir project, south-west of Rockhampton. We established a full project team, commenced relevant environmental activities associated with the conditions of the approved Environmental Impact Statement (EIS), engaged with landowners, and progressed towards final design for the weir, bridge and road upgrades.

We completed the Preliminary Business Case for Burdekin Falls Dam Raising, finalised and submitted the Nullinga Dam Detailed Business Case led by Building Queensland, and commenced preparatory works for the \$28 million water supply efficiency project at the Mareeba-Dimbulah system that was awarded \$11.6 million in federal funding. We also undertook a pilot channel lining water efficiency project in the Nogoa Mackenzie system.

Sunwater also worked with a number of interested parties to explore commercial and economic opportunities to meet short and long-term water supply needs and progressed the Sunwater Regional Blueprint as part of supporting the objectives set out in the Queensland Bulk Water Opportunity Statement.

We took learnings from 2018–2019 that will be applied to our ongoing operations. One of these included how we balance customer water needs and safety. Responsibly managing water infrastructure means ensuring the safety of our people and members of nearby communities. This is of paramount importance to Sunwater. We also work collaboratively with our customers. An example of a solution to meet these demands included essential repair work to ensure asset integrity on the EJ Beardmore Dam and

Thuraggi Channel outlet. We worked with St George irrigators to help save a potential 27,000 ML of water through construction of a short-term storage solution, known as a coffer dam, to store inflows while those essential repair works were undertaken.

Our focus for 2020

Our 2020–2024 Corporate Plan guides our organisational direction through the next five years to continue our transformation as a customer-focused organisation that is collaborative, innovative and efficient.

We have identified six focus areas that are key to achieving our strategic goals and our purpose of delivering water for prosperity that our people are prioritising for 2019–2020.

These focus areas include:

- Improved customer satisfaction – including rigorously measuring and benchmarking our customer-centric strategy.
- Value improvement – realising savings, improving water losses, increasing our water distribution efficiency and reducing energy use and costs in water delivery.
- Culture development – including improved safety, examining new ways of working, and developing leadership.
- Optimising our asset portfolio – including a management framework and embedding one, five and 10-year plans for all assets, and focusing on renewals.
- Growth and major infrastructure projects – including delivering projects on time and on budget.
- Implementing our digital strategy.

Leith Bouly

CHAIRMAN

Nicole Hollows

CHIEF EXECUTIVE

Our Performance

CASE STUDY

SAFETY AT THE HEART OF DISASTER RESPONSE

SUPPORTING TOWNSVILLE IN A 1:500-YEAR EMERGENCY

The convergence of a monsoon and a slow-moving tropical low in January 2019 was a rare weather event estimated to have an Annual Exceedance Probability of greater than 1-in-500-years.

Flooding significantly impacted North Queensland's Townsville community.

At Sunwater, we recognise the resilience of the Townsville community after one of the region's worst natural disasters in living memory. With a number of our staff and contractors living in the Townsville area, we understand from first-hand accounts that many locals and businesses are still doing it tough in recovering from the 2019 flood event.

The Ross River Dam, with a storage capacity of 233,187 ML, is owned by the Townsville City Council and is located about 19 km south-west of Townsville's central business district. The dam was constructed in 1971 and upgraded in 2007.

Up until 30 June 2019, Sunwater operated Ross River Dam under contract to the dam owner, Townsville City Council. Townsville City Council took over Ross River Dam operations on 1 July 2019.

Our role and focus throughout the event was to ensure the dam was managed safely and in line with the direction of our customer and dam owner, Townsville City Council. The Inspector General Emergency Management (IGEM) review for the 2019 Monsoon Trough Rainfall and Flood confirmed we fully met our obligations in operating the dam safely, in line with the Emergency Action Plan, and effectively communicated with Townsville City Council and the Local Disaster Management Group.

The Detail

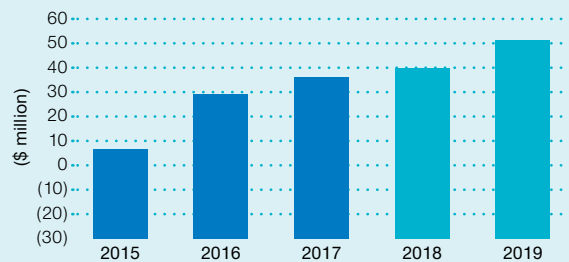
- During the event, the Ross River Dam peaked at around 245% capacity, prompting the automatic opening of spillway gates to their maximum capacity. The stationary nature of the trough meant daily rainfall was extraordinary, with multi-day rainfall records exceeded at multiple locations, including Townsville.
- The release of water peaked at 1900 cubic metres of water per second.
- The Sunwater Operations Centre was active as the forecast developed and 'stood up' on 26 January 2019, operating 24 hours a day through the event, standing down 17 days later on 11 February 2019.
- Emergency Action Plans were activated for seven dams in regional Queensland with five of those actively spilling.
- The IGEM made 14 recommendations, with one directly relevant to the operation of the Ross River Dam.
- As of 1 July 2019, Ross River Dam is operated and managed by Townsville City Council.
- Our review process does not end with the release and implementation of IGEM recommendations. Sunwater will collaborate with other agencies across Queensland to continue refining our systems, processes and communications to ensure our entire organisation and dam portfolio benefits from the review.

Our Performance

Financial highlights

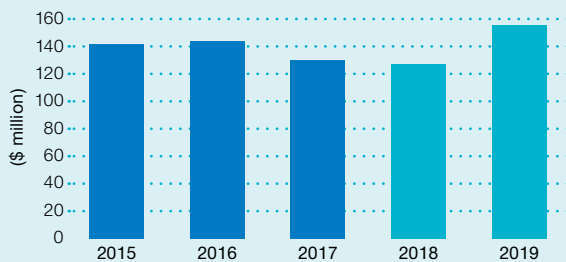
Sunwater Limited delivered a strong financial result for the year. Net Profit After Tax (NPAT) increased by 29% driven by growth in revenue and includes significant dam improvement costs. The robust performance resulted in the Group declaring a dividend of \$51.2 million.

NPAT



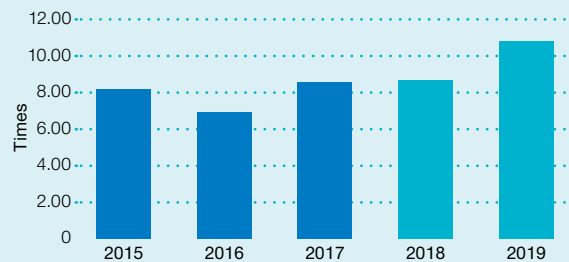
NPAT has increased by 29% to \$51.22 million driven by higher revenue and was ahead of the SCl target.

EBITDA



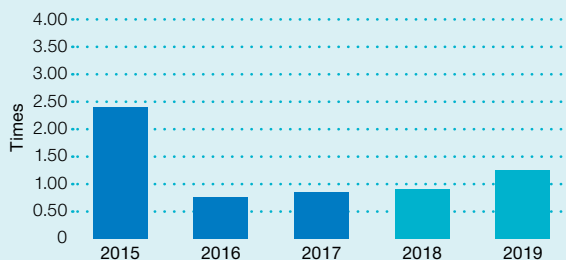
Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) has increased by 23% at \$155.9 million primarily due to strong revenue growth, lower employment costs and comparable operating costs to the previous year.

EBITDA INTEREST COVER



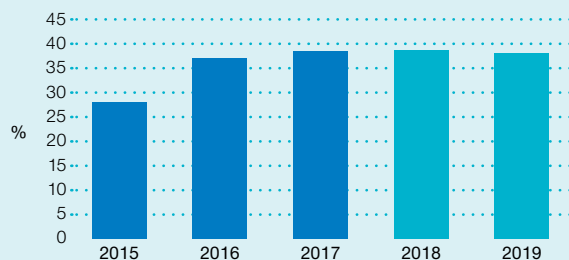
The EBITDA Interest Cover has significantly improved year on year in line with the improved EBITDA result whilst finance charges and borrowings have remained stable.

CURRENT RATIO



The Current Ratio has further improved in 2018-2019 as cash asset reserves have increased from a strong operating cash flow.

MARKET GEARING



Market Gearing (Debt/Debt + Equity) has remained relatively stable. There were no borrowing requirements during 2019 and remained at \$284 million during the year.

Strategic goal: High-Performance Culture

At Sunwater, delivering the best outcomes for our customers is what motivates us. We understand our customers’ needs and the essential role they play in regional growth and prosperity. We value our people and the important work they do to deliver high quality services for our customers.

2018-2019 OBJECTIVES AND KEY PERFORMANCE INDICATORS (NON-FINANCIAL)

Strategic Objective	Q1 September	Q2 December	Q3 March	Q4 June	
Employee satisfaction (%)	>20% improvement on prior year				MET
Total Recordable Injury Frequency Rate (number/million hours worked)	<5	<5	<5	<5	NOT MET
Lost Time Recordable Injury Frequency Rate (number/million hours worked)	0	0	0	0	NOT MET
High Potential Incidents (number pa)	<13	<13	<13	<13	MET

High-Performance Culture

Our culture continued to transform, driven by our values and supporting behaviours. We embraced new ways of thinking and working to evolve as a business that is high performing, trusted and respected by our customers and people.

As at 30 June 2019, we had 384 full-time equivalent members of our team, including 33 fixed term contractors, plus 30 vacancies.

Safety

A total of 86% of our people participated in our Switch On program to positively shift mindsets and behaviours to stay safe and be accountable for their personal safety and the safety of others.


Our monthly Team Toolbox Talks contained a dedicated focus on safety health and environment and meetings start with a Safety Share or Switch-On Moment.

At the organisational level, our Safety, Health, Environment (SHE) Council actively enhanced collaboration and leadership on safety. We introduced a new digital solution for more efficient and accurate safety management and reporting (MyOSH), and an Environmental Health and Safety Dashboard to inform our scorecard and tailor intervention strategies.

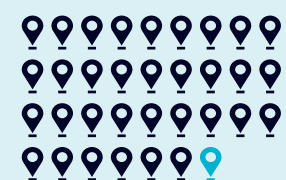
We also continued to measure attitudes towards safety via our culture pulse survey, with results indicating an increase in employee engagement of 58.71%.

WORKPLACE SNAPSHOT


Regional and Brisbane:
204 regional (53%)



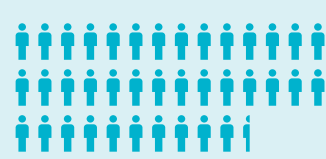
Number locations:
33 regional, 1 Brisbane




Male and female:
71% male



Number of employees:
384 (plus 30 vacancies)



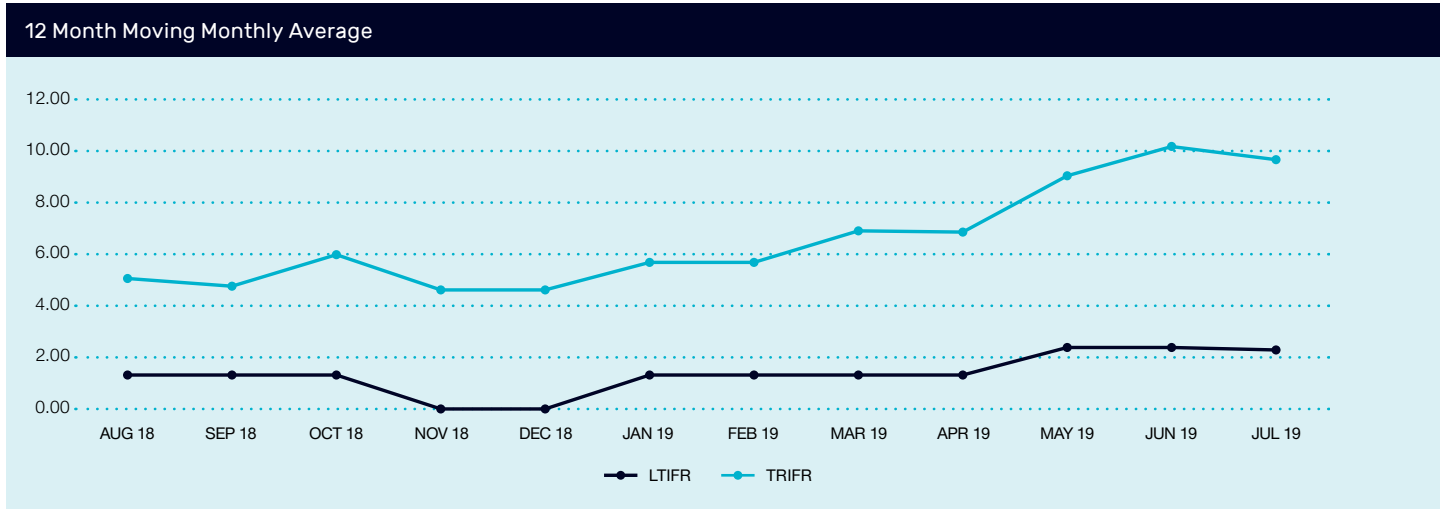
Number of apprentices and trainees:
6 direct and indirect





“We communicate with Sunwater consistently and it’s two-way. A great improvement in that area recently.” Irrigation customer, April 2019.

TRIFR/LTIFR

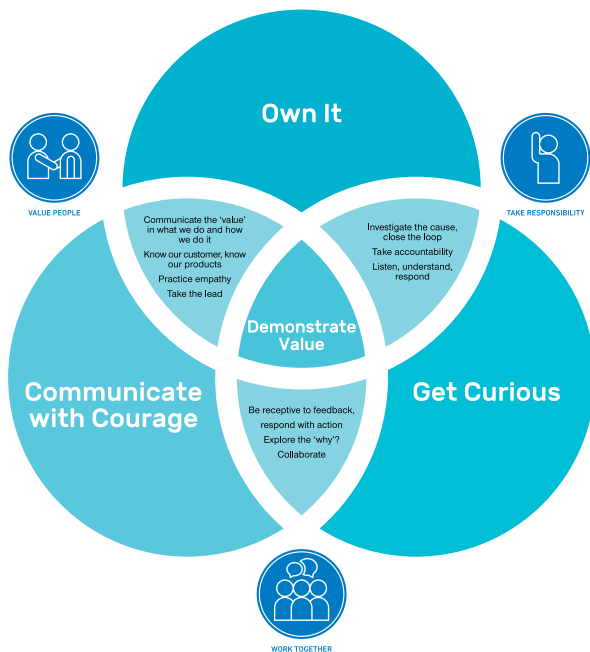


Our safety performance in 2018–2019 saw a Lost Time Injury Frequency Rate (LTIFR) of 2.25 and a Total Recordable Injury Frequency Rate (TRIFR) of 10.11 as at 30 June 2019. Initiatives such as MyOSH, Switch On and the leadership program will provide the capability for improved safety performance.

Customer

Our customer experience principles (below) align to our values and guide our behaviours to enhance the customer experience.

Through Voice of the Customer videos, we share customer feedback directly with our people. The videos and a revised complaints and feedback framework continue to be embedded via a dedicated capability development program.



Leadership

Our leadership program provides our leaders with knowledge and support to apply key skills to drive a constructive culture that helps Sunwater achieve our strategic goals.

A total of 26 senior leaders engaged in our leadership assessment and tailored coaching program.

Our continued investment in leadership development focused on Leading Change to prepare our leaders to lead transformation.

Teams

To support our transformation to improved efficiency, our people engaged in our Thrive program that creates a shared understanding and support through times of change as well as guidance on agreed behaviours for teams to commit to. A pilot program, Coaching for Success, was also launched in Biloela developing coaching skills to create value improvement.

Capability

We are committed to delivering efficient services to our customers. We understand our role in managing our assets effectively and efficiently to keep downward pressure on water prices, where possible, for our customers.

The Board and Executive Leadership Team reviewed the Operating Model, aligned capabilities for Sunwater, and have refreshed and realigned functions to better support the achievement of customer outcomes. The most significant change involved the creation of a Customer and Stakeholder Relations team that combined several existing functions to guide Sunwater in achieving customer outcomes through market influence, customer strategy, and government and regulatory relations.

Strategic goal: A Sustainable Business

Sunwater understands that we need to grow and evolve to secure ourselves as a sustainable business, undertake the DIP and ensure we are a trusted and capable service provider to our customers.

2018-2019 OBJECTIVES AND KEY PERFORMANCE INDICATORS

Strategic Objective	Q1 September	Q2 December	Q3 March	Q4 June
Burdekin Falls Dam DIP	Preliminary Business Case	Commence BQ led Detailed Business Case		NOT MET
Burdekin Fall Dam Hydro	Detailed Business Case			ON HOLD
Fairbairn Dam DIP	Construction	Construction	Construction	Construction
Leslie Dam DIP				Preliminary Business Case
Teemburra Dam DIP				Preliminary Business Case

Growth and Sustainability

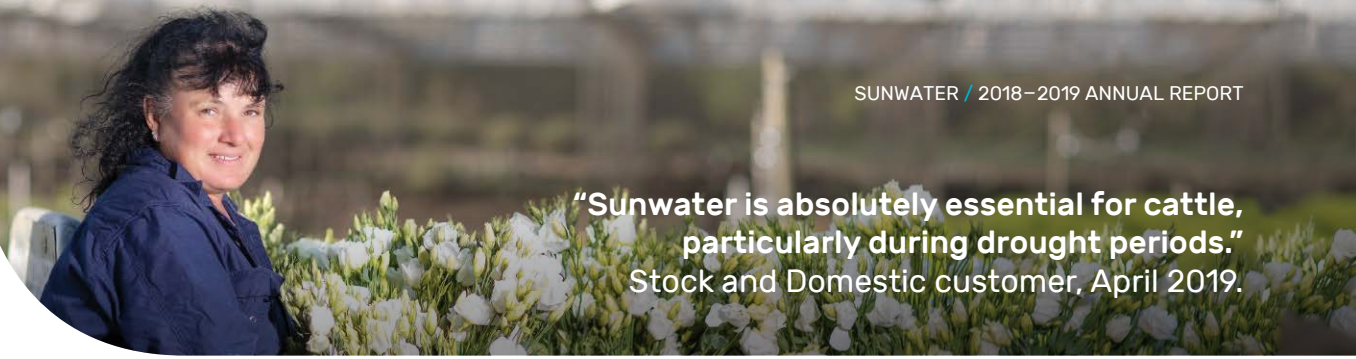
We continued to seek opportunities to fully utilise our existing water supply schemes throughout the State and develop new infrastructure to support our customers and regional Queensland's growth.

Our asset management approach links to our corporate strategy to deliver value to our customers at each step of the asset management lifecycle. It considers the 'whole-of-life' implications of acquiring, operating, maintaining and disposing of our assets to meet customer service targets.

Dam Improvement Program

Our DIP ensures our dams continue to satisfy current design standards and guidelines, and can safely hold and release excess volumes of water during periods of extreme rainfall.

We are committed to meeting our dam safety legislative and common law obligations. We undertake an annual review of dam risks at the program level through our Portfolio Risk Assessment (PRA), building on any completed individual comprehensive risk assessments for each dam that determines prioritisation of the DIP and can be subject to change each year. Our PRA identified 18 projects.



“Sunwater is absolutely essential for cattle, particularly during drought periods.”
Stock and Domestic customer, April 2019.

2018–2019 DAM IMPROVEMENT PROGRAM SNAPSHOT



DIP Projects 2018–2019: 6

Budget: \$38.7 million

Projects include:

- Fairbairn Dam – Stage 2
- Fairbairn Dam – Stage 3
- Burdekin Falls Dam – Spillway and Saddle Dam Improvement planning works
- Paradise Dam – Primary and Secondary Spillway Improvement planning works
- Teemburra Dam planning works
- Leslie Dam planning works

DAM IMPROVEMENTS DELIVERED SINCE 2006



Projects completed: 7 projects since 2006

Cost: \$87.5 million

Projects:

- Fred Haigh Dam \$2.6 million (2007)
- Bjelke Peterson Dam \$4.5 million (2008)
- Tinaroo Falls Dam \$24.5 million (2011)
- Kinchant Dam \$19.2 million (2014)
- Eungella Dam \$1.5 million (2016)
- Paradise Dam – strengthening concrete spillway base \$30.1 million (2017)
- Burdekin Falls Dam – foundation drainage \$5.1 million (2017)

Projects

We continued to deliver on the Queensland Government’s commitment to sustainable regional economic development through better use of existing bulk water infrastructure, and planning and investment in new infrastructure when we need it, as outlined in the Queensland Bulk Water Opportunities Statement.

2018–2019 INFRASTRUCTURE PROJECT SNAPSHOT



Projects undertaken in 2018–2019 include:

- Burdekin Falls Dam Raising Preliminary Business Case
- Mareeba Dimbulah Water Supply Efficiency Improvement Project
- Rookwood Weir
- Nullinga Dam and Mareeba Dimbulah Water Supply Scheme Improvements Detailed Business Case

CASE STUDY

FAIRBAIRN DAM SPILLWAY IMPROVEMENT PROJECT

SUPPORTING EMERALD AND CENTRAL QUEENSLAND

The Project

The Fairbairn Dam Spillway Improvement Project commenced in 2016 after routine inspections detected inefficiencies in the original spillway drainage system.

The project aims to ensure the spillway continues to satisfy current design standards and guidelines, and can safely release excess volumes of water during periods of extreme rainfall.

The Detail

The project employs:

- 14 Sunwater FTE
- 80 FTE sub-contractors in Emerald and from Central Queensland companies

The Timeline

The extent and priority of the works necessitated a three-staged delivery program.

Stage 1 – Started April 2016, completed December 2016

Stage 2 – Anchoring and concrete overlay scheduled for completion by early 2021

Stage 3 – New gravity sidewalls along the spillway chute scheduled for completion by late 2020

Total Estimated Project Cost

Stage 1 and 2: \$124.5 million

Stage 3: \$45 million

Highlight

June 2019- Safety milestone of 250,000 man-hours worked Lost Time Injury free.

Strategic goal: A Sustainable Business (continued)

National Water Infrastructure Development Fund

The National Water Infrastructure Development Fund (NWIDF) is an initiative of the Australian Government to facilitate water infrastructure investment decisions and accelerate the development of water infrastructure projects that stimulate regional economic activity.

Sunwater secured funding under the NWIDF for projects to improve services for our customers including:

- Capital funding to enable water efficiency projects in Emerald and Mareeba to generate new water allocations for users in these schemes during 2018–2019, with preparatory works commencing
- Feasibility funding for studies examining options to expand distribution networks in the Burdekin and Bundaberg regions to better utilise available allocations, completed in 2017–2018.

Burdekin Projects

Developing the Burdekin Haughton Water Supply Scheme is vital for the future growth of North Queensland’s agricultural industry and supply chains as well as Townsville water supply. Burdekin Falls Dam is the largest dam in Queensland with a total capacity of 1.86 million ML.

2018–2019 BURDEKIN PROJECTS SNAPSHOT



Projects advanced in 2018–2019 included:

- Burdekin Falls Dam Improvement Project – Preliminary business case considered options for spillway and saddle dam improvements.
- Burdekin Falls Dam Water Allocations Sales – Tender for approx. 42,000 ML non-reserved medium-priority and 5000 ML high-priority allocations from Burdekin Falls Dam went to market to sell surplus water available for sale in Burdekin Falls Dam.
- Burdekin Falls Dam Raising – Preliminary Business Case completed which considered various levels to raise the dam between two and up to theoretical 14 metres and baseline studies to support an Environmental Impact Statement commenced.
- Burdekin Falls Dam Hydro-electricity – supported Stanwell completing a study led by Building Queensland for a hydro-electric station with a capacity of 37–65 megawatts.
- Burdekin Haughton Main Channel Augmentation – Townsville City Council is constructing Stage 1 of Haughton Pipeline Duplication to increase Council’s capacity to extract water from Sunwater’s main channel from 130 ML per day to 356 ML per day. Sunwater is engaged in pre-construction phase of Haughton Channel Capacity Upgrade.

