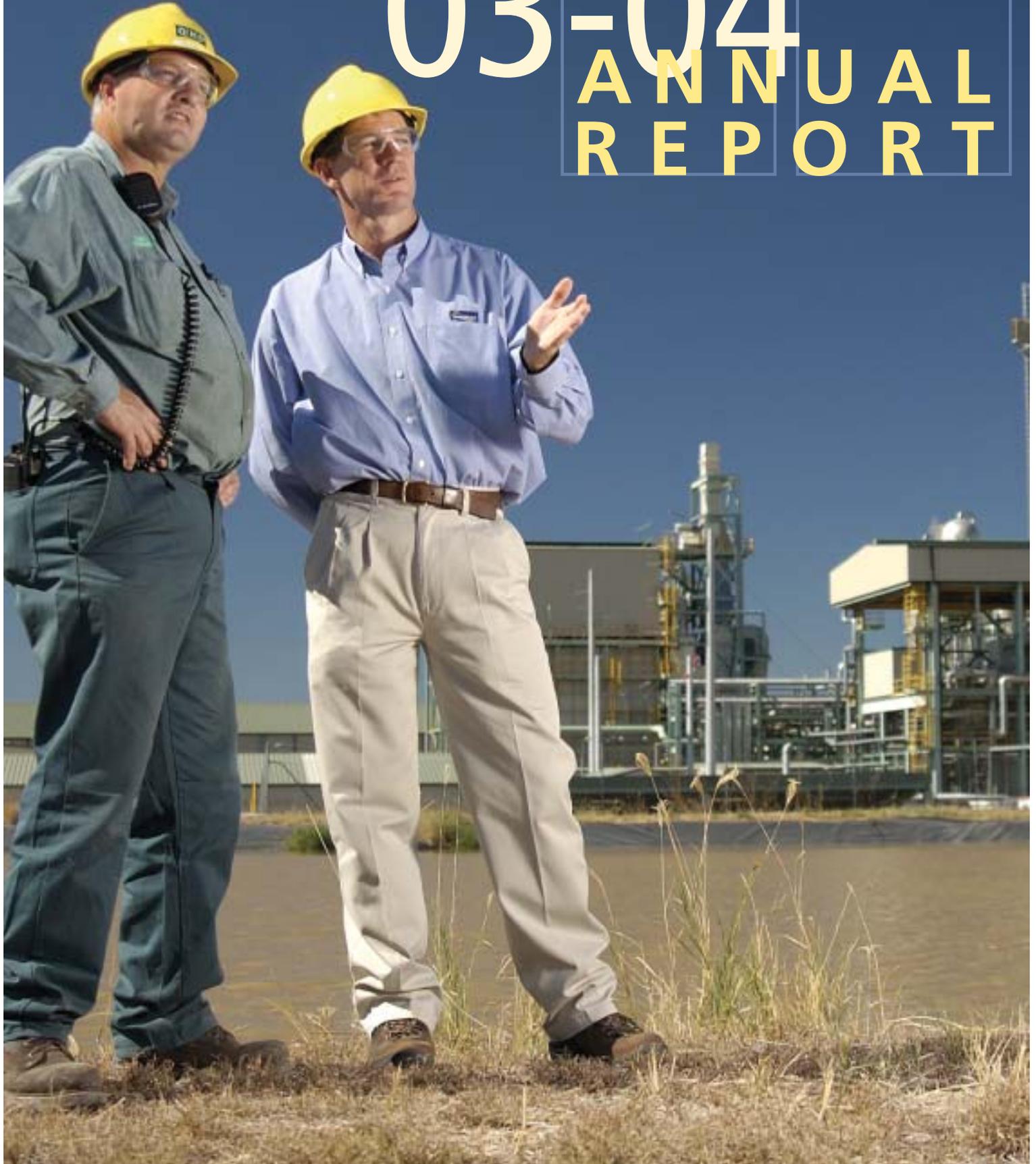


03-04 ANNUAL REPORT





Communication Objective

As a government owned corporation, SunWater produces an annual report to shareholding Ministers for presentation to Parliament. In compiling this report, SunWater has ensured that statutory reporting requirements are met. In addition, the report provides a range of information on the SunWater business that is of interest to customers, stakeholders and staff.

The report covers SunWater's functions, business and corporate governance arrangements, and presents a triple bottom line summary of performance and achievements for 2003-04. It has been distributed to peak industry bodies and customer groups in irrigation, mining, power generation, manufacturing and local government; relevant public sector agencies; SunWater staff; other water service providers; consultants and suppliers to SunWater; consultancy and contract customers and partners; and relevant community groups.

For copies of this report contact:

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Level 9, 120 Edward Street
PO Box 15536 City East
BRISBANE Q 4002

Phone: +61 7 3120 0000

Fax: +61 7 3120 0260

Web site: www.sunwater.com.au

SunWater is a registered water service provider under the *Water Act 2000*.

Registration number: **SP204**

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SUNWATER PROFILE

SunWater owns and operates the Queensland Government's bulk water supply and distribution infrastructure. It supplies about 40% of the water used commercially in Queensland via 27 water supply schemes situated throughout the State. Water supply customers number over 5,500 and include irrigators, water boards, local governments, power stations and mining, industrial and manufacturing companies.

The water infrastructure on which the business is built has a replacement value of about \$2.7 billion and includes:

- 25 major dams
- 81 weirs and barrages
- 72 major pump stations
- more than 2,500 km of pipelines and open channels
- more than 730 km of drainage works.

SunWater also provides a range of water engineering and facility management services to water industry and related customers throughout Australia and overseas.

As a government owned corporation (GOC), SunWater operates in a competitive marketplace on an equal commercial footing with private sector providers. It is responding to customer and market demands in a professional and innovative manner. Customer satisfaction, business growth, long-term asset serviceability, sound environmental management and a safe and rewarding workplace are recognised as critical elements to ensure SunWater's business success.

Our vision

SunWater is an expanding water business recognised nationally for its combination of skills and delivery of innovative solutions to customers.

Our people work together in this challenging and rewarding environment.

Our mission

To enhance the value of the corporation by providing cost-effective water services that are valued by our customers.

These services, mainly in the raw water sector, include:

- bulk water storage and distribution
- retail reticulation and drainage
- water infrastructure development
- engineering consultancy services
- operations and maintenance services
- water business management services.

Our values

In pursuit of our vision and mission SunWater holds the following values:

- Business success
- Responsibility to customers
- Ethical business practices
- Empowered staff
- Responsibility to the community and the environment
- Innovation and continuous improvement
- Mutually beneficial relationships with suppliers and partners
- Health and safety in the workplace.



CHAIRMAN'S REPORT

The long-term impacts of sustained drought conditions, combined with recent industry developments, have highlighted SunWater's integral role in the future of regional Queensland. Access to water, the efficient use of water and best practice in the management and operation of water assets are central to sustained long-term development. SunWater aims to add significant value to Queensland industry and regional communities across the field of its activities, as water is often the most limiting factor in resource-based activities.

SunWater seeks to be recognised as the logical choice for developing and implementing regional water supply solutions. SunWater is investigating a number of significant new ventures (including hydro-electricity generation at dams), which have the capacity to add real value to the Queensland economy.

SunWater's capacity to achieve efficiency and asset management objectives was given real impetus when the Government announced this year its intention to transfer the new Burnett River Dam and associated weirs to SunWater on completion of construction. SunWater sees this as a vote of confidence in our ability to optimise the economic and social benefits of this important new infrastructure for the local community while minimising environmental impacts.

In existing water supply schemes, SunWater is strengthening customer relationships and ensuring that customer needs are recognised and met. The most pressing issues for customers during 2003-04 related to the ongoing drought. In most affected schemes, SunWater was able to minimise the various impacts through careful planning of deliveries in consultation with customers; however, the situation has become critical in some areas.

Following the third successive wet season failure in the Mackay and hinterland area, SunWater moved quickly to plan

emergency and medium-term measures to maintain water supplies to the Bowen Basin townships, coal mines and the Collinsville power station. A preferred new infrastructure option has been agreed with customers; however, some rapid decision-making will be necessary early in 2004-05 to achieve timely outcomes.

Strategies were put in place to minimise the effect of severe water shortages in three south-east Queensland schemes that are moving into their third year in a row with virtually no water available for irrigation. For 2004-05 the fixed water charges will be rebated and the usage charge increased commensurately so that irrigators will pay only when water is available. While this has not made normal business possible for those irrigators, it has provided a level of financial support for them.

On the national front, the Council of Australian Governments (COAG) progressed its water policy agenda through the National Water Initiative released in August 2003. Among other things, the initiative addresses efficient water markets, institutional arrangements for the recovery and management of water for the environment and best-practice water pricing. SunWater has progressed a range of initiatives in all these areas.

Through SunWaterOnline, customers will soon have internet access to a state-of-the-art water exchange. This will allow water allocation holders to trade water within systems, research information about water prices and volumes traded, and view the progress of trades. Information about exchange pool prices and volumes will be publicly available and transparent.

In formalising arrangements to ensure appropriate water flows are maintained in river systems to sustain the natural environment, SunWater has submitted to the regulator a draft implementation strategy addressing the water monitoring

and reporting requirements of the Burnett Resource Operations Plan (ROP) and will be operating in accordance with this draft strategy from 1 July 2004. The Fitzroy ROP was released in January 2004 and SunWater will be operating three of its schemes under ROP requirements from the start of the new water year.

Water pricing is an area where SunWater has taken a proactive approach in parallel with the Government's three-stage public consultation process for the setting of new irrigation water prices. SunWater is working with customers to determine priorities and objectives for the price setting process. SunWater is developing a joint submission with customers which addresses a range of issues regulators and policy makers will need to consider. SunWater is also addressing, in its submission, the broad range of policy issues raised by any consultative public pricing process.

The continued involvement of customers in business issues has been very positive. Regular meetings between the Board and the Customer Council Chairs have been particularly productive in ensuring targeted customer service and building a real understanding of the issues each group confronts.

SunWater is a progressive business with a sound future and a significant role to play in industry and regional development in Queensland. I have mentioned briefly some of the key issues currently influencing our focus. I commend this report to you as a detailed discussion of SunWater's achievements and activities during the 2003-04 financial year and the strategies that have been adopted to ensure a successful and sustainable future in terms of our economic, environmental and social objectives.

Andrew Greenwood
Chairman, Board of SunWater

HIGHLIGHTS OF THE YEAR

Economic

- A total of 1,330,000 megalitres of water was delivered to SunWater's irrigation, urban and industrial customers during the year. This is 130,000 megalitres above SunWater's expectations based on long-term averages and seasonal predictions.
- Significant rainfall during the summer months resulted in a general improvement in the total volume of water held in SunWater storages. EJ Beardmore, Borumba, Burdekin, Julius, Kroombit and Tinaroo dams were filled, while Bjelke-Petersen, Boondooma, Coolmunda and Fairbairn dams recorded much improved levels. Notable exceptions were Eungella and Teemburra dams in the Mackay area, Wuruma Dam in the upper Burnett and storages in south-east Queensland.
- The Government decided to transfer the Burnett River Dam and Eidsvold Weir to SunWater upon their completion. The projects are currently being managed by Burnett Water P/L. The transfer will have significant benefits for Bundaberg customers as they will be dealing with one water service provider and new assets will be fully integrated with existing assets in the Burnett schemes.
- Good progress was made on feasibility investigations of new infrastructure investment opportunities. Projects included a hydro power station at Burdekin Falls Dam, the Stag Creek extension to the Awoonga-Callide Pipeline, Swanbank Paper water treatment services and weirs in the Burnett region.
- SunWater spent \$16.7 million on asset renewals and backlog work to ensure that assets continue to meet customer service standards. This represents an increase of \$1.4 million over the previous year.

Environment

- Shareholders decided to re-invest SunWater's 2002-03 dividend into water industry projects benefiting the environment and regional communities. SunWater projects included a Total Channel Control trial at Emerald to improve channel distribution efficiencies, and a new fishway at Clare Weir on the Burdekin River.
- The Tinaroo Falls Dam mini-hydro power station was successfully completed in December 2003 and commissioned in May 2004 after inflows to Tinaroo Falls Dam were received. The station is now generating sufficient green energy to power 1,200 homes and will reduce CO₂ emissions by 8,500 tonnes per year.
- The Tinaroo fish exclusion screens project progressed well during the year. The screens are designed to prevent the possibility of tilapia (a noxious fish species) entering the Gulf streams via the Mareeba Dimbulah irrigation channels.
- SunWater business groups maintained accreditation for environmental management systems (EMS) covering planning, design, operations and maintenance activities. Significant progress was made on an integrated EMS that will bring together all of SunWater's activities under one system.
- When preparing for a refurbishment of the Borumba Dam spillway, SunWater and local community members successfully relocated over 6,000 fish (including 200 lungfish and a pair of Murray River cod) and 200 turtles.

Social

- SunWaterOnline was successfully completed and released to SunWater customers in early August. This web-based resource provides SunWater's customers with detailed information about their water affairs to facilitate better management.
- Customer councils played an integral part in scheme management throughout the year. The councils contributed to many aspects of the business including management plans, reviews of operating rules and critical water supply strategies.
- The SunWater Certified Agreement 2003-2006 received certification from the Queensland Industrial Relations Commission on 19 March 2004 after the majority of SunWater staff voted in favour of the new agreement.
- SunWater's staff achievement awards program was launched, and teams and individuals were recognised at a State-wide and local level. A State-wide awards presentation ceremony was held in Brisbane, at which six individuals and five teams were recognised for their valuable contributions to SunWater and its customers.
- SunWater progressed its new Workplace Health and Safety Management System to precertification and produced a Workplace Health, Safety and Environment Handbook for staff and contractors.
- SunWater's Achievement Development System, which addresses individual performance management and planning, completed its first full cycle in 2003-04.
- SunWater provided its services to the Department of Aboriginal and Torres Strait Islander Policy (DATSIP) in upgrading the Northern Cape York Peninsula Area water supply system. Four local communities are now enjoying the benefits of high-quality reticulated water.



CHIEF EXECUTIVE'S REPORT

This year has been one of challenges for the staff of SunWater as we deal with drought and a changing operational environment. A snapshot of the team-related staff awards gives an insight into the things that we have been dealing with. Team awards were for:

- planning and implementing the relocation of 10 tonnes of live fish to allow refurbishment works to be carried out at the base of a dam spillway
- developing procedures and business rules to deal with permanent trading of water allocations
- developing a new system to manage the data and information associated with water flows in our schemes
- managing a major infestation of noxious terrestrial weeds in a large dam
- developing the systems and procedures to operate and maintain a small hydro-power facility.

Other notable performances were in relation to the management of water supply infrastructure during drought, working with our communities and excellent teamwork across the organisation. The reality is that SunWater is a geographically dispersed organisation, and I am proud of the achievements of so many individuals and teams and the efforts to maintain consistent standards in varying situations.

There has been an emphasis this year on strengthening our systems in relation to

compliance and risk management as well as staff-related achievement and development. In the sense of projects, staff have dealt with changes to priorities driven by drought and the desire to achieve the best standards of customer service despite water shortages. At the same time, innovation has been at the fore, with SunWaterOnline, modelling and design of fish exclusion screens and development with customers of rights arrangements in distribution systems as examples of leading innovation in the Australian water industry.

At the same time, staff have focused on ensuring that the assets we own are maintained and refurbished to ensure continuing working order. While we cannot control the weather, we need to achieve the reliability of our infrastructure that our customers expect. This effort ranges from adequate skilling of staff to financial commitment to the refurbishment program. In the year, about 20% of scheme operating revenue was spent on asset refurbishment, with a planning process looking out 30 years and beyond to take into account the long-life nature of our assets. The scheme-by-scheme balance of the renewals annuity shown in the scheme reports indicates the long-term commitment by SunWater to sustainable assets. General maintenance of the assets continues, including in those schemes with low water availability, so that when there is runoff the assets will be able to deliver the supplies required by customers.

SunWater has contributed to the broader water industry through involvement in

industry organisations and research programs, and staff have made important contributions to the advancement of the industries in which we operate. Presentations at conferences, participation in policy development and inter-relations with the customer base in a variety of ways have been a feature of the year. The relations with the Queensland irrigation community have been a particular focus, and I believe that interactions with customer representatives have been outstanding through the year.

There have been many great contributions to development projects, which have required innovation, tenacity and agility. The failure of another wet season in a substantial part of Queensland led to a change of priorities for many in the second half of the year, with solutions to be found to shore up the future of customers. While infrastructure solutions are not available in some areas, in others, projects have moved in fast-track planning. Becoming a power generator has brought new experiences and opportunities to SunWater.

Through all these challenges, the operational costs have been contained, and it is pleasing to see another solid profit, if a little lower than previous years when adjusted for non-cash items. We look forward to another year of challenges, of increasing shareholder value, of outstanding customer service, and hopefully, of improved storage levels.