CASE STUDY

ROOKWOOD WEIR

SUPPORTING PROSPERITY IN CENTRAL QUEENSLAND

The Project

Rookwood Weir will provide water for agricultural production along the Fitzroy River, as well as urban and industrial supply for Rockhampton, Livingstone Shire and Gladstone regions.

Additional benefits of the project include improved water security for Rockhampton, Gladstone and the Capricorn Coast.

The Detail

The project involves:

- 1 new weir
- 1 to 2 bridge upgrades
- 1 low-level crossing upgrade
- Upgrade of Thirsty Creek Road
- Upgrade intersection of Third Street and Capricorn Highway at Gogango.

Detailed design for gated weir is 90% complete.

Detailed design for bridges, road upgrade and intersection upgrade is 100% complete.

Environmental approvals, land access, cultural heritage and native title activities are ongoing and on track.

Future employment: up to 100 personnel during construction.

The Timeline

A Detailed Business Case was released in September 2017, based on concept design.

A contract award for the main weir construction is expected mid 2020.

The Funding

The project is jointly funded up to \$352.2 million by the Queensland and Australian governments.

Highlight

An experienced project delivery team has been established and is working towards key milestones of commencing preparatory works in 2019–2020.



Eton irrigator and fourth-generation sugar cane farmer Philip Deguara with daughter Lucy on the family farm.

Long-term asset and resource planning

Sunwater Regional Blueprint

The Sunwater Regional Blueprint supports the Department of Natural Resources Mines and Energy's Queensland Bulk Water Opportunities Statement objectives of using existing water resources more efficiently and considering projects that will provide regional economic benefits. The Blueprint provides a long-term strategy for achieving increased availability of water in the areas we currently service through existing Water Supply Schemes.

The Blueprint explores potential future water demand scenarios across the State and summarises our strategy for responding to these scenarios should they arise. It identifies products and services that will meet future customer needs, including optimising existing infrastructure or new assets.

Our assessment applies an economic framework to prioritise growth opportunities associated with our supply schemes. This will also serve as an input for Government in their broader state-wide analysis of projects that offer regional economic benefits.

A regional rollout of the Sunwater Regional Blueprint has commenced, engaging our customers in the definition of future scenarios and potential ways of addressing them.

In 2018–2019 we completed a deep dive on long term customer scenarios and relevant opportunities for the Burdekin region in the next 20 years.

Climate change

The first stage of our Sunwater Regional Blueprint: Existing Braintrust, identified climate change as a key global trend that will impact Sunwater, our customers and the communities in the regions we serve.

We commenced the Sunwater Regional Blueprint Stage 2: Exploring Possible Futures, to analyse long term risks and opportunities on a regional basis, including those related to climate change. We also commenced a review of key impacts of climate change.

We aim to have a position statement or policy during 2019–2020, in conjunction with the State Government, to ensure we are forward-looking on issues that may have significant impacts on our customers.

Strategic goal: Supportive Stakeholders

Sunwater has many and varied stakeholders, but our customers are at the heart of everything that we do.

2018-2019 OBJECTIVES AND KEY PERFORMANCE INDICATORS

Strategic Objective	Q1 September	Q2 December	Q3 March	Q4 June
Material Environmental non-compliances (number)	0	0	0	0
Unplanned Customer Supply Interruptions (per customer)	<4	<3	<3	<2
Successful LMA Transitions (Schemes)	Theodore 30 September	Emerald 31 December	Business impact analysis	

MET

MET

CONTINUING

Customer centricity

OUR CUSTOMERS

Customer numbers: 5038



Irrigation: 4621 (91.7%)



Industrial: 395 (7.9%)



Urban: 22 (0.4%)

Customer satisfaction

Our April 2019 customer survey showed improvements in participation by our customers and our Customer Advocacy Score.

Our Customer Advocacy Score of 27.42 was up from the 2018 score of 19.24. We had 722 of our customers respond to our 2019 survey, compared with 345 the previous year.

Positive feedback included:

- “Thanks for updating your (web)site (it’s) easier to use.”
– Stock and Domestic customer
- “The regional offices are very co-operative and helpful.”
– Urban customer
- “I am a small Sunwater user, but have always been treated with courtesy and my needs have been met.”
– Irrigation customer.

Customer-focused website

We delivered a new customer-focused website for an enhanced user experience in line with our refreshed brand.

The website features a mobile-friendly design and platform so customers can better access information on the go.

Enhanced features include an advanced search panel to help customers find relevant and up-to-date information quickly.



“Water is the most important aspect of my business. It is only a small part of my cost but without water, I don’t have a business.”
Irrigation customer, April 2019.

Customer consultation

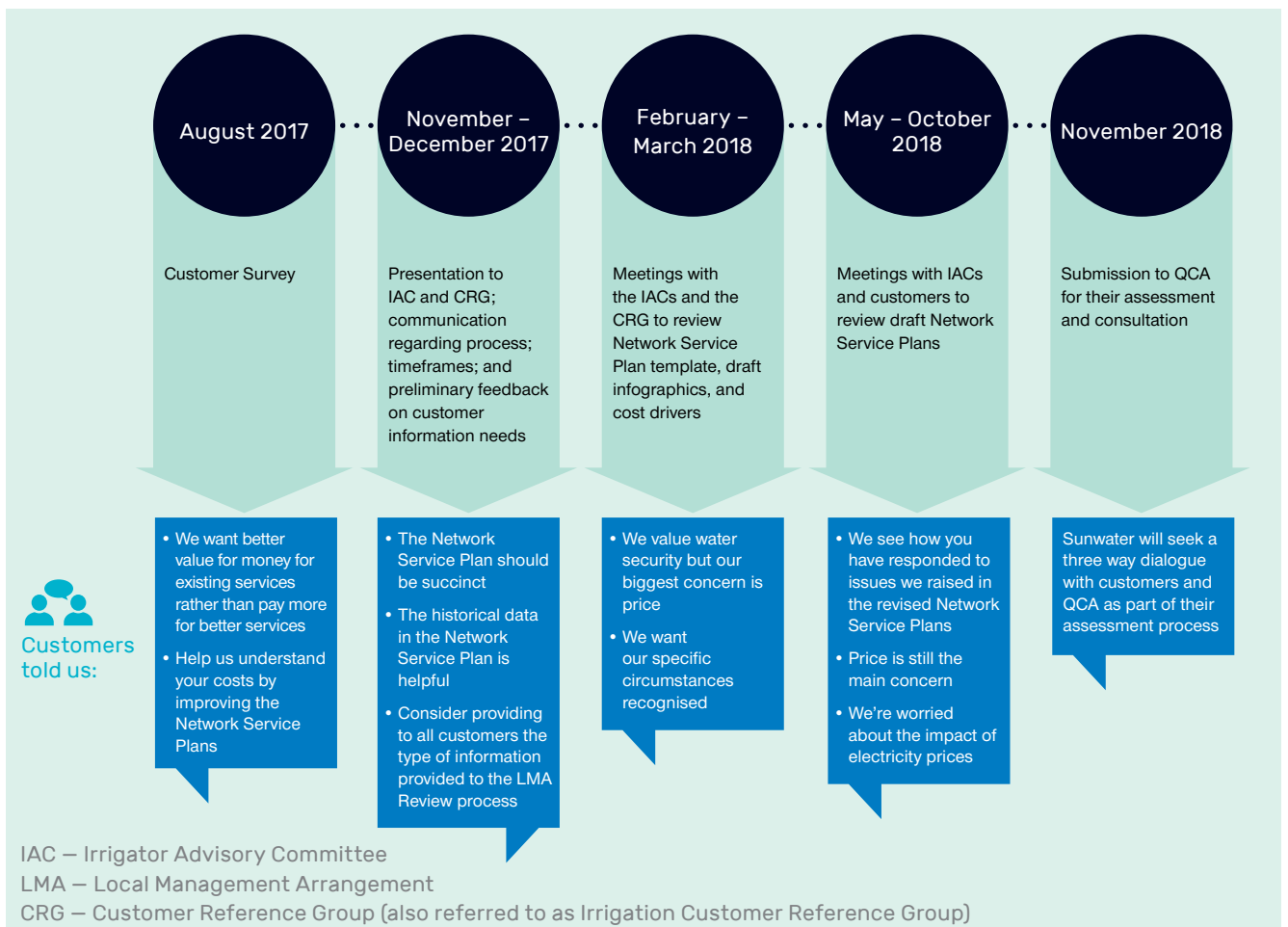
Our ongoing goal to put customers at the heart of everything we do has continued to facilitate more open and transparent discussions with our customers in all aspects of engagement, including irrigation pricing.

Sunwater’s charges to Queensland irrigators (except for those supplied from Paradise Dam) are regulated by the Queensland Government, based on advice from the Queensland Competition Authority (QCA) regarding the prudent and efficient costs to supply water and in line with government policy.

Our contribution to the QCA Irrigation Price Review 1 July 2020 to 30 June 2024 aims to ensure a balanced outcome for our customers and Sunwater.

We have been working closely with our customers to ensure our submissions to the QCA reflect feedback from our customers about simplicity in pricing and transparency in relation to the costs of providing water delivery services.

HOW WE CONSULTED WITH OUR CUSTOMERS



Customer collaboration

Irrigator Advisory Committees

We continued to work with irrigation customers in each water supply scheme to maximise the efficient delivery of water and provide an opportunity for customers to have input into the operation and maintenance of their scheme.

Lower Mary Customer Advisory Board

We piloted a Customer Advisory Board as a new model for customer engagement in the Lower Mary River water supply scheme after it was proposed by The Lower Mary Local Management Entity Board.

Strategic goal: Supportive Stakeholders (continued)

CASE STUDY

LOWER MARY CUSTOMER ADVISORY BOARD PILOT

A MODEL FOR FUTURE COLLABORATION WITH OUR CUSTOMERS

In 2018–2019 we established a Customer Advisory Board in the Lower Mary Scheme to build a partnership between Sunwater, customers and stakeholders regarding the medium and longer-term strategic and sustainable management of the scheme. The Board differs from Sunwater’s other IACs in that all customer segments in the scheme are represented, not just irrigators, and the Board is encouraged to develop a strategic action plan for the future of the scheme. In addition, the Board objectives are much broader than the IAC’s mandate, and include:

- Improve water security for irrigators and the scheme
- Facilitate genuine customer engagement
- Ensure transparency in decision-making and information flow
- Provide a scheme-specific focus, recognising the unique regional value of each scheme and the importance of the scheme to the local economy and community
- Foster relationships and understanding between Sunwater, scheme customers and local stakeholders
- Increase understanding of, and ability to adapt to, industry drivers in terms of water use
- Enable effective input and examination by customers and stakeholders to strategic planning and decision-making processes in relation to the scheme
- Provide a commercial focus and recommend ways to improve the financial viability of the scheme to ensure its long-term sustainability.

Irrigation Customer Reference Group

The Irrigation Customer Reference Group (ICRG) is a cross-section of irrigation customers who considered strategic matters relevant to all schemes to ensure the reliable and efficient delivery of water to irrigation customers. This is the second year the ICRG provided feedback to Sunwater on our operations, services and ongoing engagement with customers.

Network Service Plans

Following two rounds of consultation with our IACs to improve our Network Service Plans in 2018, our improved formats gave customers greater understanding of the costs and services that underpin the operation of each water supply scheme.

Industrial customers

We supply approximately 395 industrial customers, such as mines and power stations, that have negotiated commercial pricing arrangements.

We are focused on providing transparent cost calculations to all our customers to clearly communicate our pricing methodology.

In 2018–2019 we prepared the Eungella Water Pipeline tender which is scheduled to go to market in September 2019. This tender will make spare capacity in the pipeline available to mining customers who are currently experiencing an expansion phase in the Bowen Basin.

Negotiations continued with mining customers for the sale of the last available volumes of water in the Burdekin Moranbah Pipeline.

Development plans were also progressed for the development of new pipeline capacity in the Bowen Basin, and new water storage and pipeline capacity in the Surat Basin.

Urban customers

In 2018–2019 we developed the Urban Pricing Project.

We consulted with 22 local councils, and worked with Central Highlands and North Burnett regional councils and the Local Government Association of Queensland to collaboratively and transparently develop new long-term pricing arrangements and standard terms and conditions for urban contracts.

Local Management Arrangements

Sunwater worked closely with the Queensland Government and Local Management Entities to support the successful transition of channel irrigation schemes to local management.

- The ownership of the St George scheme was transferred to Mallawa Irrigation Ltd on 30 June 2018
- The ownership of the Theodore scheme was transferred to Theodore Water Pty Ltd on 30 September 2018
- Emerald scheme transferred ownership to Fairbairn Irrigation Network Ltd on 30 June 2019
- Subject to sufficient customer support, the ownership of the Eton Scheme is proposed to be transferred to Eton Irrigation Scheme Pty Ltd during the first half of 2019–2020



Harvest time at the Dang family strawberry farm near Bundaberg.

- The Lower Mary and Bundaberg Interim Investigation Boards decided not to pursue local management, while the Queensland Government decided not to progress local management arrangements for the Burdekin Haughton and Mareeba Dimbulah schemes.
- Sunwater remains committed to supporting and improving engagement with all irrigation schemes and customers that either remain with Sunwater or transition to Local Management.

Informing and engaging communities

Safety

Responsibly managing water infrastructure in accordance with our emergency action plans and communicating effectively with local councils, authorities and residents about our operations is of paramount importance to our organisation.

To ensure people are well informed and make safe decisions, we continued to invest in community programs that explain how our dams work, the potential risks and hazards around our infrastructure, and how to get early warning notifications about possible dam outflows and when our dams are spilling water.

We hosted dam open days at Coolmunda and Peter Faust dams, attended by more than 400 residents, held three Council Emergency Service Family Days, and engaged with local councils to develop 15 'Dam savvy' online education toolkits with resources, fact sheets and social media posts to help communities better understand dams, as well as how to plan and keep informed especially during storm season and periods of heavy rain.

Programs included:

- Our Sunwater App
- School education program
- How dams work community education program – Dam savvy
- Dam Open days
- Our recreation area strategy
- Community safety initiatives.

Recreation

We work with all stakeholders to maximise the safe recreational use of our dams.

Where social and economic opportunities for recreation areas can be realised more effectively under local management, we sought to transfer facilities management to local council or appropriate third parties. We worked with local councils for the transfer of facilities at Coolmunda Dam (Goondiwindi Regional Council) and Peter Faust Dam (Whitsunday Regional Council).

We opened additional recreational areas at Tinaroo Falls, Wuruma, Callide and Beardmore dams for public viewing and enjoyment. Additional public safety initiatives included dam level management plans and underwater hazard assessments at several drought-affected dams.

Strategic goal: Commercially Focused Operations

Commercially Focused Operations maximises the commercial value of our assets, operations and service delivery functions and positions the business to take advantage of future opportunities.

2018–2019 OBJECTIVES AND KEY PERFORMANCE INDICATORS

Strategic Objective	Q1 September	Q2 December	Q3 March	Q4 June	
Water delivered (GL)	267	396	310	281	MET
Distribution system efficiency (%)	>77	>77	>77	>77	MET
Energy pump efficiency (KWh/ML/m)	3.6 to 4.3	3.6 to 4.3	3.6 to 4.3	3.6 to 4.3	MET
QCA Price Review	Final submission to QCA				MET
Existing QCA targets	Meet	Meet	Meet	Meet	NOT MET
Enterprise Agreement Productivity Targets	Meet	Meet	Meet	Meet	MET
Enterprise Business Systems	Business case	Plan implemented within budget per milestones			MET

Asset Management Framework

Sunwater owns and manages water infrastructure assets with a replacement value of around \$13.7 billion.

Our business maturity, including simplifying and streamlining systems such as our Finance and Asset Management System, means we are continuing to remove complexity from our business processes to drive value and outcomes for customers, schemes, regions and our people. We are committed to continuous improvement and ongoing refinement of both our short and long-term asset maintenance and refurbishment plans through engagement with our customers.

Water supply efficiencies

Through 2018–2019 we strove to deliver better services to customers and deliver on our efficiency targets. Improvements to reduce seepage and water losses in the Nogoja Mackenzie and Mareeba Dimbulah Distribution system were investigated to potentially create up to 6000 ML and 8000 ML of new customer water allocations (respectively). Creating additional allocations by improving scheme efficiency will support growth and local agriculture in these areas.

“(I) cannot speak highly enough of the commercial team, they always take the time to understand our challenges.” Industrial customer, April 2019.

CASE STUDY

MAREEBA DIMBULAH WATER SUPPLY EFFICIENCY PROJECT

IMPROVING EFFICIENCY IN FNQ

The Project

The Mareeba-Dimbulah Water Supply Scheme supports more than 1000 irrigation, industrial and urban customers with a total of 204,424 ML in water entitlements.

Five sub-projects were identified that aim to improve operating efficiency and reduce water losses by up to 8,000 ML, to boost the local economy by providing more water access for irrigators.

Improvements are directed at balancing storages to catch channel overflows, regulating gates to better control flow through the channel network and a pressurised pipeline to capture overflow and seepage losses from the scheme.

The Petail

Works across the five sub-projects include the fabrication and installation of automated control gates, replacement and installation of approximately 15 km of pipeline, construction of a 60,000 ML off-stream storage and rehabilitation of concrete structures including any offtakes to install the automated gates.

The Timeline

The projects will be delivered across many stages and packages to align with customer demand and requirements with works commencing in June 2019 and all packages completed by November 2021.

Total Estimated Project Cost

Total project cost is \$28.1 million, of which Sunwater is investing \$16.5 million to supplement National Water Infrastructure Development Fund funding of \$11.6 million.

Highlight

Four automated control gates and six customer offtakes were installed in the Bibohra Main Channel.

Energy Efficiency

To manage energy costs and minimise price risk to our customers, we continued to work with customers on options to offset the cost of electricity. We developed a whole of business Energy and Water Efficiency Strategy.

We continued to focus on optimising commercial arrangements which achieved a reduction in electricity costs across all customer segments and implemented pilot initiatives such as an energy audit at Eton Irrigation Scheme. The audit aimed to identify opportunities to optimise operations, find asset infrastructure efficiencies and exploit alternate generation. Energy audits will continue across Sunwater schemes. As a pilot we also identified and commenced installation of 121 kW small-scale solar systems across Sunwater offices and depots where it reduces the cost of electricity to our customers.

Business transformation for efficiency

We continued to improve internal capability and deliver on sustained efficiency improvements.

Our office relocation to Green Square in Fortitude Valley will achieve \$1.3 million in average annual cost savings, compared to renewing the previous office lease.

Orion, our customer-facing water ordering platform, was migrated from our hosting provider into the Azure Cloud to provide improved security and performance at a reduced hosting cost. The process simplified our vendor arrangements. Significantly, when the migration occurred in June 2019, there was minimal impact to either our people or customers.

VALUE IMPROVEMENT PROGRAM



We continued to roll out our Value Improvement Program which invests in people, systems and technology to deliver more efficient operations and services, all with the voice of our customer in mind.

The program has two key objectives:

- Seeking employee ideas to improve the way we work, both within Sunwater and ultimately for our customers
- Giving us the systems, processes, tools and skills to turn those ideas into reality.

Ideas developed by employees have improved safe work practices, removed waste from our processes and increased our sense of engagement.

Strategic goal:

Commercially Focused Operations (continued)

Efficient and Effective commercial support

Commercial framework

To ensure efficiency and consistency in the delivery of services to our customers through our commercial engagements, we developed a set of Commercial Contracting Principles. We have continued to develop a suite of template contracts.

We implemented a revised Corporate Procurement Policy in September 2018 to align with the new Queensland Government Procurement Policy.

The business has continued to develop and implement a category management framework to improve the management of goods and services.

Water prices

Sunwater's charges to Queensland irrigators (except for those supplied from Paradise Dam) are regulated by the Queensland Government, based on advice from the Queensland Competition Authority regarding the prudent and efficient costs to supply water and in line with government policy. The QCA commenced reviewing prices in October 2018 and will finalise the review in January 2020 for the next price path to 2024. Sunwater continues to contribute to the review to ensure the best outcomes for our customers and stakeholders.

Revenues from the industrial sector provide the majority of Sunwater's revenue and profit.

Opportunities continued to be investigated through both the utilisation of latent capacity and construction of new pipelines to meet increased demand.

Efficient and effective ICT Infrastructure

Cyber security has been a focus of ICT with Security Information and Event Management software, improved email security, two-factor authentication and general awareness training implemented.

Network upgrades have been completed across all regional offices improving critical systems performance. Additional sites are scheduled for upgrade in the coming year.

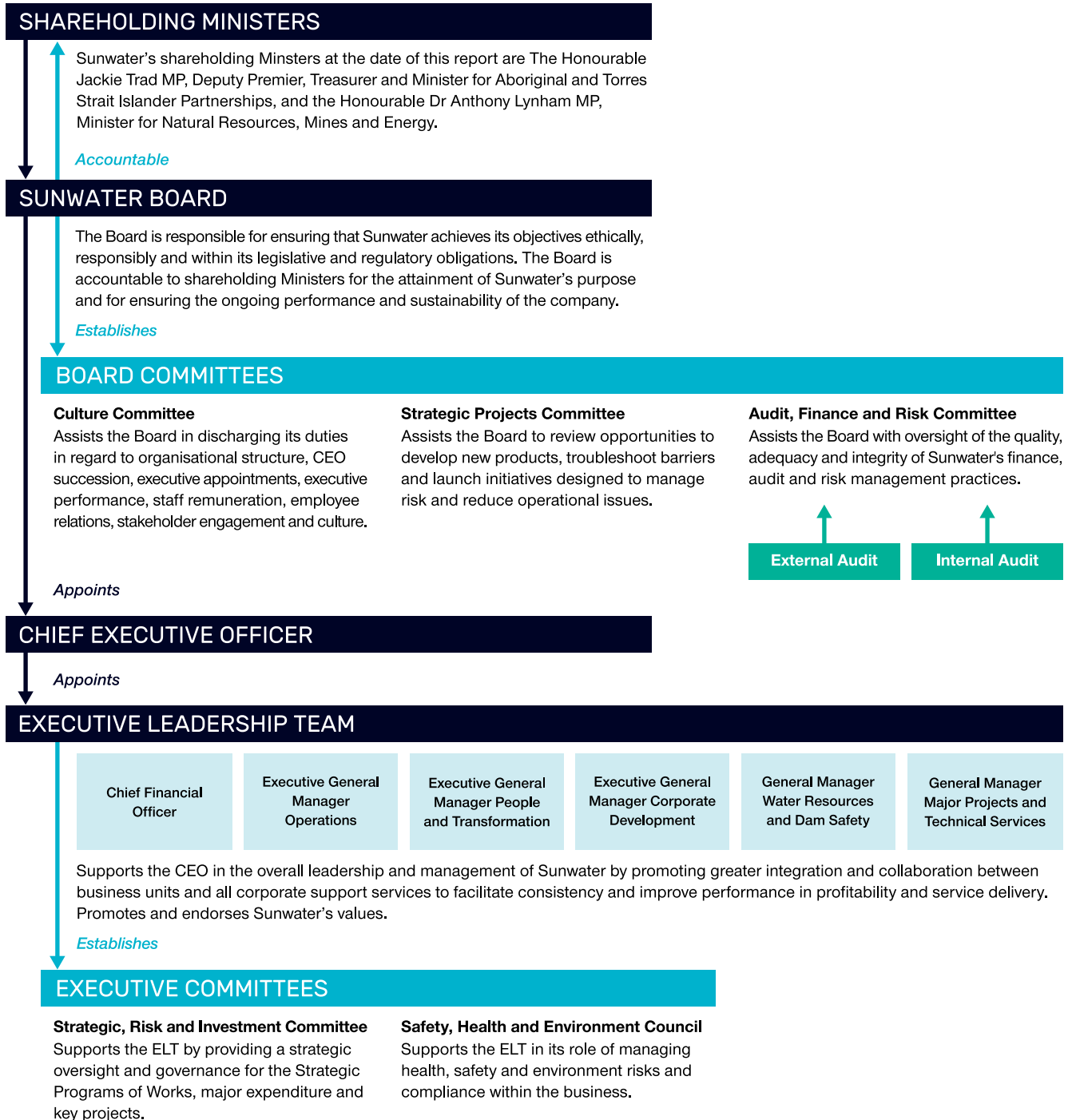
In addition to this, a convergence of information and operational technologies has begun with a recently appointed Operational Technology Manager. Data aggregation across the SCADA and Corporate domains will be a near-term initiative to improve our analytical capability.

New technology

New technologies such as remotely operated vehicles (ROV) and remotely piloted aircraft systems (RPAS) or 'drones' have been used to enhance our business operations. In addition to using our own sub-2kg drones to bring greater insights into our asset inspections, drone services have also been used for activities such as weed spraying and ROV used for high risk activities such as working in confined spaces, ie: in pipelines or underwater. Use of these technologies provides us with a smart, cost effective and safe solution to gain real time insights into our assets and to improve our operations.

Corporate Governance

Governance structure



Corporate Governance

Sunwater Board



Leith Bouilly

BRuSc, DipBusStud, FAICD, FAIM

Chairman

*Appointed to the Board on 1 October 2015
re-appointed 1 October 2018
Term of appointment to 30 September 2021*

Sunwater Board committee membership

Audit, Finance and Risk Committee from 22 October 2018 (previous member to February 2017)
Culture Committee (previously Remuneration Committee) (Chairman)
Strategic Projects Committee (Chairman)
Burnett Water Pty Ltd (Chairman)
Eungella Water Pipeline Pty Ltd (Chairman)
North West Queensland Water Pipeline Pty Ltd (Chairman)

Skills, experience and expertise

Leith has many years' experience in business and natural resource management, particularly water, at local, state and national levels.

In addition to Sunwater, Leith is also Chairman of Palgrove Management Pty Ltd and serves on the boards of Murrumbidgee Irrigation Limited, Australian Water Partnership Committee, Isis Central Sugar Mill, and the Queensland Rural and Industry Development Authority.

Leith was formerly Chairman of Healthy Waterways and Wide Bay Water Corporation, and a Director of Seqwater and CRC for Water Sensitive Cities.



Patrice Sherrie

FCA, GAICD

Director

*Appointed to the Board on 1 October 2015
re-appointed 1 October 2018
Term of appointment to 30 September 2022*

Sunwater Board committee membership

Audit, Finance and Risk Committee (Chairman)
Culture Committee (previously Remuneration Committee)
Strategic Projects Committee to October 2016
Burnett Water Pty Ltd (Non-Executive Director)

Skills, experience and expertise

Patrice is an experienced executive and Director with over 30 years' experience in Queensland and Papua New Guinea in chartered accounting and commerce.

Patrice has diverse industry experience including finance, property, childcare and the arts.

Patrice is currently a consultant to Bentleys (Qld) Pty Ltd, and Director of Andersens Floor Coverings Pty Ltd, Premise Holdings Pty Ltd and City of Brisbane Investment Corporation Pty Ltd.



David Stewart

BE(Hons), FIEAust, CPEng, NER, APEC Engineer, RPEQ, GAICD

Director

*Appointed to the Board on 3 December 2015
re-appointed 1 October 2018
Term of appointment to 30 September 2021*

Sunwater Board committee membership

Strategic Projects Committee
Culture Committee (previously Remuneration Committee) from 22 October 2018
Eungella Water Pty Ltd (Non-Executive Director)
North West Queensland Water Pipeline Pty Ltd (Non-Executive Director)

Skills, experience and expertise

David is a civil engineer with 38 years' experience in Australia and internationally, specialising in large dams, water supply, irrigation and other infrastructure projects.

During that time, he has worked in the private sector with major engineering consulting firms and in the public sector with large water businesses, including as Executive Manager Technical Services, Executive Manager Strategy and Development and as Managing Director of Goulburn-Murray Water in Victoria.

David is currently Managing Director of the specialist engineering consultancy Australian Dams & Water Consultants Pty Ltd and is a former Director and Past Chairman of the Australian National Committee on Large Dams (ANCOLD).

He was recognised by Engineers Australia in 2009 as one of Australia's 100 most influential engineers and has been awarded the River Murray Water Medal by the MDBA.



Vanessa Sullivan

BEd(Hons), GradDip(AppFin)

Director

*Appointed to the Board on 15 December 2016
Term of appointment to 30 September 2019*

Sunwater Board committee membership

Audit, Finance and Risk Committee from February 2017 to February 2018

Strategic Projects Committee from March 2018

Skills, experience and expertise

Vanessa has more than 20 years' experience in the water, energy and carbon sectors working with both government and private sector organisations. Vanessa's previous roles include: Climate Change Leader and Utilities Leader for a Big 4 Professional Services firm; founding and running a renewable energy and storage development business which involved attracting capital from global investment houses including US and Japan and developing greenfield projects; undertaking significant market reform in both the energy and water sectors.

Vanessa has extensive commercial, regulatory and finance experience across the water, energy and carbon sectors. She completed a number of significant transactions in each of these sectors including contracting a \$1 billion energy load for a large energy user, developing and contracting energy projects, commercial lead on a number of energy and water market acquisitions and developing and implementing carbon and energy strategies for global corporates.



Jo Sheppard

BBA

Director

*Appointed to the Board on 1 October 2018
Term of appointment to 30 September 2021*

Sunwater Board committee membership

Audit, Finance and Risk Committee from 22 October 2018

Skills, experience and expertise

Former Paroo Shire Council Mayor, Jo brings an intrinsic understanding of regional Queensland issues and opportunities to the Sunwater board from her career experiences across local government, agriculture and natural resources.

Jo was previously the CEO of Toowoomba Chamber of Commerce where she played a key role in advocating for local business interests and providing mentoring to future business leaders. She has formerly held board position with South West Natural Resource Management, the Australian Agricultural College Corporation and Toowoomba Surat Basin Enterprise. She was also formerly the Deputy Chair of Regional Development Australia South-West and a Director at Downlands College. Jo is currently a Local Government Grants Commissioner and Director – Stakeholder Engagement with the University of Southern Queensland.

Jo was awarded the Mary Wagner Honour Award in the 2017 Women in Business Awards (Darling Downs) in recognition of her demonstrated excellence in leadership through deep local understanding and outstanding initiative during her professional and personal life.

Corporate Governance

Former Directors

Neville Ide

BBus, MComm, FCPA, FAICD

Director to 30 September 2018

*Appointed to the Board on 1 October 2015
Term of appointment to 30 September 2018*

Sunwater Board committee membership

Audit, Finance and Risk Committee to 30 September 2018

Remuneration Committee to 30 September 2018

Burnett Water Pty Ltd (Non-Executive Director) to 30 September 2018

Skills, experience and expertise as at 30 September 2018

Neville's industry knowledge and experience covers banking, insurance, infrastructure and corporate treasury including debt and equity capital markets, balance sheet structuring and financial risk management.

His most recent executive roles were as Group Treasurer, Suncorp Metway Limited and Director Financial Markets, Queensland Treasury Corporation. Neville is currently on the Board of RACQ Bank Limited and undertakes selective work in the financial services industry for ANZ Bank. Neville was previously a Director of RACQ Insurance Ltd and Retech Technology Co. Limited.

Moya Steele

BA/LLB, MAICD

Director to 30 September 2018

*Appointed to the Board on 3 December 2015
Term of appointment to 30 September 2018*

Sunwater Board committee membership

Strategic Projects Committee to February 2018

Audit, Finance and Risk Committee from March 2018 to 30 September 2018

Skills, experience and expertise as at 30 September 2018

Moya is an experienced strategic development advisor to commercial organisations and government entities across Queensland.

She is a Principal and Director of Keir Steele Lawyers and currently leads its state-wide Planning, Property and Procurement team. Moya specialises in planning and development law, providing development advisory services and strategic management of legislative process for development. She acts for both the private and public sector for major projects and infrastructure, tourism, water transport, residential, extractive industries and retail developments.

Moya currently holds the position of Discretionary Director on the Board of Townsville Enterprise and is appointed to the Property Council of Australia (Townsville Chapter).

Corporate Governance

Executive Leadership Team



Nicole Hollows Chief Executive

Nicole Hollows was appointed Sunwater Chief Executive (CEO) on 26 April 2016.

Nicole is an experienced Senior Executive, with a career spanning over 20 years in the resources sector. Prior to joining Sunwater, she was Managing Director of global resources firm AMCI Australia and Southeast Asia. She was CEO of Macarthur Coal Limited from 2007 to 2011 and, under her leadership, the company grew from \$700 million to \$5 billion market capitalisation and was listed on the ASX Top 50 Companies Index.

Outside her business activities, Nicole dedicates time to charity and community organisations. She is the Chair of The Salvation Army Brisbane Red Shield Appeal Committee and an advisory Committee Member of the Salvation Army Queensland Advisory Council. Nicole is also a board member of the Water Services Association of Australia, a member of the CEO Advisory Committee for Dean of QUT Business School and a Non-Executive Director of Downer EDI Limited.

She is a member of the Institute of Chartered Accountants and Chief Executive Women, a fellow of the Australian Institute of Company Directors and is a Graduate of Harvard Business School's Program for Management Development.



Tim Murphy Chief Financial Officer

Tim Murphy joined Sunwater as Chief Financial Officer (CFO) on 21 May 2018.

Tim is responsible for leading Sunwater's corporate functions including legal, finance, procurement, Information Technology and commercial. With more than 25 years' experience as a finance professional, spanning industries including government, manufacturing and financial services, Tim is passionate about cultivating high performance teams to deliver sustained business success. He achieves this through a focus on people development, accountability and transparent communication.

Prior to joining Sunwater, Tim spent a year at the Queensland Building and Construction Commission as CFO and five years as an Executive Director and CFO for The Public Trustee of Queensland, which had an operating budget of more than \$100 million and assets under management worth in excess of \$2 billion. In this role he managed the finance, investment services and property programs. Past roles included senior placements at Bendigo Bank, AXA and Mars Chocolate Australia.

Tim is a chartered accountant and holds a Bachelor of Business (Accounting and Business Law) from the University of Ballarat and is a Fellow of the Financial Services Institute of Australasia.



Colin Bendall Executive General Manager Operations

Colin Bendall was appointed Executive General Manager Operations on 2 January 2017 after serving more than 35 years with Sunwater and its predecessors in technical, operational and senior management roles.

He oversees Sunwater's on-ground services and is responsible for driving customer-oriented, efficient and safe operations that support regional Queensland's water needs. Colin is a highly skilled water industry specialist with expertise in the design, operation and maintenance of bulk water infrastructure with a strong customer focus. Previously, Colin worked for Sunwater in technical and senior advisory roles and was involved in the design of large-scale water harvesting schemes, on-farm dams, drainage and irrigation. He has also owned and directed a successful irrigation design company.

Colin is a graduate of the Australian Institute of Company Directors, Director on the board of Irrigation Australia and is a Water Services Australia Utility Excellence Committee Member. He has specialist industry qualifications including an Associate Diploma in Applied Science - Farm Water Supplies (Hons) and a Certificate in Tropical Agriculture.

Corporate Governance

Executive Leadership Team (continued)



Kellie Breen Executive General Manager People and Transformation

Kellie Breen joined Sunwater as Executive General Manager People and Transformation on 29 January 2018.

With more than 20 years' experience in human resources, Kellie delivers shareholder value by providing strategic direction to develop and implement organisational strategies aimed to improve business outcomes. At Sunwater, Kellie passionately drives initiatives to embed cultural change to drive efficiency and performance for customers.

Kellie has a strong background in the resources sector and professional experience in the manufacturing, retail and legal industries in Australia and internationally. She has led significant organisation development and efficiency programs for organisations including Incitec Pivot Limited and ASX listed Peabody/Macarthur Coal, achieving large-scale labour cost savings and a successful transition of a workforce during a corporate takeover.

Kellie holds a Bachelor of Business majoring in Human Resource Management from the University of Southern Queensland and is a graduate of the Australian Institute of Company Directors.



Peter MacTaggart Executive General Manager Corporate Development

Peter MacTaggart became Executive General Manager Corporate Development on 11 September 2017 after spending 15 years with Sunwater in regional operations and senior infrastructure development roles.

A proven performer in the development of infrastructure assets, Peter leads Sunwater's business growth strategy. This includes securing business development opportunities; overseeing regional water infrastructure planning, feasibility studies and business cases for new projects; long term regional water security planning, and water sales and trading.

Peter has led complex infrastructure projects from concept design through to construction and commissioning. This includes billion-dollar developments and high-profile feasibility studies including the Connors River Dam and the Nathan Dam and Glebe Weir raising pipeline projects. In the private sector Peter successfully delivered the Mitchell Group's Solomon CNG project, before taking on the role of Chief Operating Officer with Verso Energy. Peter holds a Bachelor of Applied Science (Environmental Management) from the University of Queensland and a Master of Business Administration from La Trobe University.



Olivia Newman General Manager Major Projects and Technical Services

Olivia Newman was appointed General Manager Major Projects and Technical Services on 22 January 2018.

Olivia is responsible for the delivery of new Sunwater infrastructure, asset upgrades and renewals including the DIP. Olivia's department also provides engineering guidance and support across the organisation.

Olivia brings more than 20 years' management experience across high value, complex infrastructure programs to Sunwater. Her work across a diverse portfolio of industries included a role as Program Delivery Manager on the \$12 billion Australian Rail Track Corporation's Inland Rail project.

Previously, Olivia has held senior project management roles with City of Gold Coast, City of Ipswich and Queensland Urban Utilities. Olivia holds an associate degree in Civil Engineering, a Diploma in Project Management and is a member of the Australian Institute of Project Management.



James Stuart

General Manager Water Resources and Dam Safety

James Stuart became General Manager of Water Resources and Dam Safety in 2018 following four years with Sunwater in senior water management and dam safety roles.

James oversees Sunwater's dam safety program, hydrology services, operational technology and emergency response areas. He uses his passion for technology to drive innovative thinking, improve data access for customers and stakeholders and to identify efficiencies and improved outcomes.

Prior to joining Sunwater, James was Regional Hydrology Manager for Queensland at the Bureau of Meteorology where he was congratulated in the Queensland Parliament for his work throughout the 2011 Queensland floods. He has 18 years' experience in water engineering both in Australia and overseas, which included a year spent volunteering in Peru developing flood forecasting capabilities.

James is a Chartered Civil Engineer (CPEng, RPEQ, C.WEM), completed a Master of Science in Hydrology/Hydraulics and in 2017 was elected to the Board of the National Hydrologic Warning Council of the United States.

Corporate Governance

Governance Principles

Sunwater's corporate governance framework is underpinned by our values, principles of ethical conduct and behavioural expectations.

Sunwater is committed to best-practice corporate governance to ensure appropriate degrees of accountability and transparency are provided to stakeholders. Our corporate governance practices and frameworks have been established in compliance with the governance requirements set out in relevant legislation, including the *Government Owned Corporations Act 1993 (Qld)* (the GOC Act) and the *Financial Accountability Act 2009 (Qld)*, and having regard to the Queensland Government's Corporate Governance Guidelines for Government Owned Corporations (GOCs).

The Sunwater Board regularly reviews its governance framework to ensure internal policies, guidelines and practices remain aligned with the wider legislative and GOC policy framework. Through regular monitoring, reporting and disclosure, we can demonstrate that our corporate governance practices are adequate and appropriate.

Set out below is a summary of how we align our corporate governance practices to the eight principles outlined in the Corporate Governance Guidelines for Government Owned Corporations (v.2.0). Copies of Sunwater's corporate governance documents are available at www.sunwater.com.au

Principle 1: Foundations of management and oversight

The Board operates under a Board Charter which defines the role and responsibilities of the Board and a Delegation of Authority Policy and Framework which further embeds those matters specifically reserved to the Board and those matters delegated to management.

The Board has established three Board Committees to assist it with its role and each Committee operates under its own charter, namely:

- Audit, Finance and Risk Committee
- Culture Committee (previously Remuneration Committee)
- Strategic Projects Committee.

Regular Board meetings focus (inter alia) on corporate culture, achievement of strategic objectives, management of risk and monitoring of operational and financial performance.

A comprehensive and tailored Board induction process for new Directors is in place which includes provision of letters of appointment, setting out expectations and providing information about the business. Sunwater encourages continuing professional development and customer and employee interaction activities for Directors. Directors are entitled to the provision of advice (as appropriate) at Sunwater's cost.

CEO and Senior Executive responsibilities are well defined and clearly delineated through documented delegations and formal position descriptions. KPIs are set and approved annually by the Board for the CEO and senior executives and although regular feedback is provided throughout the year on performance, a six-monthly and 12-monthly performance review is undertaken for the CEO.

Principle 2: Structure the Board to add value

The Chairman and members of the Board are appointed by the Government and all Directors of Sunwater are Independent Non-Executive Directors (including the Chairman).

The Board has documented procedures for managing and disclosing conflicts of interest and assessing the independence of judgment of Directors. Directors are required to disclose at least annually and as they occur, the existence of any material relationships that could interfere with their independent status in any way. Declaration of conflicts of interest is a formal agenda item at all Board and Committee meetings.

The Board regularly evaluates its performance, the performance of individual Directors, the Chair and the Board Committees. All Directors and senior executives participate in the evaluation of the Board. The evaluation process considers the effectiveness of the Directors, Board and Committees, including Board and Committee structure and roles, strategy and planning, Board dynamics and relationship with management, internal processes, organisational performance, risk assessment and external communication. The outcomes of the evaluation are documented in Board KPIs and associated measurements for tracking, aimed to address any areas for enhancement raised during the evaluation process. A report to shareholders is provided on the outcomes of the Board evaluation.

Given an external Board evaluation process was completed in June 2018, an internal review of Board performance and skills was undertaken in June 2019. The outcome of Board evaluations are provided to the shareholding Ministers.

The Board has assessed its skills to ensure all Directors have appropriate skills aligned to Sunwater's business objectives and strategy. Training and development requirements are identified to ensure that Directors have appropriate skills and knowledge of water industry and corporate governance issues. Expert assistance is sought if required. The Board Charter sets out the process for a Director to seek independent professional advice at the expense of Sunwater.

All Directors are required to maintain their skills and undertake appropriate professional development activities to assist them in meeting their responsibilities to the company.

The Board also receives feedback on its performance after each meeting when a Director critiques the proceedings and suggestions for improvement are noted.

Details of Directors' terms of office, experience, expertise and attendance at Board and committee meetings are outlined on pages 28, 29 and 41 of this report.

Principle 3: Promote ethical and responsible decision making

Sunwater holds all Directors and employees to the highest standards of ethical behaviour. Sunwater is committed to corporate practices which recognise the interests of employees, customers and the community as a whole and obligations of corporate social responsibility.

Sunwater has implemented a Code of Conduct outlining the practices necessary to maintain stakeholder, industry and community confidence in the behaviour of all individuals at Sunwater.

The Board has in place a Directors' Code of Conduct.

Sunwater has established a Trading in Securities Policy which applies to regulate any situation where employees or contractors may in the course of their duties have access to inside information about any securities or where dealings in securities may create a conflict of interest.

Sunwater's CEO is obliged by law to notify the Crime and Corruption Commission if the CEO reasonably suspects that a complaint involves, or may involve, corrupt conduct under the *Crime and Corruption Act 2001 (Qld)*.

Sunwater's Fraud and Corrupt Conduct Policy and Procedure incorporates a process to evaluate, report and investigate complaints of alleged impropriety and corrupt conduct. Sunwater also has separate policies in respect of complaints of alleged CEO corrupt conduct and alleged Chairman and Director corrupt conduct. Further, Sunwater has partnered with EthicsPoint to provide an independent telephone and online disclosure reporting line for employees and third parties to report misconduct anonymously (Sunwater Whistleblower Hotline). There is a dedicated online portal on Sunwater's website under the Governance tab to facilitate reporting of allegations of unethical behaviour, misconduct and fraud.

Principle 4: Safeguard integrity in financial reporting

The CEO and CFO are asked to certify the accuracy of Sunwater's financial statements to the Board and they have confirmed in writing that the 2018–2019 financial statements present a true and fair view and are in accordance with accounting standards.

Sunwater's Audit, Finance and Risk Committee assists the Board to fulfil its financial reporting and risk management responsibilities. The Committee reviews financial information presented by management, oversees the quality of audits conducted by internal and external auditors, assesses the adequacy of accounting policies and effectiveness of control systems. In addition, the Committee monitors significant business transactions and processes including capital structure and taxation.

The Audit, Finance and Risk Committee comprises three independent Non-Executive Directors who, as far as possible, have appropriate financial experience and understand the water industry. The Committee ensures that strategic and operational risks of significance are subject to review, independent of management, and makes recommendations to the Board about policy, risk management and compliance improvements.

Details of committee members, meetings held and attendances are set out on pages 28, 29 and 41 of this report.

Principle 5: Make timely and balanced disclosures

Sunwater has in place a Shareholder Disclosure Policy, which captures the disclosure requirements under the GOC Act, *Financial Administration and Audit Act (1977)* and Government policy and guidelines and sets out clear accountabilities for making timely, accurate and balanced disclosure.

In practice, the Board and senior executives are party to an extensive reporting regime to shareholding Ministers and their representative which includes quarterly reports against key objectives, a Statement of Corporate Intent (SCI), the Corporate Plan and the Annual Report in addition to regular meetings with Shareholders and their representatives.

Sunwater provides timely advice to inform its shareholding Ministers of any significant matter that impacts upon its ability to achieve the objectives in Sunwater's SCI and Corporate Plan and adopts a broad approach to disclosure by regularly providing submissions and briefing notes to shareholding Ministers on specific matters.

To ensure that Sunwater meets its disclosure requirements, Sunwater regularly assesses the key information needs of stakeholders.

Sunwater also maintains a publication scheme on its website, in accordance with its obligations under the *Right to Information Act 2009 (Qld)*.

Principle 6: Respect the rights of shareholders

As required by the GOC Act, shareholders are advised in a timely manner of all issues likely to have a significant financial, operating, social or environmental impact on the business. Shareholder approvals are sought as appropriate, pursuant to legislation and Shareholder policy guidelines.

Sunwater's approach is based on the key principles of building trust through clear, responsive communication that manages expectations, engages early, and offers a range of different mediums to reach each stakeholder.

Corporate Governance

Governance Principles (continued)

In the case of shareholding Ministers, our communication strategy is aimed at providing shareholders with accurate and timely information so they can make informed assessments of the Corporation's operations and performance. These shareholding Minister communications include:

- A five-year Corporate Plan, updated annually
- An annual SCI which includes annual budget
- An Annual Report
- Quarterly scorecards reporting on performance to SCI.