Peter Noonan
Chief Executive, SunWater

FINANCIAL SUMMARY

SunWater Consolidated results

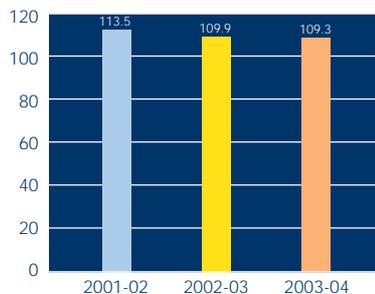
	2001-02	2002-03	2003-04	% change ¹
Operating revenue (including gain on revaluation)	\$113.5m	\$109.9m	\$109.3m	-1%
Net profit (after tax)	\$26.1m	\$21.2m	\$13.4m	-36%
Gain on revaluation of non-current assets	\$11.0m	\$5.2m	\$1.2m	-76%
Operating revenue (excluding gain on revaluation)	\$102.5m	\$104.7m	\$108.0m	3%
Net profit (excluding gain on revaluation)	\$15.1m	\$16.0m	\$12.2m	-24%
Dividends declared ²	\$0.55m	\$3.58m	\$4.20m ³	17%
Cashflows from operating activities	\$26.3m	\$31.8m	\$25.4m	-20%
Total assets	\$359.5m	\$456.9m	\$392.4m	-14%
Total liabilities	\$60.6m	\$63.0m	\$52.4m	-17%
Net assets	\$299.0m	\$393.9m	\$340.1m	-14%
Cash balance	\$49.0m	\$65.6m	\$61.5m	-6%
Total debt	\$25.6m	\$23.4m	\$8.5m	-64%
Renewals and backlog expenditure	\$14.8m	\$15.4m	\$16.7m	9%
Depreciation and amortisation	\$7.7m	\$9.8m	\$11.9m	22%
Total water deliveries	1.67m ML	1.56m ML	1.33m ML	-15%
Employees (FTEs)	444	483	516	7%

1 Change from 2002-03 to 2003-04

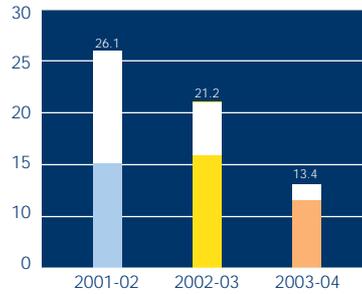
2 Dividends are reinvested into water industry projects

3 Proposed final dividend (note \$4.0m provision in the 2003-04 financial statements)

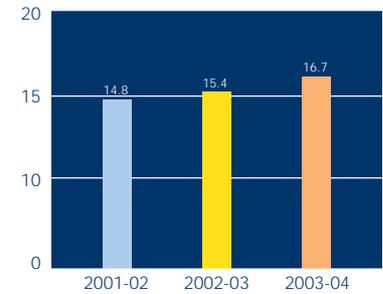
Operating revenue (including gain on revaluation): \$mil



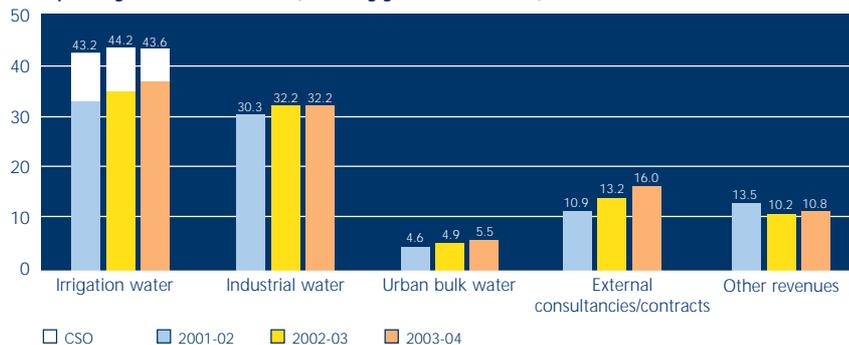
Net profit (after tax): \$mil



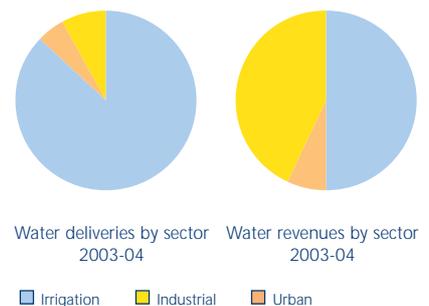
Renewals and backlog expenditure: \$mil



Operating revenue breakdown (excluding gain on revaluation): \$mil



Water deliveries and revenue by customer sector



FINANCIAL SUMMARY



Commentary on results

SunWater's consolidated net profit (after tax) of \$13.4m for 2003-04 was a sound result in a difficult trading year. While down on the 2002-03 figure, the decline is largely attributable to a reduction in the gain on revaluation of non-current assets, increased depreciation and amortisation, and higher costs resulting from regulatory and compliance requirements.

Revenue from ordinary activities of \$108m (excluding revaluation) was ahead of the 2002-03 figure. Increases in revenue from external consulting and interest were offset by reductions in revenue from irrigation water (including irrigation CSO) and water allocation sales.

The \$1.2m gain on revaluation of non-current assets (\$5.2m in 2002-03) is a non-cash item recognised as accounting revenue, and is required under Australian Accounting Standards. The reduced gain in 2003-04 was due to a number of factors including an increase in interest rates, which reduced the discounted future cash flow value of SunWater's infrastructure assets. The 2003-04 increase in depreciation and amortisation, also a non-cash item, was a result of the significant increase in SunWater's non-current asset values at the end of 2002-03.

Total expenses of \$87.9m were \$6.1m higher than in 2002-03, the most significant elements of which were the increase in depreciation and amortisation charges, combined with higher labour and contracted professional costs required to meet additional external consulting work and undertake significant internal projects (such as an irrigation pricing review and a major asset management review).

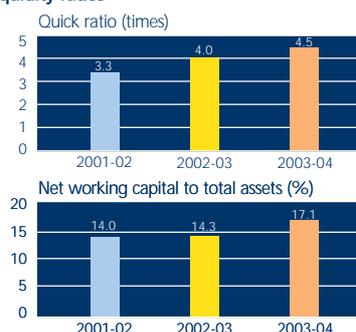
SunWater's consolidated cash position decreased by \$4.1m compared to 2002-03. Net operating cash flows of \$25.4m (\$31.8m for 2002-03) were offset by the repayment of Northwest Pipeline P/Ls borrowings of \$14.8m, and property, plant and equipment purchases of \$16.5m. Notwithstanding this, SunWater maintained a strong cash position of \$61.5m, which will provide for the continued refurbishment of assets, investment in new infrastructure and flexibility in funding new capital projects. In managing the cash balance, SunWater must also ensure that deferred tax obligations (due primarily to timing differences in deductibility of accounting versus tax asset values) can be funded from current resources rather than being an obligation to be paid for by future customers.

As part of the regulated water price, funds are set aside to meet future asset renewals work and this is included in revenue. In 2003-04 SunWater spent \$13.8m on asset renewals, and \$2.9m on a continuing backlog program that is being implemented to bring back to fair condition, assets that were old and degraded when SunWater was corporatised. The total backlog program, in the order of \$26m, was unfunded at corporatisation and is funded from yearly cash generation. In addition, SunWater continues to fund recreation facilities from current cash flows for the benefit of regional communities.

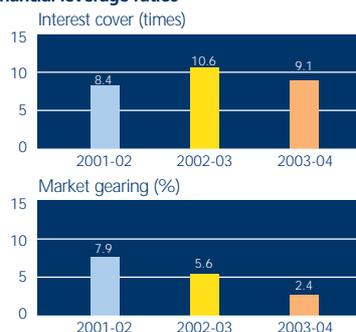
For 2003-04, a dividend payment of \$4.2m was proposed to shareholders. The dividend level recognises the need for SunWater to set aside cash resources to fund current obligations, including those that were not funded at corporatisation.