Principle 7: Recognise and manage risk

The Board has ensured that through a system of oversight and management controls that Sunwater has the ability to understand and subsequently manage its risks across all levels of the organisation.

Risk management

The Board, with the assistance of its committees, has put in place a rigorous governance model to ensure a sound system of oversight in the management of and monitoring of changes to the strategic and operational risk profile throughout the year.

This approach has satisfied the Board and management that the risks facing the company have been properly understood and are appropriately managed.

The Board and management team worked together to develop risk appetites and risk tolerances for Sunwater and monitor enterprise risks through the monthly CEO's report.

On a quarterly basis, the Audit, Finance and Risk Committee receives a comprehensive enterprise risk register which includes mitigation plans and actions. The Committee also undertakes a deep dive into key business areas to assess risks and controls on a quarterly basis.

Fraud control and prevention

The company does not tolerate or condone fraud or corruption and ensures that all instances of fraud and misappropriation are promptly reported and investigated.

Sunwater has a high-level commitment to the prevention of fraud both within Sunwater and against Sunwater. It has implemented policies and procedures to address the risks of fraud which include:

- Staff responsibilities in relation to fraud prevention and identification
- Responsibility for fraud investigation once a fraud has been identified
- Processes for reporting on fraud-related matters to management
- Reporting and recording processes to be followed to manage and finalise allegations of fraud
- Periodic assessments of the risk of fraud within its business operations
- Training of managers and staff in fraud awareness.

Principle 8: Remunerate fairly and responsibly

Sunwater has established a Culture Committee, previously named the Remuneration Committee, which meets at least four times each year and assists the Board in discharging its duties in regard to organisational culture, CEO succession, executive appointments, executive performance, staff remuneration and employee relations matters. It considers and recommends to the Board the remuneration and terms of employment for the CEO and senior executives and is directly involved in the associated performance planning and review processes.

The Culture Committee also oversees the Sunwater Enterprise Agreement renewal process in addition to organisation culture and capability. The appropriateness of Sunwater's remuneration strategy is assessed utilising community and industry standards and other external information.

Details of Committee members, meetings held and attendances are set out on page 41 of this report.

Remuneration of Directors

Remuneration of Directors is determined by the shareholding Ministers. Total remuneration levels for individual Directors are reported in the Notes to the Financial Statements on page 83 of this report.

Senior executive remuneration

The Culture Committee of the Board oversees remuneration of the CEO and senior executive remuneration. Total remuneration levels for the CEO and senior executives are reported in the Notes to the Financial Statements on page 83 of this report.

CEO and senior executive remuneration is set by the Board in accordance with Queensland Government guidelines.

Their remuneration is based on external independent advice on position evaluation and having regard to Queensland Government policy. Remuneration levels are set on the basis of total fixed remuneration and are inclusive of all payments and benefits. CEO and senior executive positions are not based on tenured employment arrangements.

The Board reviews eligibility for performance payments on an annual basis and approved entitlement to a performance-based payment in the 2018–2019 performance period, which is included in the Executive Remuneration summaries on page 83.

Staff remuneration

Remuneration for the majority of Sunwater staff, excluding staff members on an individual employment contract, is determined by the Enterprise Agreement in accordance with the Queensland Government-approved bargaining framework. Remuneration for staff on individual employment contracts is based on the median salary relative to each evaluated position and the employee's individual performance. Sunwater does not have a performance payment scheme for non-senior executive employees.

Corporate Governance

Sustainable Practices

Sunwater compliance program

Sunwater is committed to delivering its strategic and operational objectives in accordance with laws and principles of good governance. We have developed a Legal Legislative Compliance Framework, to ensure we identify, assess and implement changing legislative obligations.

The framework is just one of many tools required to manage our compliance obligations. The framework primarily deals with Legal Legislative Compliance and, as a secondary function, addresses the circulation of general law updates throughout Sunwater. The framework forms one component of our overall Compliance Policy.

Dam safety

Sunwater has in place a comprehensive Dam Safety Management Program that meets or exceeds relevant guidelines set by the dam safety regulator Department of Natural Resources, Mines and Energy (DNRME), and monitors dam safety as required by the *Water Supply (Safety and Reliability) Act 2008* (Qld) and in accordance with the Australian National Committee on Large Dams (ANCOLD) guidelines.

Annual updates are provided to Sunwater's insurance broker to comply with insurance policy disclosure requirements. Sunwater has established and is implementing a program of dam improvements in recognition of revised maximum probable flood estimates and relevant ANCOLD and Queensland Government Regulatory Guidelines on acceptable flood capacity for dams. This DIP has been developed using a decision criteria methodology that optimises the reduction of safety risks and ensures value for money investments.

Sunwater keeps the portfolio risks and improvement program under regular review to ensure the program is based on the most up-to-date information.

Financial management

Sunwater has complied with the relevant requirements of the *Financial Accountability Act 2009* (Qld), *Corporations Act 2001* (Cth) and the *Government Owned Corporation Act 1993* (Qld).

Local industry policy

Sunwater continues to consider opportunities for capable local suppliers to tender for the supply of goods, services and works which support local industry and Queensland communities.

Right to information

In compliance with the *Right to Information Act 2009* (Qld), Sunwater maintains (and regularly updates) a publication scheme and disclosure log on our website.

Legal proceedings

Sunwater's Legal Services team provides representation for Sunwater in respect to litigation or disputes with a view to resolving these in an appropriate and commercial manner.

Internal audit

Internal audit is a key component of Sunwater's corporate governance framework. Sunwater's internal audit provides an independent assurance activity over the internal control systems across Sunwater by delivering audit work against an annual internal audit plan which is approved by the Audit, Finance and Risk Committee.

Sunwater's internal audit was performed independently using an external firm during the 2018–2019 financial year. The audit plan is risk based and focuses on areas of highest risk to the business with due consideration of industry trends and other external factors affecting the business.

Audit reports for specific audits undertaken are submitted to the Audit, Finance and Risk Committee for consideration and discussion. The Committee also monitors implementation of agreed management actions arising from an audit.

Infrastructure maintained to reflect customer and QCA requirements

Sunwater has in place fit-for-purpose asset management plans, strategies and standards that ensure all infrastructure is maintained, repaired, refurbished and enhanced to standards that are in line with regulatory and legislative requirements. We regularly engage with customers and seek feedback on operations and infrastructure maintenance activities through Irrigator Advisory Committees and Network Service Plans. Sunwater reviews and adjusts all planned maintenance expenditure to ensure that costs incurred are prudent and efficient in line with QCA pricing principles. Sunwater has accreditation in Quality AS/NZS 9001, Environment AS/NZS 14001, and Safety AS/NZS 4801 standards that provide the framework within which we implement infrastructure management and maintenance.

Insurance renewal program

Sunwater renews its extensive insurance portfolio each year as part of our business risk mitigation strategy. Having sufficient insurance coverage supports Sunwater's key strategy of a sustainable business by embedding risk and opportunity management in the business.

As a prudent owner of commercial infrastructure assets, Sunwater has appropriate insurance policies to provide protection against residual business risks. Our insurance portfolio enables us to manage financial risk through risk identification and placing required insurances at the appropriate level with reputable insurers.

Corporate Governance

Sustainable Practices (continued)

Corporate planning and reporting

Sunwater's annual planning and reporting processes include the production of a five to 10-year Strategic Plan, a five-year Corporate Plan and a single-year Statement of Corporate Intent (SCI). Sunwater's Strategic Plan is updated annually and summarises the outcomes of Sunwater's annual planning process, it sets out Sunwater's vision and purpose, its strategic goals and identifies a number of strategic work programs to be implemented over a five+ year horizon. It is used to inform both the five-year Corporate Plan and the annual SCI and associated budgets.

Sunwater's annual SCI details the company's objectives and performance targets agreed between the Sunwater Board and shareholding Ministers.

Quarterly scorecards provide shareholding Ministers and their departments with regular updates on Sunwater's performance against the SCI targets and budgets. Consolidated business and group performance reports are provided to the Sunwater Board on a monthly basis.

A matter emerging during the financial year informing our planned performance under the 2018–19 SCI included Local Management Arrangements.

Debt drawdown: There were no debt drawdowns in 2018–2019.

Derivative transactions: No derivative transactions occurred during 2018–2019.

Significant revenue/expenditure contracts: During 2018–2019, a number of significant contracts were awarded for: provision of electricity \$22.3 million, construction contracts associated with Fairbairn Dam Improvement project \$16.45 million, Mareeba Modernisation Project \$6.5 million, Rookwood Project engineering design services \$4.8 million, Thuraggi construction works \$3.2 million, supply of herbicide chemicals \$2.9 million and pipeline replacement for \$2.4 million.

Water Trading Activity: Sunwater submitted to the shareholding Ministers a request to cease the annual audit of its Water Trading Code of Conduct. Since the commencement of the water trading process in 2007, subsequent audits have not identified any deficiencies in the water trading procedures or detected any breaches of the Code.

Recycling initiatives during 2018–2019: Sunwater's recycling efforts achieved a total exceeding 56 tonnes of recycled materials during the year. It included:

- 32.42 tonnes of scrap steel
- 11.89 tonnes of timber
- 5.23 tonnes office waste recycling
- 280 empty chemical drums
- 4,160 litres of various oils
- 1.63 tonnes lead acid batteries
- 7 kg office batteries
- 7.5 kg of depleted ink cartridges
- 501.8 kg bottles and cans
- 4.59 tonnes of ICT equipment.

Subsidiary reporting

Sunwater's subsidiaries, Burnett Water Pty Ltd, North West Queensland Water Pipeline Pty Ltd and Eungella Water Pipeline Pty Ltd are small proprietary companies and are not required to prepare separate special purpose financial statements. The subsidiaries entered into a deed of cross guarantee with Sunwater Limited pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 and are relieved from the requirement to prepare and lodge an audited financial report and Directors' report. For reporting purposes, the subsidiaries are consolidated into the Sunwater Financial Report.

Government directives and notifications

Sunwater received the following direction and notification during 2017–2018 relating to 2018–2019:

Sunwater Rural Water Pricing Direction Notice (No.1) 2019 pursuant to the Water Act 2000 requiring Sunwater to comply with the notice when charging rural irrigation water prices and associated fees.

Summary of other SCI Matters

The 2018–2019 Statement of Corporate Intent (SCI) is Sunwater's annual performance agreement with shareholding Ministers.

The agreement outlined a comprehensive range of corporate objectives, strategies and performance outcomes that Sunwater intended to deliver during the year.

Sunwater's achievements against the 2018–2019 SCI are documented throughout this report including the specific reporting of financial performance. Areas of performance targeted in the SCI that have not been specifically covered elsewhere in this report are summarised below.

KEY PERFORMANCE INDICATORS	Actual 2018–19	Budget 2018–19	Actual 2017–18	Actual 2016–17
Financial				
Total operating revenue (\$m) – excluding Rookwood	304.2	289.7	285.6	283.4
Total operating revenue (\$m) – including Rookwood ⁽¹⁾	340.5	289.7	285.6	283.4
Total operating costs (\$m) – excluding Rookwood	191.8	188.2	198.3	221.8
Total operating costs (\$m) – including Rookwood	228.1	188.2	198.3	221.8
Operating profit (\$m) ⁽²⁾	112.4	101.5	87.3	87.4
Profit before taxation (\$m)	72.9	64.3	57.4	51.1
EBITDA (\$m)	155.9	141.8	127.3	130.0
NPAT (\$m)	51.2	45.0	39.7	36.0
Consolidated cash balance (\$m)	29.7	22.7	25.9	54.9
Total assets (\$m) ⁽³⁾	1,044.3	992.6	1,020.3	1,008.9
Debt (\$m)	284.1	284.2	284.1	284.2
Shareholder equity (\$m)	457.0	445.5	450.3	455.0
Capital expenditure (\$m)	48.9	61.5	46.7	46.0
EBITDA interest coverage (times)	10.8	9.9	8.6	8.5
Return on average contributed equity (%)	21.1	18.3	16.0	14.4
Market gearing – debt/(debt + equity) (%)	38.3	38.9	38.7	38.4
Debt to EBITDA (times)	1.8	2.0	2.2	2.2

Explanations and differences to financial statements

(1) Excludes interest income of \$2.7 million (\$1.7 million 2017-2018) and other non-operating income of \$0.6 million (\$0.4 million 2017-2018)

(2) Includes depreciation and amortisation. Excludes asset impairment expense. Excludes items noted in (1)

(3) Excludes deferred tax liability

Summary of other SCI Matters (continued)

	Actual 2018-19	Budget 2018-19
MARKETING ACTIVITY		
Industry and community support		
Australian National Committee on Large Dams (ANCOLD) conference ^(a)	9,000	10,000
Industry	22,082	40,000
Community	23,026	40,000
Total industry and community support	54,108	90,000
Advertising		
Water safety advertising campaign ^(b)	18,590	210,000
School safety program	-	25,000
Other (total) below \$5,000	-	20,000
Total advertising	18,590	255,000
Corporate entertainment		
Staff awards ceremony ^(c)	4,043	10,000
Brisbane office Christmas celebration ^(d)	6,304	13,000
Other (total of corporate entertainment below \$5000 per event) ^(e)	17,436	31,500
Total corporate entertainment	27,783	54,500
Strategic community and stakeholder engagement activities		
IGEM and state-wide Dam Education Program ^(f)	27,609	100,000
Statewide Dam Education campaign ^(e)	74,780	200,000
Other (total) below \$5000	-	20,000
Total community and stakeholder activities	102,389	320,000
Total all activities	202,870	719,500

(a) Costs attributed to membership as a Sustaining Member of ANCOLD, participation in working groups and supporting activities to stay in touch with new developments and best practice.

(b) To promote safe public behaviour on and around Sunwater assets, especially dams. This is a business as usual water safety advertising campaign.

(c) To recognise and reward staff who go over and above their duties to maximise benefits to Sunwater and the State.

(d) Opportunities for the CEO and senior executives to convey their thanks to all staff directly for their contribution during the year and to reflect on achievements and challenges.

(e) Regional Christmas parties and small staff functions

(f) Community education campaigns.

Directors' Report

The Directors present their report together with the financial report of Sunwater Limited and its subsidiaries ("The Group") for the financial year ended 30 June 2019 and the auditor's report thereon.

1. Directors

The following persons were Directors of Sunwater Limited during the whole or part of the financial year and, except where noted otherwise, up to the date of this report:

- Leith Bouilly, appointed 1 October 2015 re-appointed 1 October 2018
- Neville Ide, appointed 1 October 2015 to 30 September 2018
- Jo Sheppard, appointed 1 October 2018
- Patrice Sherrie, appointed 1 October 2015 re-appointed 1 October 2018
- Moya Steele, appointed 3 December 2015 to 30 September 2018
- David Stewart, appointed 3 December 2015 re-appointed 1 October 2018
- Vanessa Sullivan, appointed 15 December 2016

Further information about Directors' qualifications, experience, term of appointment is on pages 28 and 29 of this Annual Report. Details of meetings attended are in the table on page 41.

2. Secretaries

The following persons were Secretaries of the Group during all or part of the financial year and up to the date of this report:

- Lisa Dalton (BAppSc, MAppSc, LLB (Hons), FAICD, FCIS) was appointed Secretary in November 2016. Lisa is a governance professional with over 20 years of experience in senior executive positions with responsibility for governance, risk management, human resources, strategy and communications. Lisa is an experienced company secretary, non-executive director of Second Skin Pty Ltd and Healthia Limited and is a member of Department of Justice and Attorney General's Audit and Risk Management Committee.
- Julie Tealby (BBus, CPA, FGIA, FCIS, MAICD) was appointed alternate secretary on 22 May 2018. Julie is an experienced senior executive and company secretary, skilled in corporate governance, financial services, risk management, performance management, internal audit and business process improvement.

3. Principal activities

The Group owns and operates bulk water supply and distribution infrastructure located throughout regional Queensland and provides water-related engineering and facilities management services.

Water is supplied to mining companies, industrial companies, power stations, manufacturing companies, irrigators, water boards and local governments. The Group's principal activities are further detailed under the Principal Activities section of the Annual Report.

Meetings attended during 2018–19

Director	Board Meetings ⁽¹⁾		Audit, Finance and Risk Committee Meetings ⁽⁴⁾		Culture Committee (formally Remuneration Committee Meetings) ⁽⁴⁾		Strategic Projects Committee Meetings	
	Attended	Held ⁽⁵⁾	Attended	Held ⁽⁵⁾	Attended	Held ⁽⁵⁾	Attended	Held ⁽⁵⁾
Leith Bouilly	16	16	3	3	4	4	4	4
Patrice Sherrie	14	14	4	4	4	4	-	-
Neville Ide ⁽²⁾	2	2	1	1	1	1	-	-
Jo Sheppard ⁽³⁾	14	14	3	3	-	-	-	-
Moya Steele ⁽²⁾	2	2	1	1	-	-	-	-
David Stewart	17	17	-	-	3	3	5	5
Vanessa Sullivan	14	16	-	-	-	-	5	5

(1) Leith Bouilly, Patrice Sherrie, Neville Ide, Moya Steele and Vanessa Sullivan each took a board-approved leave of absence during the year.

(2) Neville Ide and Moya Steele's term of appointment to the Board concluded on 30 September 2018.

(3) Jo Sheppard appointed to the Board from 1 October 2018.

(4) Leith Bouilly and Jo Sheppard were appointed to AFRC from 22 October 2018. David Stewart was appointed to the Culture Committee from 22 October 2018.

(5) Held refers to meetings held where the Director was entitled or able to attend.

Directors' Report (continued)

4. Financial performance

Financial Results – consolidated	2019	2018	2017
	\$000	\$000	\$000
Profit before income tax	72,955	57,437	51,053
Profit after income tax	51,224	39,661	36,048

The financial statements are a general purpose financial report that have been prepared in accordance with the Australian Accounting Standards and interpretations, requirements of the *Corporations Act 2001* (Cth), provisions of the *Government Owned Corporations Act 1993* (Qld) (GOC Act) and other relevant legislation.

5. Dividends and return of contributed equity

The Group's Dividend Policy, as stated in the 2018–19 SCI, takes into account the return its Shareholders expect on their investment.

2018–19 dividend

In June 2019, the directors recommended a dividend of 100% (2018: 100%) of the Group's adjusted audited net profit after tax which has been accepted by shareholding Ministers. The dividend has been provided for but not paid.

6. Review of operations

For a detailed overview of operating and financial performance, please see pages 14 to 26 of the Group's Annual Report.

7. Significant changes in the state of affairs

There have been no significant changes in the state of affairs to the end of the 2018–2019 financial year.

8. Matters subsequent to the end of the financial year

Since the reporting date, the Group has reached an agreement with insurers in relation to the recovery of costs associated with flood events in 2010/11 and 2013. The payment is subject to a tripartite agreement which is under review by all the parties involved.

Sunwater is awaiting judgment in a class action for claims arising from the 2010/11 floods in Queensland. In the event of an adverse judgement, which gives rise to a liability on the part of Sunwater, the Directors have relied on the Queensland Government's commitment of support if the liability exceeds resources available to Sunwater including proceeds under policies of insurance.

No other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect:

- The Group's operations in future financial years;
- the results of those operations in future financial years; or
- The Group's state of affairs in future financial years except as set out elsewhere in this report and notes 20 and 21 in the financial statements.

9. Environmental regulation

The Group's operations are subject to significant environmental regulation under both Commonwealth and State legislation. In March 2019, SAI Global conducted the annual certification audit of The Group's Environmental Management System. The current certification was maintained.

10. Insurance of directors

During the financial year, The Group paid a premium of \$0.18m (excluding GST) to insure the Directors and secretaries of the Group and its wholly owned subsidiary companies, and the executive officers of the Group.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the directors and officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by those officers in connection with such proceedings.

This does not include liabilities that arise from conduct involving a wilful breach of duty by these officers or the improper use by these officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Group.

It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

11. Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* (Cth) is set out below.

12. Relief from financial reports for wholly owned subsidiaries

Sunwater and its wholly owned subsidiaries are parties to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 which grants relief to its wholly owned subsidiaries; Eungella Water Pty Ltd, North West Water Pipeline Pty Ltd, Burnett Water Pty Ltd from the Corporations Act 2001 requirements for the preparation, audit and lodgement of their financial reports.

13. Rounding of amounts

In accordance with the ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191, amounts in the financial report and Directors' report have been rounded to the nearest thousand dollars, unless otherwise stated.

14. Auditor

The Auditor-General of Queensland continues in office in accordance with section 30 of the Auditor-General Act 2009 (Qld). No non-audit services are provided to the Group by the Auditor-General. Further information is set out in note 22 to the financial statements.

A copy of the auditor's independence declaration is required under s 307C of the Corporations Act 2001 is included in page 44 of this financial report and forms part of the Directors' Report.

Signed in accordance with a resolution of the Directors:



Leith Bouly

CHAIRMAN

DATED: 13 AUGUST 2019



Patrice Sherrie

DIRECTOR

DATED: 13 AUGUST 2019

Auditor's Independence Declaration

To the Directors of Sunwater Limited

This auditor's independence declaration has been provided pursuant to s.307C of the *Corporations Act 2001*.

Independence declaration

As lead auditor for the audit of Sunwater Ltd for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Sunwater Limited and the entities it controlled during the period.



Vaughan Stemmett
AS DELEGATE OF THE AUDITOR-GENERAL

13 AUGUST 2019
QUEENSLAND AUDIT OFFICE
BRISBANE

Financial report

for the year ended 30 June 2019

General information	45
Consolidated Statement of Comprehensive Income	46
Consolidated Statement of Financial Position	47
Consolidated Statement of Changes in Equity	48
Consolidated Statement of Cash Flows	49
Notes to the financial statements	50
Basis of preparation	50
Section 1: Profit or loss information	
Note 1: Revenue	55
Note 2: Other income	57
Note 3: Expenses	57
Note 4: Income tax	58
Section 2: Financial assets and financial liabilities	
Note 5: Cash and cash equivalents	61
Note 6: Receivables	62
Note 7: Other current assets	63
Note 8: Trade and other payables	63
Note 9: Borrowings	63
Note 10: Financial risk management	64
Section 3: Operating assets and liabilities	
Note 11: Property, plant and equipment	68
Note 12: Intangible assets	73
Note 13: Non-current assets held for distribution	74
Note 14: Other liabilities	75
Note 15: Provisions	76
Section 4: Capital structure	
Note 16: Capital management	77
Note 17: Contributed equity	78
Note 18: Investment in subsidiaries	78
Section 5: Unrecognised items	
Note 19: Commitments and leases	79
Note 20: Contingencies	80
Note 21: Subsequent events	80
Section 6: Other notes	
Note 22: Remuneration of auditors	81
Note 23: Related party transactions	81
Note 24: New or amended accounting standards and interpretations issued but not yet effective	85
Note 25: Summary of other accounting policies and activities	86
Directors' Declaration	87
Independent auditor's report	88

General information

These Financial Statements are consolidated Financial Statements for the Group consisting of Sunwater Limited and its subsidiaries. A list of major subsidiaries is included in note 18.

The Financial Statements are presented in the Australian currency.