Key financial ratios

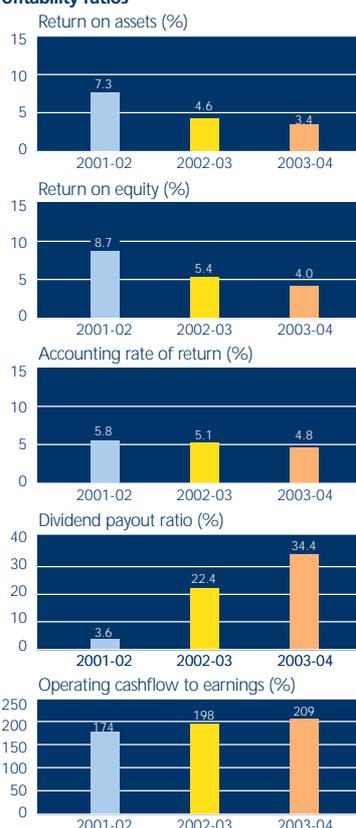
Liquidity ratios



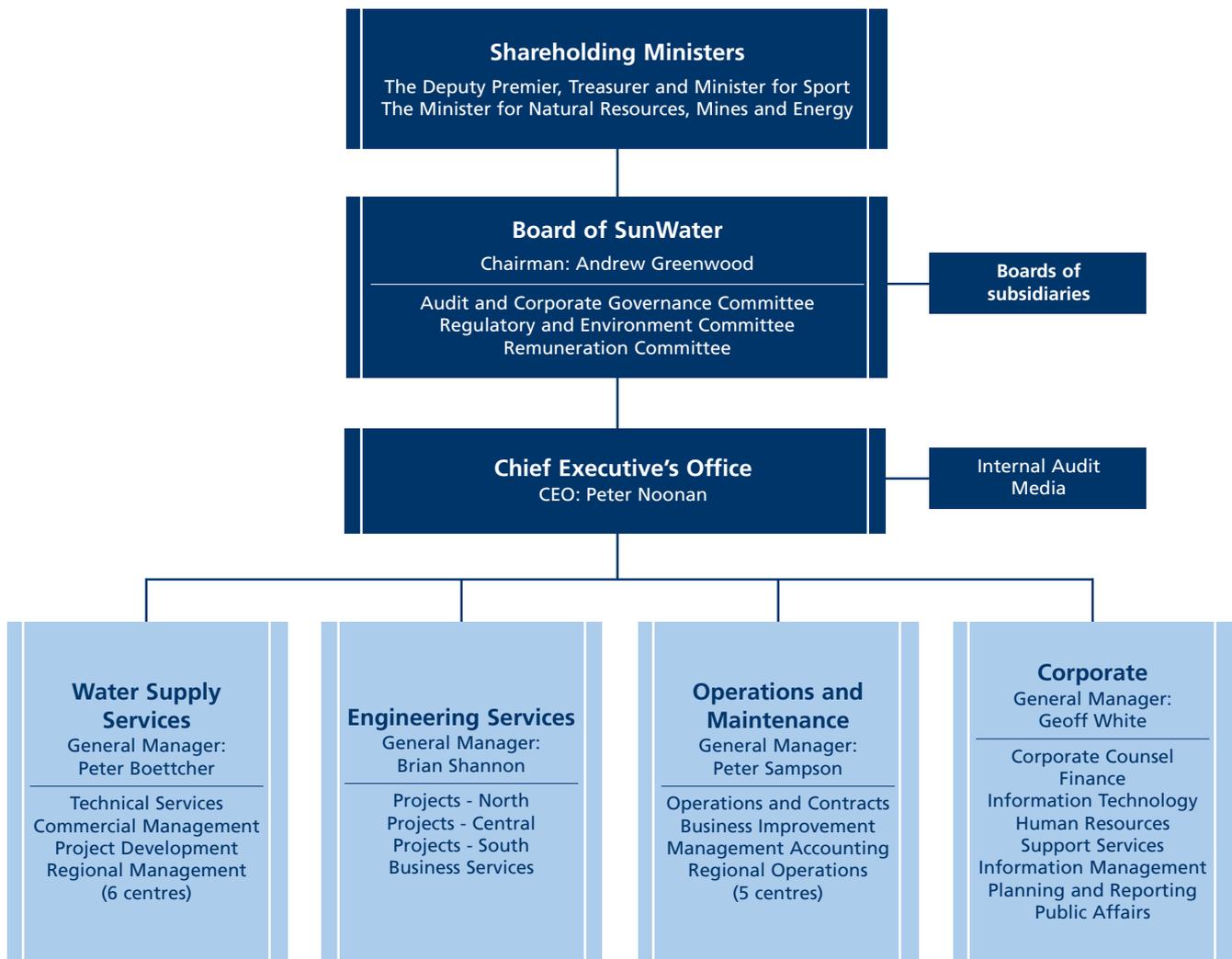
Financial leverage ratios



Profitability ratios



SUNWATER STRUCTURE



Schedule of entities

Subsidiary companies

North West Queensland Water Pipeline Pty Ltd

The company transports water from Lake Julius near Mt Isa to the Ernest Henry Mine Reservoir and a number of rural users via its 113 km long pipeline and associated pumping equipment.

Eungella Water Pipeline Pty Ltd

The company transports water from Eungella Dam near Mackay to the Goonyella Balancing Storage and Moranbah Terminal Storage, principally for use by the mining industry, via its 123 km long pipeline and associated pumping equipment.



CORPORATE GOVERNANCE

SunWater is a statutory government owned corporation (GOC) and was constituted under the *Government Owned Corporations Act 1993* on 1 October 2000. It is an exempt public authority for the purposes of Corporations Law.

The Board of SunWater

The Board of SunWater is accountable to the shareholding Ministers – the Deputy Premier, Treasurer and Minister for Sport; and the Minister for Natural Resources, Mines and Energy.

Directors are appointed by the Governor in Council on the recommendation of shareholding Ministers. The directors have no business or other relationships that could compromise their ability to act independently or autonomously, and are required keep the Board advised of any interests that could potentially conflict with those of SunWater. In meeting their obligations directors may seek independent advice at SunWater's expense.

The Board's functions include:

- ensuring that SunWater acts in accordance with its statement of corporate intent
- approving major policies, plans, budgets and performance targets
- ensuring that appropriate policies, procedures and systems are implemented to manage risk, improve business performance and ensure compliance with applicable legal and statutory obligations
- evaluating new business opportunities
- assessing performance of the management and operations of SunWater by reviewing financial and operating reports.

Shareholders established a new Board of SunWater on 1 August 2003. Previous directors Andrew Greenwood (Chairman), Jane Bertelsen and Phil Hennessy were reappointed to 30 June 2005, and Julie Boyd to 30 June 2007. New directors Tom Connor AO, John Gibson and Mary Maher were appointed to 30 June 2007. Previous directors Helen Doherty and Henry Prokuda completed their terms of appointment on 31 July 2003.

Board committees

To increase its effectiveness the Board has three committees. Charters approved by the Board set out the roles and terms of reference of these committees.

Audit and Corporate Governance Committee

The committee meets at least four times a year and assists the Board in overseeing SunWater's financial management and external reporting. It ensures that financial reports are prepared in accordance with the Australian Accounting Standards and other prescribed statutory requirements. In addition, the committee advises the Board on the efficacy of the internal and external audit functions, the adequacy of accounting procedures and system controls (including delegations), and budget and financial forecasts.

For 2003-04 the committee comprised Phil Hennessy (Chair), Jane Bertelsen, John Gibson and Andrew Greenwood.

Regulatory and Environment Committee

The committee meets at least four times a year and assists the Board in carrying out its duties in accordance with the *Water Act 2000*, the *Environmental Protection Act 1994* and related legal compliance requirements. The committee serves as an independent and objective party to review regulatory information presented by management to shareholders, regulators, other key stakeholders and the community.

For 2003-04 the committee comprised Tom Connor (Chair), Julie Boyd and Mary Maher.

Remuneration Committee

This committee meets at least twice a year and assists the Board in discharging its duties in regard to executive appointments, staff remuneration and industrial relations matters. It considers and recommends to the Board the remuneration of the chief executive officer and senior managers. The appropriateness of SunWater's remuneration strategy is assessed utilising community and industry standards and other external information.

For 2003-04 the committee comprised Jane Bertelsen (Chair), Julie Boyd, John Gibson and Andrew Greenwood.

Meetings attended by directors

	Board of SunWater	Committees		
		Audit & Corporate Governance	Remuneration	Regulatory & Environment
Total meetings	12	7	2	4
Andrew Greenwood (Chairman)	11	4	1	
Jane Bertelsen	11	7	2	
Julie Boyd	8		2	3
Tom Connor AO	9 ¹			3
Helen Doherty	2 ²			
John Gibson	10 ¹	6	2	
Phil Hennessy	12	7		
Mary Maher	9 ¹			2
Henry Prokuda	2 ²			

¹ Ten meetings held during term of office

² Two meetings held during term of office

Dividend policy

Dividends are determined based on profit but recognise the need to maintain cash for asset refurbishment and other future commitments.

Risk management

SunWater is committed to the identification, monitoring and management of key risks associated with its business activities. The Board requires business managers to identify areas of risk and to implement effective strategies to manage SunWater's exposure to those risks.

A risk management methodology and process based on AS/NZS 4360:1999 is being used across SunWater. A corporate risk register is maintained and significant operational risks are identified, analysed and assessed during project planning processes prior to developing strategies to monitor, mitigate and eliminate those risks.

The Board's Audit and Corporate Governance Committee oversees general risk management issues and the Regulatory and Environment Committee oversees risks in the water and environmental management areas.

Compliance in key areas

Dam safety

SunWater monitors dam safety in accordance with the Australian National Committee on Large Dams (ANCOLD) standards. Annual updates are provided to SunWater's insurance broker to comply with insurance policy disclosure requirements.

Environment

SunWater has environmental management systems (EMS) in place to ensure that best-practice management is achieved. The Operations and Maintenance and Engineering Services groups have systems in place that are accredited under AS/ANZ ISO14001. An all-of-SunWater EMS is being developed that will integrate SunWater's activities under one system.

Financial management

SunWater complies with the requirements of the *Financial Administration and Audit Act 1977*.

Local industry policy

SunWater complies with this policy and prepares industry participation plans for projects of value greater than \$5 million. No such projects were implemented during 2003-04.

Statement of Affairs

In compliance with the *Freedom of Information Act 1992*, SunWater publishes on its web site and annually updates a Statement of Affairs, which includes a description of SunWater's structure and functions, the impacts of these functions on the community, the kinds of documents held and literature available for general distribution.

Internal audit

SunWater's internal audit is governed by a three-year strategic audit plan, which is approved by the Audit and Corporate Governance Committee. The function is performed independently using an objective, systematic, disciplined and proactive approach. The audit programs have a strong focus on corporate risk management frameworks, compliance, control and governance processes.

Corporate planning and reporting

Each year SunWater produces a corporate plan with a five-year outlook and a statement of corporate intent (SCI), which is a one-year performance agreement between the Board and shareholding Ministers. Quarterly reports to shareholding Ministers provide details of progress towards key undertakings and financial performance against targets and budgets documented in the SCI. Consolidated business and group performance reports are provided to the Board on a monthly basis.

Directions and notifications from shareholding Ministers

No directions or notices from shareholders were issued to SunWater during 2003-04.

Subsidiary reporting

SunWater's subsidiaries – North West Queensland Water Pipeline Pty Ltd and Eungella Water Pipeline Company Pty Ltd – have separate accounts; however, for public reporting purposes the subsidiaries are consolidated into SunWater's statutory accounts.

Going concern declaration

In the directors' opinion, at the date of this declaration, there are reasonable grounds to believe that SunWater will be able to pay its debts as and when they become due and payable.

BOARD OF SUNWATER

The Board of SunWater comprises a chairman and six directors selected for their individual and combined expertise to overview and direct the corporation.



Andrew Greenwood
Chairman

BA, LLB

Andrew is a senior partner at Minter Ellison (Lawyers) specialising in competition law and regulatory policy, intellectual property and litigation. He has formerly held directorships with the Queensland Transmission and Supply Corporation (QTSC), Stanwell Corporation, the Queensland Transitional Power Trading Corporation (Enertrade) and the Queensland Writers Centre. He is currently Director, Key Centre for Ethics, Law, Justice & Governance, Griffith University; Adjunct Professor, TC Bierne School of Law, University of Queensland; and holds memberships on the Advisory Council, Mater Medical Research Institute; National Board, Minter Ellison; Queensland Writers Festival Advisory Council; Anti-Trust Committee of the American Bar Association (ABA); Intellectual Property Committee ABA; International Committee ABA; American Intellectual Property Law Association; and the Competition Law and Intellectual Property committees of the Australian Law Council.

Andrew is also a Director of SunWater's subsidiary pipeline companies.



Tom Connor AO
Director

*BE(Civil), MEngSc, PhD
HonFellowIEAust, FIPENZ, MASCE,
FTSE CPEng(Civil), RPEQ*

Tom is the Director Engineering Excellence of the Infrastructure Division of Kellogg Brown and Root, a global engineering and construction firm. He has over 25 years experience in engineering and project management in the water sector in Australia and internationally. Tom has chaired the Australian Building Energy Council and is currently Chair of the Queensland Sustainable Energy Advisory Council. He is a past National President of the Institution of Engineers Australia and past Chair of the Australian Council of Building Design Professions. In these roles he has helped to develop guidelines for sustainability in construction and development. He is an Officer in the Order of Australia.



Julie Boyd
Director

Councillor Julie Boyd is Mackay's 51st Mayor, the second since amalgamation and the first woman to hold the position. She was first elected to Mackay City Council in 1988 as an Alderman, resigned in 1990 when she moved to Pioneer Shire, and returned to Mackay City Council as the Division Four representative after the 1994 amalgamation. Julie was elected Mayor in 1997, re-elected in 2000 and again in 2004.

Cr Boyd chairs the Audit Committee, Cities for Climate Protection Steering Committee, Mackay Local Government Counter Disaster Committee, WHaMB Roc and the WHAM 2015 Committee. She is also on the Regional Botanic Gardens Committee, City Centre Revitalisation Board, Pioneer River Improvement Trust and the Mackay Water Resource Project. Julie also sits on the Board of the Queensland Commemorative Events and Celebrations Committee and the Mackay Whitsunday Regional Economic Development Committee.

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Jane Bertelsen
Director

BSc, MSBA

Jane is Manager of Intergovernmental Relations in the Brisbane City Council and Secretary of the South East Queensland Regional Organisation of Councils. She holds a Bachelor of Science and a Master of Science in Business Administration from Boston University, and is a graduate of the National Institute of Dramatic Art. Jane gained extensive experience in project analysis, policy development and economic research while working in Rome for the United Nation's Food and Agriculture Organisation (FAO) and World Food Council (WFC). She has participated in international United Nations missions and conferences in Africa, Asia and Europe.



John Gibson
Director

BCom, MBA(Melb), FCPA, FAIM

John is an experienced company director who has been involved in a wide range of Australian agribusiness. In horticulture, he has been Deputy Chairman, Australian Horticultural Corporation; Chairman, Queensland Horticulture Institute; Member, Queensland Horticulture Industry Development Council; and Chairman, Queensland Market Corporation. He is also a member of the Biosecurity Advisory Council of Queensland. Other previous positions include Managing Director, Australian Dairy Corporation; Managing Director, Austdairy Ltd; Director, Thai Dairy Industry Co Ltd; and Deputy Secretary, Commonwealth Department of Primary Industries.



Mary Maher
Director

BA, Dip Ed, MSc(Env Mgt), MSC (Sci-Tech)

Mary is a private consultant specialising in environmental planning, natural resource management and project management for the private and public sectors. She has substantial experience in resource planning, environmental management and water related issues. Mary is also a director of the Port of Brisbane Corporation, immediate past president of the Environment Institute of Australia and New Zealand (SE Qld) and a member of the Coastal Protection Advisory Council and Griffith University's Environmental Planning Advisory Board. She was a member of the State Government's Referral Panel for Resource Operations Plans under the *Water Act 2000* during 2002. During the 1990s Mary played a significant role in establishing a collaborative, regional approach to managing the Brisbane River. She has a strong appreciation of the water industry and catchment management issues.



Phil Hennessy
Director

BBus(Accountancy), FCA

A chartered accountant, Phil is Queensland Chairman of KPMG (accounting and business advisors). His experience spans a wide range of industry sectors, where his professional advice has been sought to achieve business success and financial accountability. Phil has been involved in advising on the improvement of businesses with operational and financial difficulties and has acted as administrator in complex and high profile insolvency assignments in Queensland.

Phil is also a director of SunWater's subsidiary pipeline companies.

SUNWATER BUSINESS GROUPS



Chief Executive's Office

Chief Executive Officer

Peter Noonan

*BE (Civil), Grad.Dip.Man. FIE Aust.
Executive Member ANCID*

As well as providing leadership and overall business management, the CEO's office includes the internal audit and media relations functions.



Water Supply Services

General Manager

Peter Boettcher

BE (Agricultural), MBA (Tech. Mgt)

Water Supply Services (WSS) manages SunWater's 27 water supply schemes and supporting infrastructure. This includes ensuring compliance with all relevant legislation, strategic asset management and customer relations. The group also identifies new investment opportunities and manages implementation of new asset development. WSS's water business management services are available to external customers on a commercial basis.



Engineering Services

General Manager

Brian Shannon

*BE (Civil) Hons, RPEQ,
Chairman ANCOLD*

Engineering Services (ES) provides specialist services to WSS and the water industry generally. Core skills include project management, civil design, dam safety and asset engineering, irrigation area development, geotechnical investigation, mechanical and electrical engineering and surveying.



Operations and Maintenance

General Manager

Peter Sampson

BE (Civil), MBA, MBS(Finance), C.P.Eng, MIE Aust/NZ, MAICD, FAIM

Operations and Maintenance (O&M) provides specialist services to WSS and other water infrastructure owners. The group ensures reliable delivery of water to customers through efficient management of water infrastructure. This includes operation and maintenance of storages, pump stations, pipelines, channels, drains and urban water supply schemes, and management of regulated streams and groundwater.



Corporate

General Manager

Geoff White

BCom FCA

Corporate provides the necessary support functions for SunWater's effective business operation. Expert services and advice are provided in the areas of finance, information technology, human resources, legal, information management, administration, public affairs and planning. A Board secretariat is also provided.