Sunwater Limited (ACN 131 034 985) is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principle place of business is:

Green Square North
Level 9, 515 St Pauls Terrace
Fortitude Valley 4006
Queensland

The financial statements were authorised for issue by the Directors at the date of signing of the Directors' Declaration. The Directors have the power to amend and reissue the financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
Revenue from contracts with customers	1	335,733	284,799
Other income	2	8,087	2,948
		343,820	287,747
Expenses:			
Operating expenditure	3A	(147,449)	(117,697)
Employee benefits	3B	(40,161)	(42,865)
Depreciation and amortisation	11,12	(40,248)	(37,703)
Impairment of assets	11,12	(28,386)	(17,267)
Loss on disposal of assets		(256)	(55)
Operating profit		87,320	72,160
Finance costs	25(c)	(14,365)	(14,723)
Profit before income tax		72,955	57,437
Income tax expense	4	(21,731)	(17,776)
Profit for the year		51,224	39,661
Other comprehensive income		-	-
Total comprehensive income for the year		51,224	39,661

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

Consolidated Statement of Financial Position

For the year ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
ASSETS			
<i>Current assets</i>			
Cash and cash equivalents	5	29,709	25,883
Advance facility	25(a)	103,109	55,303
Receivables	6	47,485	28,150
Inventories	25(d)	2,768	2,610
Non-current assets held for distribution	13	1,136	4,219
Other current assets	7	2,768	2,432
Total current assets		186,975	118,597
<i>Non-current assets</i>			
Property, plant and equipment	11	829,285	866,038
Intangible assets	12	12,955	14,787
Deferred tax assets	4	13,281	13,299
Total non-current assets		855,521	894,124
Total assets		1,042,496	1,012,721
LIABILITIES			
<i>Current liabilities</i>			
Trade and other payables	8	26,706	20,678
Provisions	15	80,956	81,842
Other current liabilities	14	41,436	28,893
Total current liabilities		149,098	131,413
<i>Non-current liabilities</i>			
Provisions	15	13,907	1,254
Borrowings	9	284,107	284,146
Other non-current liabilities	14	138,404	145,613
Total non-current liabilities		436,418	431,013
Total liabilities		585,516	562,426
Net assets		456,980	450,295
EQUITY			
Contributed equity	17	239,145	245,552
Retained earnings		217,835	204,743
Total equity		456,980	450,295

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2019

	Notes	Contributed equity \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2017		250,269	204,743	455,012
Total comprehensive income for the year		-	39,661	39,661
Transactions with owners as owners				
Dividends provided for or paid	16 (a)	-	(39,661)	(39,661)
Return of contributed equity	16,17	(4,717)	-	(4,717)
Balance at 30 June 2018		245,552	204,743	450,295
Change in accounting policies	P50-52	-	13,092	13,092
Restated total equity at 1 July 2018		245,552	217,835	463,387
Total comprehensive income for the year		-	51,224	51,224
Transactions with owners as owners				
Dividends provided for or paid	16 (b)	-	(51,224)	(51,224)
Return of contributed equity	16,17	(6,407)	-	(6,407)
Balance at 30 June 2019		239,145	217,835	456,980

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
<i>Cash flows from operating activities</i>			
Receipts from customers		306,238	295,815
Community service obligations received		8,310	9,170
Rookwood project funding		49,102	-
Government grants		3,265	1,000
Interest received		209	183
Payments to suppliers and employees		(208,854)	(206,412)
Income taxes paid, net		(21,507)	(13,771)
Net cash inflow from operating activities	5	136,763	85,985
<i>Cash flows from investing activities</i>			
Proceeds from sale of property, plant and equipment		844	4
Payments from/(to) advance facility		(47,806)	(55,303)
Interest received		1,534	1,524
Payments for property, plant and equipment		(33,449)	(46,938)
Net cash (outflow) from investing activities		(78,877)	(100,713)
<i>Cash flows from financing activities</i>			
Interest paid	25(b)	(14,361)	(14,228)
Repayments of borrowings	25(b)	(38)	(16)
Dividends paid		(39,661)	-
Net cash (outflow) from financing activities		(54,060)	(14,244)
Net (decrease) increase in cash and cash equivalents		3,826	(28,972)
Cash and cash equivalents at the beginning of the financial year		25,883	54,855
Cash and cash equivalents at the end of the financial year	5	29,709	25,883

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

Notes to the financial statements

for the year ended 30 June 2019

Basis of preparation

The financial report covers Sunwater Limited and its subsidiaries as the consolidated entity and together are referred to as the Group or the consolidated entity in this financial report.

(a) Compliance with Australian Accounting Standards

The financial report is a general purpose financial report which:

- Has been prepared in accordance with the Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations, the *Corporations Act 2001* and the provisions of the *Government Owned Corporations Act 1993 (Qld)*.
- Adopts new accounting standards, applies policies which are consistent with those of the previous financial year and prepared under the historical cost convention.
- Does not adopt any Accounting Standards and Interpretations that have been issued or amended but are not yet effective (refer to note 24 for more information on this and other accounting policies).
- Is a Company which is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the “rounding off” of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.
- Presents comparative information that has been reclassified where appropriate to enhance comparability.

(b) Going concern

The financial statements have been prepared on a going concern basis. The Board considers the going concern basis to be appropriate as there is a reasonable expectation that Sunwater will be able to pay its debts as and when they fall due.

Further, Sunwater will remain a going concern for at least twelve months from the date of signing these financial statements for the following reason:

- Sunwater is awaiting judgment in a class action for claims arising from the 2010/11 floods in Queensland. In the event of an adverse judgement, which gives rise to a liability on the part of Sunwater, the Board has relied on the Queensland Government’s commitment of support if the liability exceeds resources available to Sunwater including proceeds under policies of insurance.

(c) Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries (refer note 18) of Sunwater Limited as at 30 June 2019 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is expected to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies by the Group.

(d) Other accounting policies

Significant and other accounting policies (refer note 25) that summarise the measurement basis used and are relevant to an understanding of the financial performance and position are provided throughout the notes to the Consolidated Financial Statements in accordance with the structure of the financial statements. These policies have been consistently applied to the years presented unless otherwise stated.

(e) Impact of new standards adopted on 1 July 2018

AASB 15 Revenue from contracts with customers

AASB 15 replaces AASB 118 *Revenue*, AASB 111 *Construction Contracts* and several revenue related Interpretations. The new standard has been applied as at 1 July 2018 using the modified retrospective approach. Under this method, the cumulative effect of initial application is recognised as an adjustment to the opening balance of retained earnings at 1 July 2018 and comparatives are not restated.

Notes to the financial statements

for the year ended 30 June 2019

The adoption of AASB 15 has mainly affected the following areas:

Annuity Accounting

The Group carry out refurbishment and renewal activities on irrigation water infrastructure to ensure a continuous supply of water to customers and this cost is built into the regulated price path of water contracts. The Group were deferring revenue to match the expenditure of the work as it was carried out.

AASB 15 does not consider this work to be the performance obligation in the water supply contract. The performance obligation is the supply, transportation of water or providing an allocation of water and revenue should be recognised as the customer receives and benefits from that supply.

The Group had \$17.5 million (refer note 14) of deferred revenue at 30 June 2018 which, along with the tax effect, was transferred to opening retained earnings as follows:

Impacted area	Contributed equity \$'000	Retained earnings \$'000	Total equity \$'000
Annuity deferred income	-	17,452	17,452
Deferred tax asset	-	(5,235)	(5,235)
	-	12,217	12,217

Notes to the financial statements

for the year ended 30 June 2019

The tables below highlight the impact of AASB 15 on the Group's Consolidated Statement of Comprehensive Income and Consolidated Statement of Financial Position for the period ended 30 June 2019. The adoption of AASB 15 did not have an impact on the Group's Consolidated Statement of Cash Flows.

Consolidated Statement of Comprehensive Income (extract) for the year ended 30 June 2019	Amounts under AASB 15 \$'000	Amounts under AASB 118 \$'000	Impact to 2018-19 \$'000
Revenue	343,820	340,276	3,544
Expenses	(256,500)	(256,500)	-
Finance costs	(14,365)	(14,365)	-
Taxation	(21,731)	(20,667)	(1,064)
Profit for the year	51,224	48,744	2,480
Consolidated Statement of Financial Position (extract) for the year ended 30 June 2019	Amounts under AASB 15 \$'000	Amounts under AASB 118 \$'000	Impact to 2018-19 \$'000
Current assets	186,975	186,975	-
Deferred tax assets	13,281	19,581	(6,300)
Total assets	1,042,496	1,048,796	(6,300)
Current liabilities	149,098	149,098	-
Annuity liability	-	20,996	(20,996)
Non current liabilities	436,418	436,418	-
Total liabilities	585,516	606,512	(20,996)
Net assets	456,980	442,284	14,696
EQUITY			
Contributed equity	239,145	239,145	-
Retained earnings	217,835	203,139	14,696
Total equity	456,980	442,284	14,696

Notes to the financial statements

for the year ended 30 June 2019

The Group has reviewed its revenue from customer contracts which can be sourced back to distinct customer groups which provide distinct performance obligation summarised below:

Revenue from customers	Performance Obligations	Revenue Recognition
Industrial water	Transportation of water from Sunwater's water sources along a 'pipeline' to a customer's offtake	Over time as the customer simultaneously receives and consumes benefits as water is delivered
Irrigation water	Delivery of water through water supply scheme assets to a customer's offtake	Over time as the customer simultaneously receives and consumes benefits as water is delivered
Urban water	Reservation and supply of water to customers for urban needs especially regional councils	Recognised over time as the water is made available to the customer
Water allocations	Entitlement to a share of available water from Sunwater's sources and the authority to take water from a catchment	Permanent allocation sales are recognised at a point in time on completion and execution of a contract Leased or Term allocations are recognised over the water year evenly as the water is made available
Consulting and facilities management	Providing operations and maintenance or consultancy services as a service provider to third party water assets	Recognised as the customer receives the services provided
Government grants	Specific obligations as outlined in a funding arrangement for Sunwater to carry out specific water asset projects	Falls within scope of AASB 15 and recognised at points in time as work is complete
Community Service Obligations	To provide irrigation and urban water supply services	Over time

AASB 9 Financial Instruments

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement*. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets.

When adopting AASB 9, the Group has applied transitional relief and opted not to restate prior periods. Differences arising from the adoption of AASB 9 in relation to classification, measurement and impairment were recognised in opening retained earnings as at 1 July 2018 (refer note 6).

Impacted area	Contributed equity \$'000	Retained earnings \$'000	Total equity \$'000
Allowance for impairment of receivables	-	1,251	1,251
Deferred tax asset	-	(376)	(376)
	-	875	875

The Group has adopted the expected credit model on trade receivables using a provision matrix which recognises an expected credit loss based on forward looking estimates. The matrix puts customers into groups and applies an expected default rate against customer groups (refer note 6).

Refer to Note 24 *New or amended accounting standards and interpretations issued but not yet effective*, for details on the Group's assessment of the impact of new standards especially around AASB16 *Leases*.

Notes to the financial statements

for the year ended 30 June 2019

(f) Critical accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances. Judgements and estimates that are material to the financial statements are provided throughout the notes to the financial statements.

(g) The notes to the financial statements

The notes include information which is required to understand the financial statements and is material and relevant to the operations, financial position and performance of the Group.

Notes to the financial statements

for the year ended 30 June 2019

Section 1: Profit or loss information

Note 1 Revenue

Accounting Policy

Revenue is measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Group. Amounts disclosed as revenue are net of returns, rebates, trade allowances and amounts collected on behalf of third parties.

Recognition occurs when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specified criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

Revenue from contracts with customers comprises industrial, irrigation, urban and drainage and is recognised when water has been delivered to customers or, in cases where no water has been delivered, is accrued when the contractual performance obligation has been met.

Water allocations revenue is recognised at the point of sale. Water allocations are saleable rights that may be granted by the Crown, free of charge, in a Resource Operations Plan under the Water Act 2000 (Qld). Interim water allocations (replacing water licences granted under previous legislation) and water allocations are recognised at nominal cost less impairment or deemed cost (refer note 10). All other water allocations granted free of charge are recognised, when granted, at fair value which is nominal cost (\$1).

Lease rental income from operating leases is recognised in revenue on a straight-line basis over the lease term.

Recognition of all other service revenue is based on work completed at the reporting date.

Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the Consolidated Statement of Comprehensive Income over the period necessary to match them with the costs that they are intended to compensate.

Community service obligation (CSO) payments are received by the consolidated entity from the Queensland Government. The payments fund the Rural Water CSO in recognition of the current rural water pricing policies set by the government, urban water deliveries to a local council, and certain other activities for which there are no other revenue sources. As these are subsidies from the Queensland Government, no conditions (apart from normal commercial considerations in maintaining water deliveries) are required to be met. These amounts are recorded as revenue.

	2019 \$'000	2018 \$'000
<i>Revenue from operations</i>		
Industrial water	182,012	175,270
Irrigation water	66,225	59,695
Urban water	12,888	13,422
Drainage	1,443	1,684
Water allocations revenue	16,183	15,532
Consulting and facilities services revenue	8,092	7,542
Rookwood project funding	36,267	-
Government grants	4,505	2,648
Community service obligation – irrigation	2,172	3,161
Community service obligation – urban	5,946	5,845
Total revenue from contracts with customers	335,733	284,799

Notes to the financial statements

for the year ended 30 June 2019

Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time over the following revenue categories with customers:

	Mining and Resources	Irrigation Customers	Urban water	Drainage	Water Allocations	Consulting and facilities services revenue	Government Contracts and Rookwood	Total
2019								
Revenue by segment	182,012	66,225	12,888	1,443	16,183	8,092	48,890	335,733
Timing of revenue recognition:								
At a point in time	44,950	19,820	2,162	-	1,028	8,092	-	76,052
Over Time	137,062	46,405	10,726	1,443	15,155	-	48,890	259,681
Total	182,012	66,225	12,888	1,443	16,183	8,092	48,890	335,733
Number of customer contracts	447	4,551	135	205	51	36	4	
2018								
Revenue by segment	175,270	59,695	13,422	1,684	15,532	7,542	11,654	284,799
Timing of revenue recognition:								
At a point in time	38,345	12,989	2,914	-	545	7,542	-	62,335
Over Time	136,925	46,706	10,508	1,684	14,987	-	11,654	222,464
Total	175,270	59,695	13,422	1,684	15,532	7,542	11,654	284,799
Number of customer contracts	460	4,558	132	233	50	61	3	

Key estimates and judgements

Performance Obligations and Revenue Recognition

Revenue is recognised when the Group satisfies a performance obligation by transferring the good or service to the customer.

Capital water charges are recognised over time as the customer benefits from the water deliveries.

Consumption is recognised at a point in time based on the volume of water consumed.

Allocation revenue is recognised at a point of time when the customer receives entitlement to the water allocation. Leased water allocations are recognised over a period of time that the allocation is made available to the customer.

Consulting and facilities management are recognised as the Group satisfies its performance obligations with each customer which primarily comprises of monthly fees and charges unless specific milestones must be reached before recognition of revenue.

Rookwood project funding is a deed between the State of Queensland and Sunwater for specific preliminary activities to undertake design and construction of Rookwood Weir near Rockhampton. The funding is received at developmental milestones and revenue is recognised over the periods to match the costs that they are intended to compensate.

Government grants includes funding for the National Water Infrastructure Development Fund (NWIDF) projects for improved efficiency projects located in Bundaberg and Burdekin Haughton water supply schemes.

Irrigation revenue follows a cost reflective tariff over the price path set by the Queensland Competition Authority (QCA) between 2012 and 2017. At the end of 2017, the price path was extended for a further two years. The Community Service Obligation was not adjusted during the extension period to take into account an increase in non-controllable costs and therefore Sunwater absorbs these additional costs.

Notes to the financial statements

for the year ended 30 June 2019

Note 2 Other income

	2019 \$'000	2018 \$'000
Gain on disposal of non-current assets	316	15
Interest income	2,718	1,729
Rent received	153	249
Proceeds from insurance	2,085	265
Fees and other income	2,815	690
Total other income	8,087	2,948

Proceeds from insurance are recognised only when there is certainty such as the insurance claim has been accepted by the insurer.

Interest income is recognised as it accrues using the effective interest method.

Note 3 Expenses

	2019 \$'000	2018 \$'000
A. Operating Expenditure		
Contracted services	75,480	48,692
Electricity	37,602	36,346
Insurance	8,756	8,474
Materials and plant hire	7,523	6,652
Fleet costs	2,373	2,263
Travel and accommodation	1,253	1,233
Rates and land tax	1,674	2,056
Corporate and administrative expenses	12,788	11,981
Total operating expenditure	147,449	117,697
B. Employee benefits		
Employee benefits		
Salaries and allowances	29,021	25,931
Redundancy expenses	91	5,795
Annual leave, banked time and time off in lieu (TOIL)	2,896	2,896
Long service leave expenses	715	695
Employer superannuation contribution	3,919	3,938
Employee related expenses		
Workers' compensation premium	391	315
Payroll tax	2,001	1,942
Other employee related expenses	1,127	1,353
Total employee benefits	40,161	42,865

Employee benefits

Salaries and allowances are recognised as the related service is provided.

Annual leave, banked time and time off in lieu (TOIL)

Liabilities for annual leave, banked time and TOIL due but unpaid at the reporting date are recognised in payables at the remuneration rates expected to apply at the time of settlement and include related on-costs such as payroll tax, workers compensation premiums, long service leave levies and employer superannuation contributions.

Long service leave

SunWater is levied under the Queensland Government's long service leave scheme at rates determined by actuarial assessment. Levies are expensed in the period in which they are paid or payable. Amounts paid to employees for long service leave are claimed from the scheme as and when leave is taken.

Notes to the financial statements

for the year ended 30 June 2019

Note 3 Expenses (continued)

Sick Leave

As sick leave is non-vesting, no expense is recognised.

Superannuation

Employer superannuation contributions are paid to Queensland Government or an employee's choice superannuation scheme at statutory rates or rates determined by the State Actuary. Contributions are expensed in the period in which they are paid or payable.

Note 4 Income tax

Accounting Policy

(a) Current tax – income tax equivalents

The Group is exempt from income tax under section 24AM of the *Income Tax Assessment Act 1997 (Cth)*. However, pursuant to the *Government Owned Corporations Act 1993 (Qld)* and the National Tax Equivalents Regime, the Group is required to make payments to the Queensland Government, equivalent to the amount of any Commonwealth income tax for which an exemption is received. The income tax equivalent expense (referred to as income tax expense) for the period is the tax payable on the current period's taxable income based on the Australian corporate income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses.

AASB 112 *Income Taxes* uses a 'Balance Sheet approach' for calculating income tax balances. This approach recognises deferred tax balances when there is a difference between the carrying value of an asset or liability and its tax base. The differences are recognised at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted at the balance sheet date.

Current tax is expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the end of the reporting date, and any adjustment to tax payable in respect of previous years.

(b) Offsetting deferred tax balances

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is accounted for in respect of temporary differences arising from differences between the carrying amount of assets and liabilities and the corresponding tax base.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and tax offsets, to the extent that it is probable that sufficient future taxable profits will be available to utilise them.

However, deferred tax assets and liabilities are not recognised for taxable temporary differences related to investments in subsidiaries where the parent is able to control the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates and tax laws that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

(c) Investment allowances and similar tax incentives

Entities within the Group may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (e.g. the Research and Development Tax Incentive regime or other investment allowances). The Group accounts for such allowances as tax credits, which means that the allowance reduces current tax expense.

(d) Tax consolidation legislation

Sunwater Limited and its wholly owned Australian-controlled subsidiaries have implemented the tax consolidation legislation.

On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement which limits the joint and several liability of the wholly-owned entities in the case of a default by the parent entity, Sunwater Limited.

The Group has also entered into a tax funding agreement under which the wholly-owned entities fully compensate Sunwater Limited for any current tax payable assumed and are compensated by Sunwater Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Sunwater Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements. The amounts receivable/payable under the tax funding agreement are due upon payment by the parent entity of those liabilities, and are subject to the parent entity providing to the wholly-owned entities satisfactory evidence of that payment. The wholly owned entities shall promptly pay to the parent entity that contribution amount and the parent entity shall promptly pay to the relevant wholly-owned entities, amounts receivable by them under the funding arrangement.

Notes to the financial statements

for the year ended 30 June 2019

Key estimates and judgements

Recovery of deferred tax assets

Deferred tax assets are only recognised for deductible temporary differences to the extent that it is probable that sufficient future taxable profits will be available to utilise them. Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profit.

	2019 \$'000	2018 \$'000
(i) Income tax expense		
<i>Income tax equivalents expense</i>		
Current tax equivalents expense	27,360	18,981
Deferred tax equivalents expense/(credit)	(5,460)	(1,056)
Research and development tax credit	(251)	(125)
Prior year (over) provision	82	(24)
	21,731	17,776
<i>Income tax equivalents expense is attributable to:</i>		
Profit from continuing operations	21,731	17,776
(ii) Reconciliation of income tax expense		
Profit before income tax	72,955	57,437
Tax expense at the Australian rate of 30% (2018: 30%)	21,886	17,231
Non-deductible entertainment	14	7
Sundry items	82	659
Research and development tax credit	(251)	(125)
Unrecognised deferred tax asset on capital losses	-	4
Income tax expense	21,731	17,776
Current tax	27,191	18,832
Deferred tax	(5,460)	(1,056)
	21,731	17,776

Notes to the financial statements

for the year ended 30 June 2019

(iii) Movement in deferred tax balances

	Net balance at 1 July	Effect of new AASB	Restated Opening Balance	Charged to Income Statement	Charged to Contributed Equity	Net balance at 30 June	Deferred Tax Asset (DTA)	Deferred Tax Liability (DTL)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2019								
Employee benefits	997	-	997	(41)	-	956	956	-
Property, plant and equipment	(3,369)	-	(3,369)	7,317	133	4,081	4,081	-
Unearned renewal annuity	5,235	(5,235)	-	-	-	-	-	-
Provisions	12,090	(376)	11,714	(1,672)	-	10,042	10,042	-
Other	(1,654)	-	(1,654)	(144)	-	(1,798)	-	(1,798)
Deferred tax assets/ (liabilities) before set off	13,299	(5,611)	7,688	5,460	133	13,281	15,079	(1,798)
Set off DTL against DTA	-	-	-	-	-	-	(1,798)	1,798
Net Tax Assets	13,299	(5,611)	7,688	5,460	133	13,281	13,281	-

	Net balance at 1 July	Charged to Income Statement	Charged to Contributed Equity	Net balance at 30 June	Deferred Tax Asset(DTA)	Deferred Tax Liability (DTL)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2018						
Employee benefits	1,088	(91)	-	997	997	-
Property, plant and equipment	(8,240)	3,742	1,129	(3,369)	-	(3,369)
Unearned renewal annuity	4,108	1,127	-	5,235	5,235	-
Provisions	15,610	(3,520)	-	12,090	12,090	-
Other	(1,452)	(202)	-	(1,654)	-	(1,654)
Deferred tax assets/ (liabilities) before set off	11,114	1,056	1,129	13,299	18,322	(5,023)
Set off DTL against DTA	-	-	-	-	(5,023)	5,023
Net Tax Assets	11,114	1,056	1,129	13,299	13,299	-

Notes to the financial statements

for the year ended 30 June 2019

Section 2: Financial assets and financial liabilities

Note 5 Cash and cash equivalents

Accounting Policy

Cash and cash equivalents in the Statement of Financial Position include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

Risk exposure

Information about the Group's exposure to credit risk is detailed in note 10.

	2019 \$'000	2018 \$'000
Cash at bank and on hand	18,040	11,480
Cash held as security	1,346	1,312
Deposits on call	10,323	13,091
Cash at bank and on deposit	29,709	25,883

Cash held as security is held in separate bank accounts and is subject to repayment on call by the customer subject to meeting the obligations under their respective agreements (refer note 14).

The Group has entered into an advance facility arrangement with Queensland Treasury Corporation. During 2019 \$47.8m (2018: \$55.3m) cash was advanced to the facility. It can be drawn down as required (refer note 25a).

Reconciliation of profit after income tax expense to net cash inflow from operating activities

	2019 \$'000	2018 \$'000
Profit for the year	51,224	39,661
Depreciation and amortisation	40,248	37,703
Impairment of assets	28,386	17,267
Bad and doubtful debts	(101)	1,050
Net (gain)/loss on disposal of non-current assets	(61)	40
Interest received	(1,534)	(1,524)
Interest paid	14,361	14,228
<i>Change in assets and liabilities:</i>		
(Increase) in inventories	(158)	(206)
(Increase)/decrease in deferred tax assets	(2,368)	2,484
(Increase) in receivables	(18,084)	(3,534)
Decrease in other current assets	2,748	11,689
Increase/(decrease) in trade and other payables	14,796	(29,619)
Increase/(decrease) in deferred revenue	4,849	(3,557)
Increase in income taxes payable	5,683	4,972
(Decrease) in deferred tax liabilities	(3,226)	(4,669)
Net cash inflow from operating activities	136,763	85,985

Notes to the financial statements

for the year ended 30 June 2019

Note 6 Receivables

Accounting Policy

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

	2019 \$'000	2018 \$'000
<i>Current</i>		
Trade receivables	30,298	13,914
Accrued revenue	18,705	17,236
	49,003	31,150
Allowance for impairment of receivables	(1,518)	(3,000)
	47,485	28,150

Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are generally due for settlement within 30 days and therefore are all classified as current.

Accrued revenue

Accrued revenue includes water delivered to 30 June but not invoiced and costs recoverable from customers in respect of projects which did not proceed to construction.

Impaired trade receivables

The Group adopted AASB 9 *Financial Instruments* on 1 July 2018 and has applied the simplified approach to measuring credit losses which uses an expected loss allowance for all trade receivables and contracts assets and liabilities.

To measure the expected credit loss, trade receivables, contract assets and liabilities have been grouped based on shared credit risk characteristics and the days past due. The contract assets and liabilities relate to unbilled or in advance work and have substantially the same risk characteristics as the trade receivables for the same types of contracts (refer to note 10).

Movements in the allowance for impairment of receivables are set out below:

	2019 \$'000	2018 \$'000
At 1 July – under AASB 139	3,000	1,950
Amounts restated through opening retained earnings	(1,251)	-
Opening loss allowance at 1 July 2018 under AASB 9	1,749	1,950
Allowances added	(231)	1,050
Carrying amount at 30 June	1,518	3,000

Foreign exchange and interest rate risk

Information about the Group's exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is detailed in note 10.

Fair value and credit risk

Due to the short-term nature of current receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. For more information on the Group's risk management policies, refer to note 10.

Notes to the financial statements

for the year ended 30 June 2019

Note 7 Other current assets

	2019 \$'000	2018 \$'000
GST receivable 'net'	1,963	1,651
Prepayments	805	781
	2,768	2,432

Note 8 Trade and other payables

Accounting Policy

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting date.

	2019 \$'000	2018 \$'000
Trade creditors	8,705	6,020
Other creditors and accruals	18,001	14,658
	26,706	20,678

Note 9 Borrowings

Accounting Policy

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost.

Borrowings are classified as non-current liabilities as there are no capital components repayable within one year and QTC have confirmed there are no defaults which would give rise to a right to demand repayment.

	2019 \$'000	2018 \$'000
<i>Unsecured</i>		
QTC loan	284,107	284,146
	284,107	284,146
Represented by:		
Current	-	-
Non-current	284,107	284,146
	284,107	284,146

Financing arrangements

The loans from QTC are interest bearing. Parent entity non-current borrowings have no fixed repayment date. The terms of the facilities are reviewed with QTC annually. Borrowings are subject to the annual approval of the Queensland Treasurer and have previously been sourced from the Sunwater Client Specific - Pool Portfolio Linked Loan. The approved state borrowing program in place for 2018–19 is \$nil (2017–18: \$nil).

The Group has maintained the financial covenants as required under its borrowing facilities during the 2019 and 2018 reporting period (refer note 16).

The Group has a rolling \$50.0 million working capital facility with QTC. This facility, which is repayable on demand, operates as an overdraft arrangement which is used to cover temporary funding shortfalls. The facility was undrawn as at 30 June 2019 (2018: undrawn).

Notes to the financial statements

for the year ended 30 June 2019

Note 9 Borrowings (continued)

Fair Value

	2019		2018	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
The carrying amounts and fair values borrowings at balance date are:				
Borrowings	284,107	318,351	284,146	301,885

The difference between carrying amount and fair value represents the market realisation adjustment on borrowings from QTC. Generally, the Group repays borrowings in accordance with the requirements of the relevant agreement, hence no adjustment to fair value is appropriate. Where a market realisation charge has been incurred, it has been included in finance costs in the Consolidated Statement of Comprehensive Income.

Note 10 Financial risk management

The Group's activities may, at certain times, expose it to a variety of financial risks being market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The objectives of the Group's financial risk management policies are to focus primarily on counterparty risks and the unpredictability of the financial markets and to seek to minimise potential adverse effects on the financial performance of the consolidated entity. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risk, a counterparty credit rating analysis for credit risk and a contract aging analysis for liquidity risk. The Board has endorsed written principles for overall risk management, as well as policies covering specific areas, such as mitigating interest rate and credit risk, use of derivative financial instruments and investment of liquid assets.

Market risk

Foreign exchange risk

Although the Group does not operate internationally, on occasion, the Group may source plant and equipment or components of water infrastructure assets internationally and become exposed to foreign exchange risk. The Board has approved policies to manage foreign exchange risk. The Group may elect to hedge foreign exchange risk on exposures arising from future commercial transactions and recognised assets and liabilities using approved derivative risk instruments on advice from, and transacted by, QTC.

During 2019, the Group had no significant exposure to foreign exchange risk and did not enter into any derivative contracts to hedge its foreign exchange risk exposure.

Price risk

During 2019, the Group had no significant exposure to price risk.

Cash flow and fair value interest rate risk

The Group's interest-rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk, whereas borrowings issued at fixed rates expose the Group to fair value interest-rate risk. The Group manages its interest rate risk in consultation with QTC in accordance with policies approved by the Board. Interest rate risk is measured monthly through the monitoring of changes in yields over the debt duration profile.

The following interest rate sensitivity analysis assumes that the rate would be held constant over the financial year, with the change occurring at the beginning of the financial year. The Group has assumed a movement of +/- 100 basis points in interest rates applicable to its borrowings as a reasonable expectation based on historical patterns for the type of debt facility held.

Notes to the financial statements

for the year ended 30 June 2019

Note 10 Financial risk management (continued)

Financial Instruments	Carrying amount \$'000	2019 INTEREST RATE RISK			
		-1% Profit \$'000	Equity \$'000	+1% Profit \$'000	Equity \$'000
Cash and advance facility	131,472	(1,042)	(1,042)	1,042	1,042
QTC borrowings	284,107	2,753	2,753	(2,753)	(2,753)
Overall effect on profit and equity		1,711	1,711	(1,711)	(1,711)

Financial Instruments	Carrying amount \$'000	2018 INTEREST RATE RISK			
		-1% Profit \$'000	Equity \$'000	+1% Profit \$'000	Equity \$'000
Cash and advance facility	79,871	(688)	(688)	688	688
QTC borrowings	284,146	2,758	2,758	(2,758)	(2,758)
Overall effect on profit and equity		2,070	2,070	(2,070)	(2,070)

Credit risk

Credit risk largely arises from the potential failure of counterparties to meet their obligations under the respective contracts. Credit evaluations are performed on all customers requiring credit over a certain amount and on all counterparties to significant contracts. Exposure to credit risk is monitored on an ongoing basis.

The Group applies the AASB 9 simplified model of recognising expected credit losses for all trade receivables, contract assets and liabilities as they do not have a significant financing component.

In measuring the expected credit losses, trade receivables, contract assets and liabilities have been grouped on a collective basis as they share credit risk characteristics. The expected loss rates are based on historic rates previously taken up by the Group and progressively increase across the ageing brackets to reflect the customer's ability to settle the amount outstanding.

Trade receivables are written off when there is no reasonable expectation of recovery. Balances greater than 180 days have a higher default rate applied to take account for these potential losses.

The expected credit losses for trade receivables, contract assets and liabilities as at 30 June 2019 and 1 July 2018 was determined as follows:

30 June 2019 (\$000)	Ageing						Total Balance
	Current	Less than 30 days past due	31 to 60 days	61 to 90 days	91 to 180 days	More than 180 days	
Carrying Value of Trade Receivables	26,861	955	297	63	237	1,885	30,298
Expected Credit Loss Rate	100%	100%	100%	100%	100%	100%	Total
Amount Provided (\$000)	2	6	7	4	9	1,148	1,176
Expected Credit Loss Rate	0%	2%	2%	5%	10%	40%	Total
Amount Provided (\$000)	-	17	4	3	23	295	342
Total Provided (\$000)	2	23	11	7	32	1,443	1,518

For customers with balances in more than 180 days that are greater than 90% of the total balance due, 100% is provided across all ageing brackets.

No provision is taken up for customers whose current balance is greater than the total amount outstanding and Government customers.

Progressive rates are applied to the remainder of balances.

Notes to the financial statements

for the year ended 30 June 2019

Note 10 Financial risk management (continued)

On adoption of AASB 9 on 1 July 2019, the Group applied the following expected credit loss matrix.

1 July 2018 (\$'000)	Gross Carrying Amount			Expected Credit Loss Rate					Expected Credit Loss		
	Bulk Water & Irrigation	Non- Regulated	Gov't	General	Sugar Industry	Flood/ Drought	Mining Industry	Gov't Customer	Bulk Water & Irrigation	Non- Regulated	Total
Current	5,149	3,417	170	1%	1%	1%	1%	0%	103	34	137
< 30 days past due	1,020	7	1	1%	2%	2%	1%	0%	41	-	41
31-60 days past due	90	38	-	1%	2%	2%	1%	0%	4	-	4
61-90 days past due	17	1	-	1%	2%	2%	1%	0%	1	-	1
91-180 days past due	549	61	-	3%	3%	3%	1%	0%	33	1	34
More than 180 days	870	81	-	85%	85%	85%	60%	0%	740	50	790
Credit impaired	656	-	-	100%	100%	100%	100%	0%	656	-	656
Deferred amount	1,780	-	-	0%	0%	0%	0%	0%	-	-	-
Accrued Revenue	4,116	10,638	3,050	0.5%	0.5%	0.5%	0.5%	0%	41	53	94
Revenue in Advance	-	(1,575)	-	0.5%	0.5%	0.5%	0.5%	0%	-	(8)	(8)
	14,247	12,668	3,221						1,619	130	1,749

During 2019, the Group had no transactions involving derivative financial instruments.

At the balance sheet date there were no other significant concentrations of credit risk in respect to recognised financial instruments. The maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the carrying amount of those assets as represented in the following table:

MAXIMUM EXPOSURE TO CREDIT RISK		2019	2018
Category	Note	\$'000	\$'000
Cash at bank and at call invested in Australian institutions rated AA- or higher *	5	29,708	25,880
Other cash and cash equivalents	5	1	3
Receivables – current	6	47,485	28,150
		77,194	54,033

* Inclusive of accrued interest.

For some trade receivables, the Group may also obtain security in the form of bank guarantees.

Deferred tax assets and liabilities have been offset and presented net in the Consolidated Statement of Financial Position. Refer to note 4 for the individual balances.

Liquidity risk

Liquidity risk management within the Group ensures sufficient cash is available to meet short-term and long-term financial commitments. The Group has policies in place to manage liquidity risk. The Group manages liquidity risk by monitoring forecast cash flows to ensure that sufficient cash and short-term borrowing facilities are maintained, so that adequate funds are available at all times to meet the Group's commitments as they arise.

The Group had an approved borrowing program of \$nil during 2019. The Group has a rolling \$50 million working capital facility with QTC. This facility (undrawn during 2019) operates as an overdraft arrangement which is used to cover temporary funding shortfalls, and is repayable on demand. The Group also has potential to drawdown further on its Portfolio Linked Loan that is in place.

Notes to the financial statements

for the year ended 30 June 2019

Note 10 Financial risk management (continued)

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

	Carrying amount \$'000	Less than 1 year \$'000	1 – 5 years \$'000	Over 5 years \$'000	Total cash flows (contractual) \$'000
2019					
Payables	26,706	26,706	-	-	26,706
Dividends payable	51,224	51,224	-	-	51,224
Borrowings*	284,107	11,581	46,199	283,147	340,927
Deposits payable	2,958	39	32	2,887	2,958
	364,995	89,550	46,231	286,034	421,815
2018					
Payables	20,678	20,678	-	-	20,678
Dividends payable	39,661	39,661	-	-	39,661
Borrowings*	284,146	11,958	47,672	283,147	342,777
Deposits payable	2,483	39	32	2,412	2,483
	346,968	72,336	47,704	285,559	405,599

* Cash flows over 5 years are based on estimated market value.

Notes to the financial statements

for the year ended 30 June 2019

Section 3: Operating assets and liabilities

Note 11 Property, plant and equipment

Accounting Policy

Property, plant and equipment

Items of property, plant and equipment are carried at cost or deemed cost less accumulated depreciation and impairment losses. The Group elected to exercise the option allowed under AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* (AIFRS) to adopt the fair value of an item of property, plant and equipment as its deemed cost.

This means that all items of property, plant and equipment that had been revalued to fair value on or prior to 1 July 2005, the date of transition to AIFRS, were measured on the basis of deemed cost at that date. Subsequent acquisitions are carried at cost less accumulated depreciation and impairment.

The cost of self-constructed items includes the direct cost of construction plus costs incidental to the construction, including all other costs incurred in preparing the assets ready for use, such as engineering design fees, an appropriate proportion of directly attributable overheads and finance costs (refer note 25c). The cost also includes the initial estimate of the costs of decommissioning the items and restoring the site on which they are located where such estimate is relevant and reliable in the context of the very long design life of most of these assets.

All items of property, plant and equipment acquired at a cost, or other value, in excess of \$1,000 are capitalised in the year of acquisition. Assets under construction are recorded at cost and are not depreciated until they are completed and held ready for use.

No threshold is applied to items within the infrastructure class of assets as these types of assets form a network. Adjustments (including repairs) or additions to existing infrastructure assets that are not in the nature of enhancements or replacements do not satisfy asset recognition criteria and are expensed on completion.

The assets' useful lives are reviewed and adjusted if appropriate at the end of each reporting period.

Depreciation

Depreciation is calculated on a straight-line basis so as to write off the cost or deemed cost of each depreciable asset progressively over its estimated useful life to the entity.

Useful life to the entity is determined after considering a number of factors such as manufacturer's specifications, engineering life, climatic conditions, geographic conditions and contractual life. Many of the Group's water infrastructure assets have very long design lives.

For each class of depreciable asset the following depreciation rates are used:

ASSET CLASS	DEPRECIATION RATES
Land	Land is not depreciated
Buildings and land improvements	1.67% to 20% [5 – 60 years]
Plant and equipment	8% to 33.33% [3 – 12.5 years]
Water infrastructure	0.5% to 10% [10 – 200 years]

Impairment of property, plant and equipment

Items of property, plant and equipment are assessed on an annual basis for indicators of impairment.

Where an indicator of impairment exists, an estimate of the recoverable amount of the asset is undertaken. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. In the case of Sunwater's water infrastructure assets, which are not traded in an active market, value-in-use is applied in estimating the recoverable amount. An impairment loss is recognised immediately in the Consolidated Statement of Comprehensive Income.

Items of property, plant and equipment that were impaired in a prior period are reviewed for possible reversal of the impairment at each reporting date. Where an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, which cannot exceed the original cost or deemed cost of that asset. A reversal of an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

Sensitivity analysis is undertaken regarding the impact of possible changes in the significant factors and key assumptions, including weighted average cost of capital (WACC) (refer key estimates and judgements below).

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Each of the Group's water schemes is regarded as a cash generating unit. Each hydro-electricity generating station is regarded as a cash generating unit.

Notes to the financial statements

for the year ended 30 June 2019

Note 11 Property, plant and equipment (continued)

	2019 \$'000	2018 \$'000
AT COST OR DEEMED COST		
Land	7,144	7,702
Buildings and land improvements	16,313	17,912
Accumulated depreciation	(4,983)	(5,664)
Total buildings and land improvements	11,330	12,248
Plant and equipment	14,092	20,190
Accumulated depreciation	(10,583)	(15,941)
Accumulated impairment	(522)	(522)
Total plant and equipment	2,987	3,727
Water infrastructure	1,397,364	1,383,875
Accumulated depreciation	(331,490)	(296,555)
Accumulated impairment	(309,682)	(306,278)
Total water infrastructure	756,192	781,042
Assets under construction	80,650	65,285
Accumulated impairment	(29,018)	(3,966)
Total assets under construction	51,632	61,319
Total property, plant and equipment	829,285	866,038

Notes to the financial statements

for the year ended 30 June 2019

Note 11 Property, plant and equipment (continued)

Key estimates and judgements

Under the government's regulated irrigation price path which governs the Group's irrigation water supply revenue, the Group does not currently recover full costs. This is an "indication of impairment" of the water infrastructure assets used to generate that revenue. In assessing the value-in-use (recoverable amount) of the water infrastructure assets using the net present value of future cash flows derived from each cash generating unit, key estimates and assumptions concerning the future are made..

The sources for the key estimates and assumptions include:

- Water charges applied to irrigators are regulated by the Queensland Government which subsidises water prices by way of community service obligation payments for the forecast shortfall between revenue raised in accordance with the regulated charges and the estimated efficient costs of storage and distribution of water for irrigation purposes. As the regulated price does not provide for a commercial return on capital, the reduced cash flows substantially impact on the values assigned to the water infrastructure assets.
- The Queensland Competition Authority (QCA), appointed to conduct an independent review and make recommendations to government on future irrigation water pricing, handed down its final report *Sunwater Irrigation Price Review: 2012–17* in May 2012. In June 2012, Sunwater's Shareholding Ministers directed the Group to charge its irrigation customers the final recommended prices as defined in this report for the period commencing 1 July 2012 and ending 30 June 2017. Shareholder Ministers extended the price path until 30 June 2020. The 2018–19 irrigation tariffs increased by CPI only, except for Part C charges for Eton, Lower Mary and Mareeba-Dimbulah Relief, which increased by an additional \$2.32.
- The cash flow projections used in the Group's model are based on these approved irrigation pricing arrangements and likely future pricing trends.
- The discount rate used to discount the estimated future cash flows included in the value in use calculation is based on the Group's estimated weighted average cost of capital (WACC), provided by Queensland Treasury Corporation. This is considered to include a market-determined rate that reflects the risks associated with operating the business. The risk-free rate, used in the calculation of WACC, is based on a 20 day average of the 10 year Commonwealth Government bond security. The future cash flows have been discounted using a pre-tax discount rate of 7.4% (2018: 8.3%)
- The net present value of the discounted cash flows is reasonably sensitive to likely changes of the WACC rate applied.
- There is no open market for the sale of water infrastructure assets owned by the Group.
- The cash flow projections anticipate that business efficiencies will be achieved over time to meet QCA determined efficient costs and that future price paths will recover efficient costs.
- The regulated price path, which reduces the Group's ability for cost recovery, results in larger impairment. A significant increase or decrease in a CSO adjustment would result in a higher or lower value in use and a resulting impairment loss or reversal.

Notes to the financial statements

for the year ended 30 June 2019

Note 11 Property, plant and equipment (continued)

Movements

Movements of the carrying amounts of each class of property, plant and equipment from the beginning to the end of each year are set out below.

	Land \$'000	Buildings & land improvements \$'000	Plant & equipment \$'000	Water infrastructure \$'000	Work in progress \$'000	Total PP&E \$'000
<i>At 1 July 2017</i>						
Cost	7,770	19,157	19,870	1,324,238	89,395	1,460,430
Accumulated depreciation	-	(5,700)	(14,524)	(264,544)	-	(284,768)
Accumulated impairment	-	-	(522)	(260,837)	(31,964)	(293,323)
Net book amount	7,770	13,457	4,824	798,857	57,431	882,339
<i>Year ended 30 June 2018</i>						
Additions	-	284	852	37,684	46,674	85,494
Disposals	(35)	(570)	(41)	(5,293)	-	(5,939)
Transfer between classes	-	-	-	-	(38,820)	(38,820)
Assets held for distribution	(33)	(529)	(22)	(3,635)	-	(4,219)
Depreciation expense	-	(394)	(1,886)	(33,079)	-	(35,359)
Impairment (loss)	-	-	-	(13,492)	(3,966)	(17,458)
<i>At 30 June 2018</i>						
Cost	7,702	17,912	20,190	1,383,875	65,285	1,494,964
Accumulated depreciation	-	(5,664)	(15,941)	(296,555)	-	(318,160)
Accumulated impairment	-	-	(522)	(306,278)	(3,966)	(310,766)
Net book amount	7,702	12,248	3,727	781,042	61,319	866,038
<i>Year ended 30 June 2019</i>						
Additions	-	835	882	16,641	48,917	67,275
WIP write-off*	-	-	-	-	(15,194)	(15,194)
Disposals	(490)	(1,101)	(170)	(4,996)	-	(6,757)
Transfer between classes	-	-	-	-	(18,358)	(18,358)
Assets held for distribution	(68)	(207)	(63)	3,421	-	3,083
Depreciation expense	-	(445)	(1,389)	(36,513)	-	(38,347)
Impairment (loss)	-	-	-	(3,403)	(25,052)	(28,455)
<i>At 30 June 2019</i>						
Cost	7,144	16,313	14,092	1,397,364	80,650	1,515,563
Accumulated depreciation	-	(4,983)	(10,583)	(331,490)	-	(347,056)
Accumulated impairment	-	-	(522)	(309,682)	(29,018)	(339,222)
Net book amount	7,144	11,330	2,987	756,192	51,632	829,285

*WIP write-off of \$15.2 million for prior year Rookwood work in progress balances expensed to the Consolidated Statement of Comprehensive Income during 2018–19.

Notes to the financial statements

for the year ended 30 June 2019

Note 11 Property, plant and equipment (continued)

Impairment

Cash generating units in which significant impairment losses were recognised / (reversed) during the financial year are:

	2019 Loss/(Reversed) \$'000	2019 Recoverable amount \$'000
<i>Nogoa Mackenzie Water Supply Scheme</i>	15,995	3,366
This CGU includes Fairbairn Dam, the Emerald irrigation area and Blackwater pipeline. The impairment loss is primarily due to an increase in future repair costs on Fairbairn Dam improvement project. Other factors included a decrease in the WACC rate, a review of future contractual revenue forecasts as well as Emerald distribution transitioning to Fairbairn Irrigation Network under Local Management. The discount rate used was 7.4% (2018: 8.3%).		
<i>Boyne Supply</i>	(14,817)	24,905
This CGU comprises all of the water infrastructure assets in the Boyne supply including Boondooma Dam and Tarong pipeline. The reversal of previous impairments is the result of significant cost reductions on the dam and pipeline along with increased revenue from commercial customers combined with a lower WACC rate. The discount rate used was 7.4% (2018: 8.3%).		
<i>Other cash generating units</i>	2,225	14,144
The main factors affecting impairment are the expensing of current year capital expenditure in addition to reduced CSOs in recognition of the lower amounts approved by government. Recoverable amount is determined as value in use. The discount rate used was 8.3%.		
Total	3,403	42,415
	2018 Loss/(Reversed) \$'000	2018 Recoverable amount \$'000
<i>Boyne Supply</i>	14,159	9,187
This CGU comprises all of the water infrastructure assets in the Boyne supply including Boondooma Dam and Tarong pipeline. The impairment loss is primarily the result of expensing current year capital costs incurred to address damage caused by the 2010 floods. The discount rate used was 8.3%.		
<i>Nogoa Mackenzie Water Supply Scheme</i>	(10,731)	19,946
This CGU includes Fairbairn Dam, the Emerald irrigation area and Blackwater pipeline. The reversal of previous impairments is a result of progressing the dam improvement projects thus reducing future cash outflows as well as renegotiation of some existing commercial water supply contracts. The discount rate used was 8.3%.		
<i>Other cash generating units</i>	10,064	3,933
The main factors affecting impairment are the expensing of current year capital expenditure in addition to reduced CSOs in recognition of the lower amounts approved by government. Recoverable amount is determined as value in use. The discount rate used was 8.3%.		
Total	13,492	33,066

The Group's cash generating units are the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Group contains 33 cash generating units based on the cash flows from water supply systems and pipelines that are independent of each other.