TRIPLE BOTTOM LINE REPORT

ECONOMIC

Key performance indicators	Target	2003-04 result
Total water sales	1.16 million megalitres	1.33 million megalitres
Percentage of available water used (including customer and SunWater allocations, excluding loss allocations)	61%	63%
Revenue from water trading in the marketplace	\$1.3 million	\$2 million
Expired urban and industrial supply contracts renegotiated to commercial terms	8	9
Channel distribution systems efficiency	74.3%	76%
Expenditure on assets renewals and backlog work	\$19.4m ¹	\$16.8m
Asset maintenance ratio (preventative/corrective)	Improve (39/61 ratio achieved in 2002-03)	41/59 ratio
Business management systems	Continued certification of quality and environmental management systems covering design, construction, operations and maintenance activities	Achieved
Revenue from external consultancies and facilities management	\$11.6 million	\$16.0 million

¹ The drought conditions led to a conscious decision by SunWater to defer some renewals projects and reprioritise staff resources into critical water supply management issues. Deferred renewals projects have been built into the 2004-05 renewals program.

Adding value to schemes Optimising water supplies

Available water usage

Against a budgeted figure of 61%, SunWater delivered to customers 63% of the total available water in all schemes. This was in spite of critically low available water in some schemes, in particular those in south-east Queensland and in the Mackay area.

Some previously drought-affected schemes benefited greatly from good local rainfall over the summer period. Tinaroo and Borumba dams were filled; Fairbairn Dam improved from 25% to 48%; and Callide, Kroombit and Cania dams all received good inflows. However, nine of SunWater's 25 major dams were storing below 25% of their full capacity at the end of the year, and five were at less than 12% of capacity.

South-East Queensland schemes were the hardest hit as a result of low storage levels. Irrigation customers in the Lower Lockyer, the Warrill Valley and the

Morton Vale section of the Central Lockyer experienced their second year of zero allocation. Should this situation continue during 2004-05, as an interim measure, SunWater has determined that it will temporarily relieve these irrigators from payment of their Part A tariff.

In the Bowen Basin, low water levels in Eungella Dam were causing concern about continuity of supply to towns and mining companies. SunWater put strategies in place to optimise the use of available water and commenced investigating emergency supply options in consultation with customers.

Other schemes seriously affected by continuing water shortages were the Eton/Pioneer schemes and the Upper Burnett. SunWater worked with customers to implement critical water supply strategies designed to optimise the use of available supplies.

Water availability and deliveries (million ML):



¹ Data from State Water Projects (prior to corporatisation of SunWater)

² Three months State Water Projects and nine months SunWater



Total Channel Control

SunWater is investigating new methods of improving channel distribution efficiency through a Total Channel Control trial in the Selma section of the Nogoia Mackenzie Water Supply Scheme. Rubicon proprietary technology is being utilised to fully automate channel operation. Customers will place their water orders through SunWaterOnline or via telephone using interactive voice response (IVR), and channel flow rates will be automatically adjusted to deliver the required amount.

It is hoped that TCC will be a viable way of increasing the distribution efficiency of open channel networks, and that the trial will lead to installations in SunWater's other open channel systems. This system of channel management will also improve the stability of flow onto farms, facilitating improved water management and water-use efficiency by customers.

The trial is being funded through the reinvestment by shareholders of SunWater's dividend payments. At 30 June, design and procurement had been finalised and arrangements were in place to implement civil works during the July/August 2004 shutdown period.

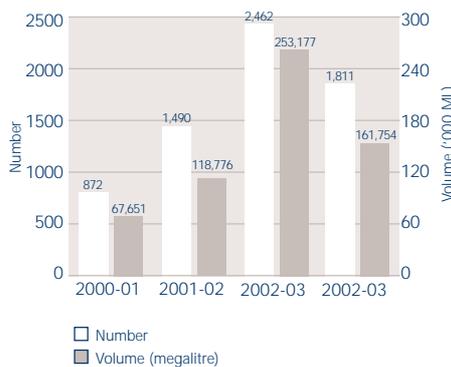
Water trading

About 162,000 megalitres (ML) of water was traded by customers and SunWater (as temporary transfers) during the year. This was less than the previous year's total of about 250,000 ML, due mainly to:

- higher water availability (hence less trading between customers) in large schemes such as Bundaberg
- reduced overall water demands in schemes such as the Burdekin Haughton due to seasonal conditions.

Despite this, traded volumes remained high in the Burdekin Haughton and Nogoia Mackenzie schemes (66,000 ML and 30,000 ML respectively). In the Pioneer and Eton schemes, a process for releasing 20,000 ML and 16,000 ML respectively of SunWater's allocation to irrigators was agreed and implemented following customer consultation on critical water supply strategies.

Temporary transfers



SunWater assisted Queensland Treasury in its assessment of market issues for SunWater's trading of water allocations. Queensland Treasury is revising SunWater's proposed voluntary code of conduct and regulatory arrangements for SunWater's trading activities.

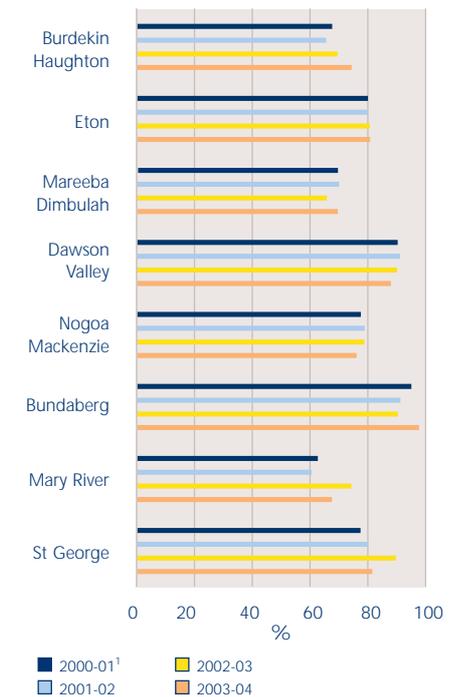
As the water trading market is further enhanced over the next few years and with the introduction of internet-based

trading through SunWaterOnline, the percentage of available water used throughout SunWater's schemes is expected to progressively increase.

Water distribution efficiency

SunWater achieved a distribution efficiency of 76% for 2003-04 against a target of 74.3% for its eight schemes that incorporate channel systems. This was the result of careful management of storage releases and customer deliveries aimed at making the best use of available water during difficult drought conditions.

Efficiency of SunWater distribution systems: %



¹ Full 12-month period including 3 months prior to corporatisation

Improving commercial arrangements

Commercial customer contracts

Since corporatisation, SunWater has been reviewing expired local government and industrial supply contracts with a view to achieving commercial terms. Many of these old contracts were agreed in an environment where there was no consideration of the costs of providing water. Under the current COAG water pricing principles, SunWater is expected to make a commercial return from these customers.

Four local government supply contracts were renegotiated to commercial terms during the year, and negotiations were substantially completed with two other local governments. Several industrial supply contracts were also renegotiated.

Operational efficiencies

SunWater continued to put substantial effort into achieving business cost reductions while ensuring that customer standards of service are achieved, assets are properly maintained and current laws and governance requirements are complied with.

During 2003-04 the major initiatives to improve efficiency centred on standardisation of procedures across the State. Business management systems were improved to ensure that the savings made through organisational downsizing and restructuring in previous years were maintained.

SunWater commenced preparation for the next round of the Government's rural water pricing determinations and associated efficiency benchmarking. This work centred on assessing a realistic cost base for SunWater, taking into account increasing requirements associated with water industry compliance and general issues in the community such as insurance premium increases, security management and corporate governance requirements.

Enhancing the assets

SunWater continued to investigate enhancement opportunities at schemes to improve the level of customer service. The major opportunities investigated during 2003-04 are described below.

Stag Creek Pipeline

Investigations were completed and SunWater is finalising arrangements with customers (Callide Power Management and CS Energy) for the Stag Creek extension to the Awoonga-Callide Pipeline. The pipeline transfers water from the Gladstone Area Water Board's Awoonga Dam to SunWater's Callide Dam for use by the Callide power stations. The pipeline extension will save several thousand megalitres of water per year that is currently being lost as seepage. Shareholding Ministers' approval for the project will be sought during 2004-05.

Bowen Broken emergency supplies

Following the third successive wet season failure in the Mackay area, SunWater moved quickly to plan emergency and medium-term measures to maintain water supplies to the Bowen Basin townships, coal mines and the Collinsville power station. SunWater worked with customers and other stakeholders to examine various infrastructure options to augment current allocations and generate additional allocations. The option of an off-stream storage near the Bowen River Weir was assessed as the preferred option to address the short-term situation and add storage capacity for long-term supplies. Shareholding Ministers' approval for the project will be sought during 2004-05.

Theodore New Start

SunWater worked with customers in the Dawson Valley scheme to investigate options for improving overall scheme efficiency. The aim was to establish farms of a practical size and layout, and significantly reduce the length of irrigation channels and drains. SunWater produced conceptual designs to reduce the length of

channels by 48% and drains by 60%, with associated savings in recurrent costs and water losses. A project report was finalised; however, a number of significant issues relating to property amalgamations and funding need to be addressed with customers and the Government before further work is undertaken.