Notes to the financial statements

for the year ended 30 June 2019

Note 11 Property, plant and equipment (continued)

Work in progress

Work in progress against which significant impairment losses were recognised (or reversed) during the financial year are:

	Loss/(Reversed) \$'000	Recoverable amount \$'000
<i>At 30 June 2019</i>		
Burdekin Dam improvements	2,906	-
Fairbairn Dam improvements	20,985	-
Leslie Dam improvements	491	-
Teemburra Dam improvements	670	-
Total	25,052	-
<i>At 30 June 2018</i>		
Burdekin Dam improvements	3,966	-

The Group has a portfolio of Dam Improvement Projects (DIP) to undertake and as these projects generally do not generate any additional revenue, the DIP costs are considered to be impaired at the time incurred. Other Work in Progress projects are not assessed for impairment until project completion or more certainty of cost recoverability is known. This is assessed on a project by project basis.

Note 12 Intangible assets

Accounting Policy

Software

Software has a finite life and is carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method. Amortisation rates for software vary from 12.5% to 33%.

Water allocations

Water allocations are intangible assets that are valued at cost or deemed cost. The Group elected to exercise the option allowed under AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* to adopt the fair value of an intangible asset as its deemed cost. This means that all water allocations that had been revalued to fair value on or prior to 1 July 2005, the date of transition to AIFRS, were measured on the basis of deemed cost at that date. Subsequent acquisitions are recognised at cost which is a nominal amount (\$1) when water allocations are granted free of charge.

After initial recognition, all water allocations are carried at cost less accumulated impairment. Water allocations have an indefinite life and are not amortised but are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired, by comparing their carrying amounts with their recoverable amounts. No recognition threshold is applied.

	2019 \$'000	2018 \$'000
<i>At cost or deemed cost</i>		
Software	30,333	30,344
Accumulated amortisation	(26,496)	(24,606)
Accumulated impairment	(359)	(359)
Total software	3,478	5,379
Trade names	8	8
Water allocations	58,147	58,147
Accumulated impairment	(48,678)	(48,747)
Total water allocations	9,469	9,400
Total intangible assets	12,955	14,787

Impairment

Intangible assets that were impaired in a prior period are reviewed for possible reversal of the impairment at each reporting date. Where an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, which cannot exceed the original cost or deemed cost of that asset. A reversal of impairment is recognised in the Consolidated Statement of Comprehensive Income.

Notes to the financial statements

for the year ended 30 June 2019

Note 12 Intangible assets (continued)

Key estimates and judgements

In determining that water allocations have an indefinite life, Sunwater has assumed that the current Resource Operating Plan conditions will continue in perpetuity

Movements

Movements of the carrying amounts of intangible assets from the beginning to the end of each year are set out below.

	Software \$'000	Trade names \$'000	Water allocations \$'000	Total Intangible Assets \$'000
<i>At 1 July 2017</i>				
Cost	30,344	8	58,147	88,499
Accumulated amortisation	(22,262)	-	-	(22,262)
Accumulated impairment	(359)	-	(48,938)	(49,297)
Net book amount	7,723	8	9,209	16,940
<i>Year ended 30 June 2018</i>				
Amortisation expense	(2,344)	-	-	(2,344)
Impairment reversal	-	-	191	191
<i>At 30 June 2018</i>				
Cost	30,344	8	58,147	88,499
Accumulated amortisation	(24,606)	-	-	(24,606)
Accumulated impairment	(359)	-	(48,747)	(49,106)
Net book amount	5,379	8	9,400	14,787
<i>Year ended 30 June 2019</i>				
Amortisation expense	(1,901)	-	-	(1,901)
Impairment reversal	-	-	69	69
<i>At 30 June 2019</i>				
Cost	30,333	8	58,147	88,488
Accumulated amortisation	(26,496)	-	-	(26,496)
Accumulated impairment	(359)	-	(48,678)	(49,037)
Net book amount	3,478	8	9,469	12,955

Note 13 Non-current assets held for distribution

	2019 \$'000	2018 \$'000
Theodore LME scheme assets	-	4,219
Eton LME scheme assets	1,136	-
	1,136	4,219

On 6 April 2018, the State of Queensland authorised a transfer agreement for the transfer of assets and liabilities of Theodore irrigation scheme to a local management entity (LME). The transfer took place on 30 September 2018.

During the financial year, Emerald irrigation scheme met the final condition precedent of customer support and the transfer of assets and liabilities for the LME took place on 30 June 2019.

In March 2019, the State of Queensland authorised a transfer agreement for the transfer of assets and liabilities of Eton irrigation scheme to a local management entity (LME). The transfer is due to take place on 30 November 2019.

Notes to the financial statements

for the year ended 30 June 2019

Note 14 Other liabilities

	2019 \$'000	2018 \$'000
<i>Current</i>		
Deposits payable	2,958	2,483
Unearned annuity	-	17,452
Deferred income	38,453	8,784
Rent incentive	-	158
Other	25	16
	41,436	28,893
<i>Non-current</i>		
Deferred income	138,404	145,613
	138,404	145,613

Deposits Payable

Deposits payable consist of customer securities for supply contracts entered into with Sunwater and are refundable at the completion of the contract.

Unearned Annuity

On adopting AASB 15 *Revenue from Customer Contracts* on 1 July 2018, the Group transferred the unearned annuity balance to opening retained earnings as it did not meet the criteria to defer revenue and recognise over the life of the annuity period.

Deferred Income

A customer paid in advance \$180.25 million in accordance with the contract for water transportation. This amount is included in deferred income split between current and non-current and is being amortised over the life of the contract. The current balance also includes \$29.73 million of deferred revenue of the \$66.0 million invoiced during 2017–18. Revenue is recognised at points in time to match the costs they are intended to compensate.

Notes to the financial statements

for the year ended 30 June 2019

Note 15 Provisions

Accounting Policy

Provisions for certain types of repairs, legal costs and restructuring are recognised when:

- the Group has a present legal or constructive obligation as a result of past events; and
- it is probable that an outflow of resources will be required to settle the obligation; and
- the amount can be reliably estimated.

Provisions are not recognised for future operating losses. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions for dam improvements are measured following Board Approval and the scope of works have progressed to contractual arrangements from which a reliable measure can be derived. Where there is still uncertainty around the timing or amount, it will be disclosed as a contingent liability.

	Notes	2019 \$'000	2018 \$'000
Current			
Employee benefits		3,186	3,326
Dam improvements		17,449	32,601
Restructuring costs		605	3,445
Income tax		8,492	2,809
Dividends	16	51,224	39,661
		80,956	81,842
Non-current			
Dam improvements		12,645	-
Land commitment		1,262	1,254
		13,907	1,254

Employee benefits

Refer to note 3b on employee expenses for accrued annual leave, banked time and time off in lieu (TOIL).

Superannuation

Employer superannuation contributions are paid to Queensland Government or an employee's choice superannuation schemes at statutory rates or rates determined by the State Actuary. Contributions are expensed in the period in which they are paid or payable. The Group's obligation is limited to its contribution to the superannuation schemes. Therefore, no liability is recognised for superannuation benefits in these financial statements as the liability is held on a whole-of-government basis.

Dam improvements

The provision represents management's best estimate of the present constructive obligation for the costs to carry out dam improvement works.

Land commitment

By way of an agreement between the former State Water Projects and the Department of Natural Resources, Mines and Energy, Sunwater is required to settle with the department, the disposition of certain surplus land.

Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits and dividends, are set out below.

	Dam improvements \$'000	Restructuring \$'000	Income tax \$'000	Dividends \$'000	Land commitment \$'000
Carrying amount at 1 July 2018	32,601	3,445	2,809	39,661	1,254
Provisions added	9,531	(55)	27,441	51,224	8
Payments made during the year	(12,038)	(2,785)	(21,758)	(39,661)	-
Carrying amount at 30 June 2019	30,094	605	8,492	51,224	1,262
Represented by:					
Current	17,449	605	8,492	51,224	-
Non-Current	12,645	-	-	-	1,262

Notes to the financial statements

for the year ended 30 June 2019

Section 4: Capital Structure

Note 16 Capital management

Risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital, subject to Government's policy and directive.

The Group monitors capital on the basis of the market gearing ratio. This ratio is calculated as total borrowings divided by total capital. Total capital is calculated as total equity plus total borrowings.

The Group has maintained an investment grade credit rating based on the following market gearing ratios:

	2019 \$'000	2018 \$'000
Total borrowings	284,107	284,146
Total equity	456,980	450,295
Total capital	741,087	734,441
Market gearing ratio	38%	39%

The Group's current ratio at 30 June 2019 is 1.25 (2018: 0.90).

Loan covenant

Under the terms of the major borrowing facility with Queensland Treasury Corporation, the Group is required to comply with financial covenants. All covenants were met during 2018–19.

Dividends

Accounting Policy

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of Sunwater, on or before the end of the reporting period but not distributed at balance date.

	2019 \$'000	2018 \$'000
<i>Ordinary shares</i>		
2019 first and final dividend of \$25.61 million (2018: \$19.83 million) per share declared and provided for but not paid as at 30 June 2019	51,224	39,661
	51,224	39,661

(a) Dividends Paid

In the prior year, the Sunwater Board recommended a 2017-18 dividend of \$39.661 million being 100% of 2017-18 adjusted audited consolidated net profit after tax. Shareholder Ministers confirmed that it was appropriate and payment was made on 30 November 2018.

(b) Dividends Declared

In June 2019, the directors recommended a dividend of 100% (2018: 100%) of the Group's adjusted audited net profit after tax which has been accepted by shareholding Ministers. The dividend has been provided for but not paid.

Notes to the financial statements

for the year ended 30 June 2019

Note 17 Contributed equity

Accounting Policy

Ordinary shares are classified as equity. The amounts of any capital returns or injections are applied against contributed equity.

	2019 \$'000	2018 \$'000
SHARE CAPITAL		
Issued and paid up capital:		
2 ordinary shares of \$119.572 million each	239,145	-
2 ordinary shares of \$122.776 million each	-	245,552

	Number of shares \$'000	Contribution per share \$'000	Total \$'000
MOVEMENTS IN ORDINARY SHARE CAPITAL			
Closing balance 30 June 2018	2	122,776	245,552
Closing balance 30 June 2019	2	119,572	239,145

During the financial year, Sunwater transferred ownership of the Theodore and Emerald channel water infrastructure assets and liabilities. Liabilities owing at the transfer date were settled via a cash transaction. The assets of the scheme were transferred through Sunwater's ultimate controlling entity the State of Queensland by way of a transfer notice which recognised the transfer to be a distribution to owners and a redemption of contributed equity (refer note 13).

Note 18 Investment in subsidiaries

The Group's principal subsidiaries are set out below:

Name of entity	Country of incorporation	Class of shares	EQUITY HOLDING	
			2019 %	2018 %
North West Queensland Water Pipeline Pty Ltd	Australia	Ordinary	100	100
Eungella Water Pipeline Pty Ltd	Australia	Ordinary	100	100
Burnett Water Pty Ltd	Australia	Ordinary	100	100

In 2018, these wholly owned subsidiaries entered into a deed of cross guarantee with Sunwater Limited pursuant to ASIC *Corporations (Wholly-owned Companies) Instrument 2016/785* and are relieved from the requirement to prepare and lodge an audited financial report and director's report. The consolidated statement of comprehensive income and consolidated of financial position of the entities party to the deed of cross guarantee are the same as the consolidated Financial Statements of the Group.

Notes to the financial statements

for the year ended 30 June 2019

Section 5: Unrecognised items

Note 19 Commitments and leases

(a) Capital commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities are as follows:

	2019 \$'000	2018 \$'000
ICT projects	301	81
Water infrastructure projects	25,602	2,494
	25,903	2,575
Payable:		
Within one year	25,903	2,575

(b) Non-cancellable operating leases

	2019 \$'000	2018 \$'000
COMMITMENTS FOR MINIMUM LEASE PAYMENTS IN RELATION TO NON-CANCELLABLE OPERATING LEASES ARE PAYABLE AS FOLLOWS:		
Within one year	2,046	2,667
Later than one year but not later than five years	11,225	169
More than five years	8,795	-
	22,066	2,836

Leases in which a significant portion of the risks and rewards are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The Group leases property under non-cancellable operating leases expiring from one to ten years. Leases generally provide the Group with a right of renewal at which time all terms are renegotiated.

The Group entered into a new ten year lease agreement at a new premises for the Brisbane office. The Group took occupation of the premises on 21 January 2019 with the rent commencing on 1 May 2019. The lease on the previous premises ended on 12 May 2019.

Notes to the financial statements

for the year ended 30 June 2019

Note 20 Contingencies

The Group had contingent assets and liabilities at 30 June 2019 in respect of:

Contingent Liabilities

- (a) Fred Haigh Dam suffered flood damage during 2013. Since the damage, the Group has carried out engineering assessments to ascertain the damage and the scale of works required to rectify it. Insurers have conducted site visits and their assessment concluded that the damaged area will not be insured until the damage is repaired. At 30 June, the project was not sufficiently advanced or approved to take up a reliable estimated provision.
- (b) Since the finalisation of the Commission of Inquiry into the 2010/11 flood event and the release of the final report, landowners whose properties were inundated during the floods are seeking compensation through a class action which has been commenced against another Government entity, Sunwater and the State Government. Sunwater, which provided assistance to the dam operator under a contract to provide flood operations support, is named as second defendant. Sunwater is working closely with its insurers, and is defending the claim. The hearing has now been finalised and the parties are awaiting judgement.
- (c) The Group has issued bank guarantees of \$0.4 million as security against operations and maintenance service agreements. At the date of this report, there are no known claims or circumstances which would give rise to a claim under the guarantee.
- (d) The Group has reached a settlement with its insurers (refer Contingent Assets note (a)) regarding the coverage provided by the Group's industrial and special risks insurance policy over the costs associated with the following events:
- During the 2010/11 and 2013 Queensland floods, Boondooma Dam located near Proston in southern Queensland suffered damage to the spillway channel from large volumes of water being discharged through the spillway; and
 - During the flood event in the Burnett River System in early 2013, Paradise Dam located near Childers in South East Queensland suffered significant damage to the spillway dissipator and the river bed downstream of the dissipator.
- The Group will enter into good faith negotiations to recover under recoveries under commercial contracts. At this stage, there may still be under-recoveries following the entry into commercial contracts and any ultimate under-recoveries cannot be reliably estimated.
- (e) At 30 June 2019, the Group was engaged in commercial and legal disputes under various contracts. At the date of this report, it is not possible to reliably estimate the eventual outcome of these disputes or the financial consequences thereof.

Contingent Assets

- (a) Sunwater has reached an agreement with its insurers post 30 June 2019 in relation to events described in the contingent liability note 20(d). The deed of settlement is tripartite and requires all parties to agree which has not been reached and therefore no insurance proceeds have been recognised in the Group's Statement of Comprehensive Income.
- (b) Eungella Water Pipeline Pty Ltd terminated a contract resulting in a termination payment becoming due and payable to Eungella Water Pipeline Pty Ltd. A settlement deed has been agreed for a portion of the customer's debt. At 30 June 2019, there was not sufficient certainty that the income would be realised due to liquidation of the customer.
- (c) Sunwater holds a number of bank guarantees in the event of non-payment of services.

Note 21 Subsequent Events

Since the reporting date, the Group has reached an agreement with insurers in relation to the recovery of costs associated with flood events in 2010/11 and 2013. The payment is subject to a tripartite agreement which is under review by all the parties involved.

There have been no other events of a material nature that have occurred since the end of the financial year that have significantly affected or may significantly affect the operations of the Group.

Notes to the financial statements

for the year ended 30 June 2019

Section 6: Other notes

Note 22 Remuneration of auditors

During the year, fees of \$180,000 (2018: \$180,000) were paid or payable for services provided by the auditor of the consolidated entity in relation to the audit of the financial report of the parent entity and its subsidiaries.

No other services were provided.

Note 23 Related party transactions

(a) Parent entities

The parent entity within the Group is Sunwater Limited. The ultimate Australian controlling entity is the State of Queensland which at 30 June 2019 owned 100% (2018: 100%) of the issued ordinary shares of Sunwater Limited.

(b) Transactions with related parties

All State of Queensland controlled entities meet the definition of a related party in AASB 124 *Related Party Disclosures*. In its normal commercial business activities, the Group transacts with Queensland Government departments, statutory bodies, other GOCs and local government bodies. All material transactions are negotiated on terms equivalent to those that prevail in arm's length transactions or in accordance with government policy.

During 2019 the Group finalised the transition of Theodore and Emerald channel water infrastructure assets and liabilities. The transaction was done through a transfer notice from the State of Queensland and the assets and liabilities were transferred to the Department of Natural Resources, Mines and Energy before being passed on to the new local management entity (Refer note 13).

During the year ended 30 June 2019, the following significant transactions occurred between the Group and other State of Queensland controlled entities.

	2019 \$'000	2018 \$'000
Distribution of St George assets and liabilities	-	5,846
Distribution of Theodore assets and liabilities	4,527	-
Distribution of Emerald assets and liabilities	2,015	-
Interest received from QTC	2,237	1,378
Water sales, CSO, grants received	39,521	38,531
Rookwood project funding*	66,000	-
Consultancies paid	2,375	2,318
Interest/market realisation fee paid to QTC	14,754	14,616

* \$36.27 million was recognised to the Consolidated Statement of Comprehensive Income during 2018–19 (refer note 1) and \$29.73 million recognised as deferred income in the Consolidated Statement of Financial Position (refer note 14).

(c) Transactions with subsidiaries

Interests in subsidiaries are set out in note 18. All transactions with subsidiaries are carried out under normal commercial terms and conditions or at cost. No transactions occurred between subsidiaries, other than with the Parent.

(d) Key management personnel

i. Directors

The following persons were Directors of Sunwater Limited during the financial year:

Chairman

Ms Leith Bouilly

Non-executive Directors

Mr David Stewart

Ms Vanessa Sullivan

Ms Jo Sheppard (appointed 1 October 2018)

Mr Neville Ide (term ended 30 September 2018)

Ms Moya Steele (term ended 30 September 2018)

Notes to the financial statements

for the year ended 30 June 2019

Note 23 Related party transactions (continued)

ii. Directors' contracts

Directors do not receive any termination benefits or performance-related remuneration.

Terms of appointment are as follows:

Directors as at 30 June 2019	Term of appointment	Appointment expiry date
Leith Bouilly, Chair	3 years	30 September 2021
Patrice Sherrie	4 years	30 September 2022
David Stewart	3 years	30 September 2021
Vanessa Sullivan	2 years 10 months	30 September 2019
Jo Sheppard	3 years	30 September 2021

iii. Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling activities of the Group, directly or indirectly, during the financial year:

Name	Position
Nicole Hollows	Chief Executive Officer
Colin Bendall	Executive General Manager, Operations and Services
Kellie Breen	Executive General Manager, People and Stakeholder Relations
Tim Murphy	Chief Financial Officer
Peter MacTaggart	Executive General Manager, Corporate Development
Olivia Newman	General Manager, Major Projects and Technical Services
James Stuart	General Manager, Water Resources and Dam Safety

iv. Shareholding Ministers

The GOC's shareholding Ministers are identified as part of the GOC's key management personnel and as at the date of the Financial Report these Ministers are The Honourable Jackie Trad Deputy Premier, Treasurer and Minister for Aboriginal and Torres Strait Islanders Partnerships; and The Honourable Dr Anthony Lynham Minister for Natural Resources, Mines and Energy.

Key management personnel compensation

Director remuneration is approved by the Governor in Council in accordance with the requirements of the *Government Owned Corporations Act 1993 (Qld)*. The Board Remuneration Committee reviews the compensation and other terms of employment of senior executives having regard to government policy, relevant market comparatives and performance against goals set at the start of the year.

v. Key management personnel compensation disclosures by category

Category	2019 \$'000	2018 \$'000
Short-term employee benefits – cash salary	2,506	2,144
Short-term employee benefits – cash bonus	73	-
Post-employment benefits – superannuation	174	151
Termination benefits	-	82
Total	2,753	2,377

Detailed remuneration disclosures can be found in sections (vi) and (vii)

Notes to the financial statements

for the year ended 30 June 2019

Note 23 Related party transactions (continued)

vi. Compensation – Directors

Director's Remuneration	Short Term Benefits		Post-employment Benefits		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Leith Bouilly, Chair	95	103	9	10	104	113
Neville Ide	13	50	1	5	14	55
Patrice Sherrie	52	52	5	5	57	57
Moya Steele	11	42	1	4	12	46
David Stewart	49	46	5	4	54	50
Vanessa Sullivan	47	38	4	3	51	41
Jo Sheppard	31	-	3	-	34	-
Total	298	331	28	31	326	362

Directors' remuneration excludes insurance premiums (exclusive of GST) of \$184,426 (2018 – \$163,212) paid by the parent entity in respect of directors' and officers' liability insurance contracts as the contracts do not specify premiums paid in respect of individual directors and officers.

vii. Compensation – Executives

Name and Title of Executive	Short-term employee benefits		Post-employment benefits	Termination Benefits	Total \$'000
	Cash salary \$'000	Cash bonus \$'000	Superannuation \$'000	\$'000	
<i>2019*</i>					
Nicole Hollows, Chief Executive Officer	642	36	21	-	699
Colin Bendall, Executive General Manager, Operations and Services	306	14	21	-	341
Olivia Newman, General Manager, Major Projects and Technical Services	239	3	21	-	263
Kellie Breen, Executive General Manager, People and Stakeholder Relations	294	7	21	-	322
James Stuart, General Manager, Water Resources and Dam Safety	207	3	20	-	230
Peter MacTaggart, Executive General Manager, Corporate Development	229	10	21	-	260
Tim Murphy, Chief Financial Officer	291	-	21	-	312

*The figures in the table above are on an accrual basis, including leave, rather than cash payment basis

Notes to the financial statements

for the year ended 30 June 2019

Note 23 Related party transactions (continued)

Name and Title of Executive	Short-term employee benefits		Post-employment benefits	Termination Benefits	Total
	Cash salary	Cash bonus	Superannuation		
	\$'000	\$'000	\$'000	\$'000	\$'000
2018*					
Nicole Hollows, Chief Executive Officer	665	-	20	-	685
Colin Bendall, Executive General Manager, Operations and Services	268	-	20	-	288
John Stubbs ⁽¹⁾ , Interim Chief Financial Officer	121	-	10	-	131
Alex Fisher ⁽²⁾ , Executive General Manager, Asset Strategy and Delivery	144	-	10	-	154
Frank McClymont ⁽³⁾ , Chief Financial Officer	74	-	13	82	169
Olivia Newman ⁽⁴⁾ , General Manager, Major Projects and Technical Services	111	-	9	-	120
Kellie Breen ⁽⁵⁾ , Executive General Manager, People and Stakeholder Relations	125	-	9	-	134
James Stuart ⁽⁶⁾ , General Manager, Water Resources and Dam Safety	69	-	6	-	75
Peter MacTaggart, Executive General Manager, Corporate Development	202	-	21	-	223
Tim Murphy ⁽⁷⁾ , Chief Financial Officer	34	-	2	-	36

(1) Mr John Stubbs resigned as Interim Chief Financial Officer on 24 November 2017.