Buaraba diversion works

SunWater responded to Lower Lockyer customer concerns that the culvert on the Buaraba Diversion Channel, which feeds into Atkinson Dam, was restricting inflows during short-duration floods.

A new culvert, with three times the waterway area of the old structure, was designed and constructed at a cost of \$0.56m. Local irrigators contributed \$120,000 to the cost, and the Government paid the balance as a community service obligation. The upgrade was fully operational when inflows were received in March 2004. As a result, significantly more water flowed into Atkinson Dam than would have through the old culvert.

Investing in new assets

Tinaroo hydro

SunWater invested \$4 million in a 1.6-megawatt mini hydro-power station on Tinaroo Falls Dam. The station was completed in December 2003, on time and within budget. It was commissioned in May 2004 after inflows were received to Tinaroo Falls Dam, and is now delivering green power into the State power grid under a contract with Ergon Energy. The project is delivering a commercial return on the investment.



TRIPLE BOTTOM LINE REPORT

Burnett infrastructure

In late May 2004, the Queensland Government considered the future institutional arrangements for the Burnett River Dam, Eidsvold Weir and other associated weir projects. As a result of this consideration, it was decided that the most appropriate arrangement was transfer of the infrastructure to SunWater at or near the completion of dam construction.

The Government established a steering committee, including SunWater, to consider a range of issues associated with the transfer, including the appropriate form for the transfer, regulatory oversight arrangements and pricing issues.

SunWater will be working closely with Burnett Water P/L and the construction partners during the development phase of the dam and weir, and will be developing pricing and water release strategies that will optimise the economic and financial value of the new water.

SunWater completed the investigation and design of Barlil Weir and raising Jones Weir during the year; however, both projects were put on hold due to a range of issues including confirmation of catchment yields and reduced customer requirements for additional supplies in consideration of the Eidsvold Weir development.

Asset management for the future

Strategic asset management

SunWater's Strategic Asset Management Plan (SAMP) provides a planning and implementation framework for all asset management activities including condition assessments, O&M manuals, renewals and backlog work, performance/service standards and emergency action plans.

SunWater's policy and commitment is to manage its assets to safeguard their

integrity and ensure continued serviceability at the minimum whole-of-life cost. In other words, SunWater aims to ensure that customers continue to receive high standards of service over the long term, but at the minimum possible overall cost.

The inclusion of a renewals annuity in the water prices set for SunWater's schemes means that there is funding to keep the assets in appropriate working order.

A key role of customer councils is to have input to the renewals and maintenance programs, particularly in regard to ensuring that the program reflects customer supply arrangements and service targets.

SunWater's assets are typically long life, hence the renewals and maintenance program is long term. SunWater's renewals spend is based on a 30 year forward-looking program. The program is under continual review and improvement guided by asset condition assessments.

Asset renewals

During 2003-04 SunWater spent \$16.7 million on asset renewals work aimed at ensuring that all schemes were in optimal operating condition. This included \$2.9 million in backlog work that was outstanding when SunWater became a GOC. The total amount spent in the year is typical of annual spend and demonstrates SunWater's commitment to long-term asset serviceability.

Renewals and backlog spend: \$mil



Over 900 projects were initiated during the year, of which 487 were practically completed. The most significant renewals projects were a pipeline replacement in the Mareeba Dimbulah scheme and refurbishment of the Borumba and Fairbairn dam spillways.



External consultancies and contracts

SunWater's engineering consultancy and facilities management services for other water service providers and related businesses increased significantly during the year. Following is a summary of some of the major projects undertaken.

Revenue from consultancies and contracts: \$mil



Facilities management services

BMA industrial pipelines

SunWater continued to operate and maintain six major industrial pipelines, associated pump stations and storage

facilities supplying water to the BHP Billiton Mitsubishi Alliance (BMA) coal mines in the Bowen Basin in Central Queensland. The total length of pipelines is almost 1000 km.

Water supply from these pipelines is critical to the mines as they operate 24 hours per day 365 days per year. Any loss of supply could result in mine shutdowns, resulting in loss of production, wages and profit. SunWater has established standards of service that reflect the importance of a guaranteed water supply to the BMA mines.

Northern Peninsula Area water supplies

SunWater continued to operate and maintain the water supply for five communities located at Bamaga on the northern tip of Cape York under a contract with the Department of Aboriginal and Torres Straight Islander Policy (DATSIP). Through this work, SunWater is providing opportunities for local indigenous people to become involved in the management of their water facilities.

During 2003-04 SunWater designed a duplicate raw water pipeline from the

Jardine River to the Northern Peninsula Water Treatment Plant at Bamaga as part of a plan to service predicted future demands in the area. SunWater also initiated the installation of a fluoridation facility as part of the Aboriginal Army Community Assistance Program (AACAP), which has been established to deliver improved water and health infrastructure to remote indigenous communities.

SunWater and DATSIP jointly submitted the Northern Peninsula Area Water Supply for consideration in the Institution of Engineers' Engineering Excellence Awards.

NRM&E meter reading

SunWater holds a contract with the Department of Natural Resources and Mines (NRM&E) for the reading and maintenance of 2,660 water meters in 11 groundwater areas, one industrial pipeline and at the Fitzroy Barrage. Work carried out by SunWater includes quarterly meter readings, minor and major maintenance and condition inspections.

SEQWater dams

SunWater continued to operate and maintain Wivenhoe, Somerset and North Pine dams under an eight-year contract

with the South East Queensland Water Corporation (SEQWater). These dams provide bulk urban water to Brisbane and surrounding urban areas, and Wivenhoe Dam serves an important flood mitigation function for the Brisbane River environs.

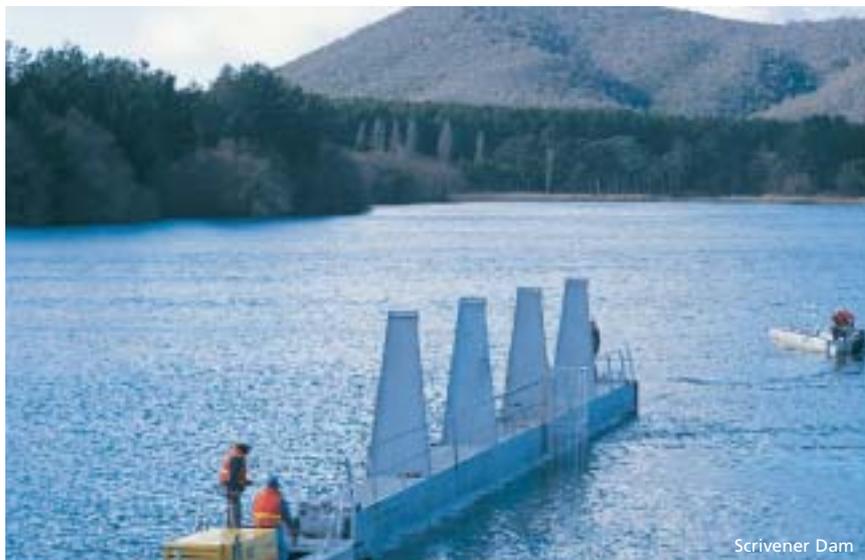
SunWater carries out all routine operations and maintenance work, flood operations, dam surveillance and unplanned emergency maintenance.

Wivenhoe Mini-Hydro

SunWater commenced a contract with Stanwell Corporation to operate and maintain a Mini-Hydro Power Station at Wivenhoe Dam. The hydro station generates about 4.5 megawatts of green electricity for the State's power grid, which is enough to supply about 3,500 homes. The contract work includes high voltage isolation, routine start-up and shut-down of the plant, site control and bi-annual shutdown maintenance.

Scrivener Dam

SunWater continued to operate and maintain Scrivener Dam, which forms Lake Burley Griffin in Canberra, under a



Scrivener Dam

TRIPLE BOTTOM LINE REPORT

five-year contract with the National Capital Authority (NCA).

SunWater carries out all routine operations and maintenance work, flood operations and unplanned emergency maintenance at the dam. This includes ensuring that the water level in Lake Burley Griffin is maintained within a 15 centimetre operating level.

Border Rivers Commission

SunWater continued to operate and maintain works under the control of the Border Rivers Commission (BRC), including Glenlyon Dam and Boggabilla Weir, under a contract arrangement.

The contract covers all routine operations and maintenance work, flood operations, dam surveillance and unplanned emergency maintenance on the BRC assets. This includes the operation and maintenance water infrastructure for the township and recreation facilities at Glenlyon Dam.

Dumaresq River

SunWater continued to control and distribute water to irrigators in the Border Rivers between Glenlyon Dam and Mungindi under contract with NRM&E.

This involves releasing water from Glenlyon Dam for irrigators in both Queensland and New South Wales, with flows within the Border Rivers supplemented from Pindari Dam in New South Wales and Coolmunda Dam in Queensland. A large measure of cooperation is required to manage this system as water is sourced from storages owned by three separate organisations and is supplied to customers in Queensland and New South Wales.