(2) Ms Alex Fisher resigned as Executive General Manager, Asset Strategy and Delivery on 22 December 2017.

(3) Mr Frank McClymont was appointed as Chief Financial Officer on 6 November 2017 and ceased employment on 29 January 2018.

(4) Ms Olivia Newman was appointed as General Manager, Major Projects and Technical Services on 22 January 2018.

(5) Ms Kellie Breen was appointed as Executive General Manager, People and Stakeholder Relations on 29 January 2018.

(6) Mr James Stuart was appointed as General Manager, Water Resources and Dam Safety on 1 March 2018.

(7) Mr Tim Murphy was appointed as Chief Financial Officer on 21 May 2018.

* The 2018 figures are on an accrual basis, including leave, rather than cash payment basis

viii. Executive employment contracts

The Culture Committee review Senior Executive performance six monthly, and recommends remuneration levels to the Sunwater Board annually, in accordance with the Queensland Government's Policy for Government Owned Corporation Chief and Senior Executive Employment Arrangements 2014.

All Senior Executives are engaged on tenured employment contracts that provide for three months' notice or equivalent payment upon termination. Where a redundancy applies, the payment is made in accordance with the *Fair Work Act 2009 (Cth)*.

Remuneration and other terms of employment are formalised in each executive's Senior Executive Employment Agreement. Sunwater executives receive a Total Fixed Remuneration (TFR) inclusive of all rewards including base salary and superannuation for 2019 financial year. Input is sought annually from an independent remuneration expert on market and industry movements for each role. Based upon the market median, the performance of Sunwater and the executive, a new TFR is determined annually for effect from 1 July and consideration by the Board at its discretion, on whether eligibility applies for an incentive bonus of up to 15% of TFR from 1 July.

Notes to the financial statements

for the year ended 30 June 2019

Note 23 Related party transactions (continued)

ix. Compensation – Shareholder ministers

Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. The GOC does not bear any cost of remuneration of Ministers. The majority of Ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by Ministerial Services Branch within the Department of the Premier and Cabinet. As all Ministers are reported as KMP (Key Management Personnel) of the Queensland Government, aggregate remuneration expenses for all Ministers is disclosed in the Queensland General Government and Whole of Government Consolidated Financial Statements as from 2018–19, which are published as part of Queensland Treasury's Report on State Finances.

(e) Other transactions with key management personnel

A Director of the Group was also a Director of another organisation which had transactions with the Group. All transactions in the year ended 30 June 2019 between the Group and the organisation were on normal commercial terms and conditions.

Note 24 New or amended accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

AASB 16 Leases (effective from first full reporting period after 1 January 2019)

AASB 16 introduces a single lease accounting model which requires recognition of all leasing arrangements on the Consolidated Statement of Financial Position. A single, on balance sheet lease accounting model for lessees requires a lessee to recognise a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard where lessors will continue to classify leases as finance or operating leases. There is no anticipated impact for the Group's leased assets which are all classified as operating leases.

The Group set up a project team to scope the requirements and gather information from across the business for the implementation of AASB 16. The Group has non-cancellable operating leases (refer note 19) which, upon adoption of AASB 16, are expected to be included on the Statement of Financial Position.

The Group's operating leases are predominantly in relation to corporate, regional offices and fleet leases. The nature and timing of the expenses related to these leases will be impacted, recognising the lease expense as depreciation on the asset on a straight-line basis and interest on the lease obligation which will be front-loaded as the obligation is greater early in the lease term, rather than expensing lease payments as they are paid.

The Group will apply the new leasing standard on 1 July 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting the new standard will be recognised as an adjustment to opening retained earnings at 1 July 2019, with no restatement of comparative information.

Notes to the financial statements

for the year ended 30 June 2019

Note 24 New or amended accounting standards and interpretations issued but not yet effective (continued)

The tables below highlight the impact of AASB16 on the Group's Consolidated Statement of Financial Position on adoption on 1 July 2019

Consolidated Statement of Financial Position (extract) for the year ended 30 June 2019	Amounts under AASB 117 \$'000	Amounts under AASB 16 \$'000	Adoption on 01 July 2019 \$'000
Current assets	186,975	186,975	-
Property, plant and equipment	829,285	829,285	-
Right of use assets	-	16,070	16,070
Other non-current assets	26,236	26,236	-
Total assets	1,042,496	1,058,566	16,070
Current liabilities	68,142	67,711	(431)
Provisions	80,956	81,136	180
Current lease liabilities	-	2,614	2,614
Non-current lease liabilities	-	13,592	13,592
Other non-current liabilities	436,418	436,418	-
Total liabilities	585,516	601,471	15,955
Net assets	456,980	457,095	115
EQUITY			
Contributed equity	239,145	239,145	-
Retained earnings	217,835	217,950	115
Total equity	456,980	457,095	115

There are no other standards that are not yet effective and that would be expected to have material impact on the entity in the current or future reporting periods and or foreseeable future transactions.

Note 25 Summary of other accounting policies and activities

(a) Advance Facility

Under the Queensland Government's cash pooling arrangement, Government Owned Corporations (GOC's) advance surplus cash to Queensland Treasury. Queensland Treasury Corporation (QTC) pays interest on these advances at the QTC Cash Fund rate which averaged 2.70% in 2018–19 (2.48% 2018).

Access to the advances is generally subject to notification periods of 24 to 48 hours.

Due to the short-term nature of the advances, the carrying value is assumed to represent fair value.

(b) Changes in liabilities arising from financing activities

The amounts disclosed in the Consolidated Statement of Cash Flows under Financing Activities relate to cash transactions arising from the Group's long term borrowing with Queensland Treasury Corporation and the 2017–18 dividend paid to Queensland Treasury consolidated fund (refer note 16).

(c) Interest and Finance Charges

Finance costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

(d) Inventories

Materials and stores are valued at the lower of cost and net realisable value. Costs have been assigned to individual items of stock on the basis of weighted average cost.

(e) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of GST, unless GST is not recoverable from the Australian Taxation Office (ATO) in which case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of GST receivable or payable. The net GST recoverable from, or payable to, the ATO is included with other receivables or payables in the Consolidated Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows.

Directors' Declaration

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 45 to 86 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and
- (c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in the corporate structure.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.



L Bouly
CHAIRMAN



P Sherrie
DIRECTOR

BRISBANE
13 AUGUST 2019

Independent auditor's report

To the Members of Sunwater Limited

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Sunwater Limited and its controlled entities (the group).

In my opinion, the financial report:

- a) gives a true and fair view of the group's financial position as at 30 June 2019, and its financial performance and cash flows for the year then ended
- b) complies with the *Corporations Act 2001*, the *Corporations Regulations 2001* and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the directors' declaration.

Basis for opinion

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

I am independent of the group in accordance with 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 my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*. I am also independent of the group in accordance with the auditor independence requirements of the *Corporations Act 2001*.

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

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. I addressed these matters in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Carrying value of property, plant and equipment (water infrastructure assets)

Refer to note 11 of the financial statements

Key audit matter	How my audit addressed the key audit matter
<p>Significant judgement is required by management in the determination of the carrying value of property, plant and equipment (water infrastructure assets), which due to prior impairments, is highly sensitive to changes in inputs.</p> <p>The key assumptions used in the financial model include:</p> <ul style="list-style-type: none"> Allocating assets to cash generating units that are the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash flows from other assets or group of assets. Irrigation pricing arrangements including likely future pricing trends. Estimating future capital expenditure and operating costs. The discount rate applied to forecast cash flows. 	<p>My procedures in relation to management's assessment of the carrying value of property, plant and equipment (water infrastructure assets) included, but were not limited to:</p> <ul style="list-style-type: none"> Obtaining an understanding of the discounted cash flow model, and assessing its design, integrity and appropriateness with reference to common industry practices. Evaluating whether the cash generating units used by management are consistent with the entity's internal reporting and our understanding of the business. Checking, on a sample basis, the accuracy and relevance of the input and data used, including reconciling input data to supporting evidence such as approved budgets. Assessing the reasonableness of cash flow forecasts by corroborating the key market related assumptions to relevant internal and external data. The reasonableness of board approved budgets was assessed with reference to their historical accuracy and the budget preparation process. Evaluating whether the discount rate applied was within a reasonable range, with reference to market data and industry research. Challenging the reasonableness of key assumptions based on our knowledge of the entity and industry. Performing a sensitivity analysis to assist in considering the potential impact of reasonably possible changes (downside/upside) in these key assumptions. Verifying the mathematical accuracy of the net present value calculations.

Useful lives estimated for depreciation expense of property, plant and equipment (water infrastructure assets)

Refer to note 11 of the financial statements

Key audit matter	How my audit addressed the key audit matter
<p>The straight-line depreciation method required significant judgements for:</p> <ul style="list-style-type: none"> Identifying the significant parts of infrastructure that have different useful lives. Forecasting the remaining useful lives of those significant parts. 	<p>My procedure included, but were not limited to:</p> <ul style="list-style-type: none"> Evaluating management's approach for identifying the parts of water infrastructure that have different useful lives, having regard to recent replacement projects and long-term asset management plans. Evaluating remaining useful life estimates for reasonableness with reference to management's documented assessments, historical disposal rates, condition assessments for older assets, and long-term asset management plans and budgets.

Responsibilities of the company for the financial report

The company's directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Corporations Act 2001, the Corporations Regulations 2001 and Australian Accounting Standards, and for such internal control as the company's directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The company's directors are also responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report (continued)

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my 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 expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the group.
- Conclude on the appropriateness of the group's 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 group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the group 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 group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the audit of the group. I remain solely responsible for my audit opinion.

I communicate with the company's 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 I identify during my audit.

From the matters communicated with the company's directors, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Vaughan Stemmett
AS DELEGATE OF THE AUDITOR-GENERAL

13 AUGUST 2019
QUEENSLAND AUDIT OFFICE
BRISBANE

Dam statistics

Dam name	Stream name	Lake name	Nearest town	Structure description	Maximum height of dam above foundation (metres)	Storage capacity (ML)	Surface area at full supply level (ha)	Year completed
E J Beardmore	Balonne River	Lake Kajarabie	St George	Earthfill embankment and mass concrete (vertical lift gates)	15.2	81,700	2850	1972
Bjelke-Petersen	Barker Creek	Lake Barambah	Murgon	Earth and rockfill embankment	46	134,900	2250	1988
Boondooma	Boyne River	Lake Boondooma	Proston	Concrete-faced rockfill	63	204,200	1815	1983
Burdekin Falls	Burdekin River	Lake Dalrymple	Ravenswood	Mass concrete gravity	55	1,860,000	22,000	1987
Callide	Callide Creek	Callide Reservoir	Biloela	Earthfill embankment and mass concrete (radial gates)	37	136,300	1240	1965–88
Cania	Three Moon Creek	Lake Cania	Monto	Earth and rockfill embankment	47	88,500	760	1982
Coolmunda	Macintyre Brook	Lake Coolmunda	Inglewood	Earthfill embankment and mass concrete spillway (radial gates)	18.8	69,000	1645	1968
Eungella	Broken River	Eungella Reservoir	Eungella	Earth and rockfill embankment	49	112,400	848	1968
Fairbairn	Nogoa River	Lake Maraboon	Emerald	Earthfill embankment	46.3	1,301,000	15,000	1972
Fred Haigh	Kolan River	Lake Monduran	Gin Gin	Earth and rockfill embankment	52	562,000	5345	1975
Julius	Leichhardt River	Lake Julius	Mount Isa	Multiple arch concrete buttress	35.6	107,500	1255	1976
Kinchant	Sandy Creek (North Branch) – water harvested from Pioneer River	Lake Kinchant	North Eton	Earthfill embankment	22.3	62,800 ⁽¹⁾	920 ⁽¹⁾	1974–86
Kroombit	Kroombit Creek	-	Biloela	Earth and rockfill embankment and roller compacted concrete spillway	25	14,600	289	1992
Leslie	Sandy Creek	Lake Leslie	Warwick	Mass concrete (radial gates)	31.1	106,200	1288	1965–86
Paradise ⁽²⁾	Burnett River	Lake Paradise	Biggenden	Roller compacted concrete	52	300,560	2950	2005
Peter Faust	Proserpine River	Lake Proserpine	Proserpine	Earth and rockfill embankment	51	491,400	4325	1990
Teemburra	Teemburra Creek	-	Finch Hatton	Concrete-faced rockfill	57	147,500	1107	1997
Tinaroo Falls	Barron River	Lake Tinaroo	Atherton	Mass concrete	45.5	438,900	3500	1958
Wuruma	Nogo River	-	Eidsvold	Mass concrete	44	165,400	1639	1968

1. Maximum operating capacity

2. Owned by Burnett Water Pty Ltd – a subsidiary of Sunwater Limited

Scheme statistics

Scheme	Customer Segment	No. of Customers	Water Entitlements (ML)	Available Water (ML)	Available Water (%)	Water Deliveries (ML)	Water Deliveries (%)	TT Purchase Volume (ML)
Awoonga Callide Pipeline	Industrial		0	20,033		20,033		0
	Other		0	42		42		0
	Total	29	0	20,075	0	20,075	0	0
Barker Barambah	Irrigation		31,361	15,365		12,641		2,525
	Urban		2,115	2,005		493		0
	SunWater		839	136		0		0
Total	170	34,315	17,507	51	13,134	38	2,525	
Bowen Broken Rivers	Industrial		30,289	30,298		14,545		538
	Irrigation		5,676	5,676		600		0
	Urban		1,785	1,785		788		0
	Other		291	390		296		12
	SunWater		889	781		424		3
Total	50	38,930	38,930	100	16,653	43	553	
Boyne River and Tarong	Industrial		30,333	30,333		23,814		0
	Irrigation		9,142	9,142		3,913		433
	Urban		1,825	1,825		1,526		0
	Other		480	480		108		0
	SunWater		1,625	1,625		199		0
Total	166	43,405	43,405	100	29,560	68	433	
Bundaberg	Industrial		386	862		177		68
	Irrigation		199,310	235,987		153,991		41,416
	Urban		9,571	9,571		4,522		174
	Other		46	46		22		0
	SunWater		171,016	139,724		30,991		41
Total	1,093	380,329	386,189	102	189,703	50	41,699	
Burdekin Haughton	Industrial		20,820	20,974		1,088		154
	Irrigation		635,212	720,766		470,881		25,521
	Urban		10,537	10,539		766		480
	Other		6	85		79		0
	SunWater		413,016	387,953		51,290		7
Total	417	1,079,592	1,140,317	106	524,104	49	26,162	
Callide Valley	Industrial		3,772	3,772		3,480		0
	Irrigation		13,463	14,283		12,491		1,687
	Urban		2,207	2,177		1,354		0
	SunWater		7	7		0		0
Total	140	19,449	20,239	104	17,325	89	1,687	
Chinchilla Weir	Industrial		350	15		4		0
	Irrigation		2,534	2,869		2,584		1,583
	Urban		1,160	1,160		485		0
	SunWater		5	5		0		0
Total	39	4,049	4,049	100	3,073	76	1,583	
Cunnamulla	Irrigation		2,412	2,532		1,632		800
	Urban		80	80		71		0
	SunWater		120	0		0		0
Total	24	2,612	2,612	100	1,703	65	800	

Scheme	Customer Segment	No. of Customers	Water Entitlements (ML)	Available Water (ML)	Available Water (%)	Water Deliveries (ML)	Water Deliveries (%)	TT Purchase Volume (ML)
Dawson Valley	Industrial		4,836	3,973		3,006		650
	Irrigation		54,483	51,973		46,049		13,423
	Urban		2,281	2,033		1,198		9
	SunWater		137	4,119		2,985		0
	Total	135	61,737	62,098	101	53,237	86	14,082
Eton	Industrial		100	100		0		0
	Irrigation		52,819	52,339		20,402		1,007
	Urban		176	186		52		10
	Other		79	79		14		0
	SunWater		9,389	9,389		5,539		0
Total	329	62,563	62,092	99	26,007	42	1,017	
Julius Dam	Industrial		30,100	30,100		5,520		0
	Urban		7,900	7,900		0		0
	SunWater		10,850	10,850		8		0
	Total	5	48,850	48,850	100	5,528	11	0
Lower Fitzroy	Industrial		24,009	24,024		17,926		15
	Irrigation		3,101	3,218		917		0
	Other		43	98		86		64
	SunWater		1,468	1,281		0		0
	Total	27	28,621	28,621	100	18,929	66	79
Lower Mary River	Industrial		70	70		1		0
	Irrigation		19,317	19,386		9,359		892
	Urban		120	120		53		0
	SunWater		10,892	10,892		1,362		170
	Total	166	30,399	30,468	100	10,775	35	1,062
Macintyre Brook	Industrial		217	217		3		0
	Irrigation		17,112	13,781		6,962		2,534
	Urban		446	874		272		0
	Other		6,400	6,400		3,847		0
	SunWater		822	3,442		1,847		1,853
	Total	100	24,997	24,714	99	12,931	52	4,387
Maranoa River	Irrigation		800	0		34		0
	SunWater		5	0		0		0
	Total	4	805	0	0	34	4	0
Mareeba Dimbulah	Industrial		1,561	1,603		666		10
	Irrigation		151,202	170,228		98,467		29,809
	Urban		6,657	6,426		3,717		261
	SunWater		45,004	45,290		18,636		0
	Total	1,093	204,424	223,548	109	121,486	59	30,080
Nogoa Mackenzie	Industrial		27,807	29,385		14,156		0
	Irrigation		163,083	210,995		88,291		34,097
	Urban		8,548	10,275		5,993		1,174
	Other		339	425		290		0
	SunWater		32,081	11,968		11,232		0
	Total	399	231,858	263,049	110	119,961	50	35,272

Scheme statistics (continued)

Scheme	Customer Segment	No. of Customers	Water Entitlements (ML)	Available Water (ML)	Available Water (%)	Water Deliveries (ML)	Water Deliveries (%)	TT Purchase Volume (ML)
Pioneer River	Industrial		1,920	1,920		918		42
	Irrigation		47,390	57,390		12,748		653
	Urban		16,520	16,520		12,519		0
	SunWater		12,280	2,298		18		0
	Total	24	78,110	78,128	100	26,203	34	695
Proserpine River	Industrial		550	686		85		0
	Irrigation		40,817	59,045		21,821		3,076
	Urban		10,992	11,098		5,262		0
	SunWater		10,517	517		0		0
	Total	90	62,876	71,346	113	27,168	43	3,076
St George	Industrial		60	267		0		0
	Irrigation		71,770	82,952		77,981		19,249
	Urban		3,024	1,879		1,550		0
	SunWater		9,721	14,020		12,715		1,011
	Total	180	84,575	99,119	117	92,247	109	20,259
Three Moon Creek	Irrigation		14,124	14,124		7,453		2,204
	Urban		410	410		253		0
	Government		200	200		0		0
	Total	91	14,734	14,734	100	7,707	52	2,204
Upper Burnett	Industrial		119	119		46		0
	Irrigation		28,769	32,470		19,593		1,815
	Urban		1,630	1,616		841		0
	SunWater		18,032	4,691		0		126
	Total	154	48,550	38,897	80	20,480	42	1,941
Upper Condamine	Irrigation		30,363	0		0		0
	Urban		3,332	3,332		1,700		0
	Other		4	4		3		0
	SunWater		261	51		0		0
	Total	94	33,960	3,387	10	1,703	4	0
Total		5,019	2,619,740	2,682,223	102	1,359,722	52	189,595

1. Water entitlements are as at 30 June 2019
2. All reporting is preliminary, with final reporting being provided to DNRME
3. Available Water, Water Deliveries and Temporary Transfers are for the most recently completed water year. This is the year ending 30 September 2018 for Dawson Valley WSS, 31 March 2019 for Eton WSS and 30 June 2019 for all other water supply schemes
4. Riparian allowance, channel harvesting, river harvesting etc are excluded from all figures
5. Water deliveries include Risk-A water in Upper Condamine WSS
6. Available water % scheme totals are consolidated from all scheme sectors and may include products available for that scheme including carry-over water
7. Water deliveries % scheme totals are consolidated from all scheme sectors
8. Water entitlements for Eton WSS include water entitlements with a priority type of "Risk"

Glossary

AASB	Australian Accounting Standards Board	GST	Goods and Services Tax
AC	Companion of the Order of Australia	IAC	Irrigator Advisory Committee
ACN	Australian Company Number	ICRG	Irrigator Customer Reference Groups
AEIS	Additional information to the environmental impact statement report	IASB	International Accounting Standards Board
ANCOLD	Australian National Committee on Large Dams	IFRS	International Financial Reporting Standards
ANN	Australian National Norm	IGEM	Inspector-General Emergency Management
AIFRS	Australian equivalents to International Financial Reporting Standards	kg	Kilograms
ATO	Australian Taxation Office	km	Kilometre
BOM	The Bureau of Meteorology	KPI	Key Performance Indicator
BHWSS	Burdekin Haughton Water Supply Scheme	LDMG	Local Disaster Management Group
BSC	Banana Shire Council	LMA	Local Management Arrangements
BW	Burnett Water Pty Ltd	LTJ	Lost Time Injury
CEO	Chief Executive Officer	LTIFR	Lost Time Injury Frequency Rate
CGU	Cash Generating Units	M	Million
CRA	Comprehensive Risk Assessment	ML	Megalitre (1,000,000 litres)
CSO	Community Service Obligation	MTI	Medical Treatment Injury
DIP	Dam Improvement Program	NPAT	Net Profit After Tax
DNRME	Department of Natural Resources, Mines and Energy	NWIDF	National Water Infrastructure Development Fund
DSD	Department of State Development	NWQWP	North West Queensland Water Pipeline Pty Ltd
DTA	Deferred Tax Asset	PAYG	Pay As You Go
DTL	Deferred Tax Liability	PMO	Project Managed Organisation
EAP	Emergency Action Plan	QCA	Queensland Competition Authority
EBIT	Earnings Before Interest and Tax	QTC	Queensland Treasury Corporation
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation	R&E	Refurbishment and Enhancement
EIP	Efficiency improvement project	SCI	Statement of Corporate Intent
EIS	Environmental impact statement	SDCC	State Disaster Coordination Centre
ELT	Executive Leadership Team	SHE	Safety, Health and Environment (Committee)
EWP	Eungella Water Pipeline Pty Ltd	SLAM	Stop Look Assess Manage
FTE	Full Time Equivalent	TFR	Total Fixed Remuneration
GAWB	Gladstone Area Water Board	TRIFR	Total Recordable Injury Frequency Rate
GOC	Government Owned Corporation	TOIL	Time Off In Lieu
		TT	Temporary Transfer
		WACC	Weighted Average Cost of Capital

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