Engineering consultancies

Burnett Water P/L

SunWater provided extensive assistance to Burnett Water P/L during its evaluation of two alliance submissions to construct the Burnett River Dam and Eidsvold Weir.

SunWater also facilitated geotechnical investigations and modelling work. The successful Burnett Dam Alliance engaged SunWater to carry out a peer review of the mechanical and electrical procurement for the Burnett River Dam.

Project Aqua in NZ

SunWater was part of a consortium chosen to implement Project Aqua, a major hydro-electricity development in New Zealand. The project included design and construction of a 60 km canal along a floodplain. SunWater provided six personnel for full-time positions on the team in New Zealand including the leader of the canal design team.

The first task of the project was to confirm whether the development was feasible. This progressed well, with the milestone for the project's Board meeting in April 2004 being completed ahead of schedule. Unfortunately, the project was terminated due to unpredictable issues related to water resource allocation.

The project, as well as being profitable for SunWater, gave staff an insight into the planning of large projects in a complex resource management regime.

Dam safety inspections for NRM&E

SunWater assisted NRM&E to undertake 230 farm dam inspections in southern and central Queensland in accordance with the *Water Act 2000*. SunWater's task was to manage and deliver preliminary failure impact assessment studies, which were completed in March 2004.

Goulburn Murray Water

SunWater and its partners were commissioned from a panel of providers to Goulburn Murray Water (GMW), and two employees were mobilised in Victoria for most of the year. Major projects won and successfully completed included designs for a channel upgrade and a channel outfall structure.

SunWater also provided modelling services to GMW for its Eildon Dam spillway study. The modelling was conducted at SunWater's Rocklea Hydraulics Laboratory in Brisbane. An evaluation of the existing spillway was completed and optimal spillway re-arrangements were determined. SunWater completed testing and prepared a video of the hydraulic modelling to enable the Eildon Alliance to determine its design criteria for the spillway upgrade.

Work undertaken for GMW represented a major step in promoting SunWater's engineering capabilities interstate.

North Vam Nao, Vietnam

SunWater continued its successful participation in the AusAID-funded North Vam Nao Water Control Project in Vietnam's Mekong delta. The project aims to manage monsoonal flooding on Vam Nao Island that leads to widespread damage and water-borne disease. The teamed has designed an integrated water management system that will:

- reduce overall flood damage by 95%
- extend the crop-growing season for 53,000 farming families through off-season irrigation
- facilitate diversification into higher-value crops.

Mt Isa Water Board

SunWater commenced a project to provide contract administration and inspection services for the Mt Isa Water Board. The first contract for the construction of 3 km of pipeline commenced this year.

Ports Corporation Queensland

SunWater was successful in winning a construction supervision contract with the Ports Corporation of Queensland (PCQ) at Hay Point. The PCQ is constructing a new 16 km pipeline and a 300-megalitre water storage. SunWater will be filling the roles of superintendent's representative and construction inspector.

ENVIRONMENT

Key performance indicators	Target	2003-04 result
Compliance with environmental legislation and standards	100% compliance	No breach notices received (complied)
Key environmental improvements made in addition to compliance	Install pest fish exclusion screens at Mareeba Dimbulah	Consultation and design completed. Construction 50% complete.
Energy usage reduction	5-10% reduction over 5 years	Reviewed energy management arrangements
Hydroelectricity development at storages	1 scheme on line	Tinaroo Hydro on line

Integrating business and environmental outcomes

Environmental Management System

SunWater aims to achieve a high standard of care for the natural environment in all of its activities. Part of the strategy for achieving this is to establish and maintain an environmental management system (EMS) consistent with the requirements of AS/NZS ISO14001:1996.

In previous years SunWater established and received third-party certification for environmental management systems covering its planning and design, and operations and maintenance activities. During 2003-04, good progress was made on the implementation of one SunWater EMS that brings together environmental procedures and operational controls relevant to all of SunWater's business functions.

The SunWater EMS covers:

- development and ongoing management of existing and future water supply schemes

- provision of strategic and routine operations and maintenance services to both internal SunWater clients and external water infrastructure owners
- planning and design of water distribution and supply infrastructure, including project planning, feasibility studies, geotechnical investigations, site surveys, facility design, development of project specifications and performance criteria, and project management
- refurbishment and construction of water distribution and supply infrastructure.

At the forefront of the EMS is SunWater's Environmental Policy, which sets the corporation's intentions and principles with regard to environmental management.

Generating hydro power

Hydropower generation is an excellent mechanism for SunWater to add value to its storages without impacting on water supply arrangements to its customers.

The Tinaroo mini-hydro power station, which was commissioned in May this year, is an excellent example of multiple use of water. The hydro unit captures energy that would otherwise be wasted when water is released from the dam for customers or

during floods. It is adding value to these releases and thus, is truly producing green power. Sufficient energy is generated each year to power 1200 homes and reduce CO₂ emissions by 8500 tonnes.

The success of the pilot hydro power station on Tinaroo Falls Dam has provided impetus for increased efforts by SunWater to investigate the commercial viability of building small hydro power plants at other storages.

SunWater is working in partnership with Stanwell Corporation, Australia's leading green energy generator, on a feasibility study for a 30-megawatt power station at Burdekin Falls Dam. The study progressed well during the year and will enable both organisations to ascertain the cost of the project, which if viable, could be generating power by late 2006.

The Burdekin is by far the largest opportunity for hydropower generation at SunWater dams, but a range of other mini-hydro opportunities are scheduled for investigation over the next couple of years.

Reducing energy usage

SunWater's main energy requirement is electricity to pump water to customers through pipelines and channels. Various strategies have been implemented to achieve savings in this area, including the strategic use of off-peak tariffs and routine reviews of electricity accounts to highlight potential savings. Other initiatives include routine monitoring of pipeline and pump condition to ensure optimum efficiency and regular cleaning of pipelines to minimise restrictions.

This year an independent energy review confirmed that SunWater had made good progress with energy management. The review also recommended that SunWater should investigate entering the energy



market to secure additional cost savings for energy purchases, especially for the larger energy usage sites such as pumping stations. A tender document is in preparation for this purpose and will be advertised during August 2004.

R&D projects

The SunWater Research Committee was established during the year to promote and coordinate the identification and management of research projects undertaken and/or funded by the corporation. This has enabled SunWater to maximise the outcomes and benefits of its research investment and helped to ensure that projects undertaken are consistent with corporate objectives and business requirements. Details of all new research projects are now submitted to the committee for review and approval. All research applications are registered in a central database, and regular updates prepared on the progress and outcomes of all approved projects. The next initiative of the committee is to develop a formal research strategy to assist in identifying target areas for research.

Significant research and development activities were undertaken in the following areas during 2003-04:

- Fish exclusion screens
- Earthquake monitoring
- CRC Integrated Asset Management
- CRC Irrigation Futures
- National Program for Sustainable Irrigation
- Asset condition monitoring
- Biodegradable hydraulic oil study
- Metering study
- Cabomba Biological Control Project.

Addressing environmental issues at schemes ROPs and ROLs

SunWater is committed to the Queensland Government's water resource planning process, which is designed to plan for the allocation and sustainable management of water to meet Queensland's future water requirements. This includes the protection of natural ecosystems and security of supply to water users.

SunWater provided submissions to the Department of Natural Resources, Mines and Energy (NRM&E) on water resource planning issues related to the Mareeba Dimbulah scheme (Barron basin), the Pioneer River and Eton schemes (Pioneer basin) and the Bundaberg and Barker Barambah schemes (Burnett basin). Submissions for Chinchilla Weir, Upper Condamine and Maranoa River schemes in the Condamine Balonne basin were being progressed and will be submitted to NRM&E early in 2004-05.

Submissions were developed in consultation with customers and other stakeholders and were supported by detailed hydrologic studies. These studies assisted SunWater in assessing the best operational systems for its infrastructure to achieve water allocation security objectives for customers while addressing the environmental flow objectives identified in water resource plans.

SunWater commenced implementing the rules contained in the Burnett and Fitzroy basin resource operations plans (ROPs) in accordance with resource operations licences (ROLs), and continued to work closely with NRM&E and customers to resolve issues associated with implementation.

Improving the health of streams

SunWater recognises the impact that its water supply and distribution assets can have on the natural environment and is prioritising the use of management strategies that reduce those impacts. Some major initiatives are described below.

Use of biodegradable oils

SunWater owns and operates a range of instream assets that use hydraulic oils (e.g. fish locks, gates on weirs, dam and weir outlets, guard valves). Non-biodegradable mineral oils are used in the majority of these systems, and an oil leak has the potential to cause environmental harm through contamination of land and water resources.

Use of biodegradable oils has been identified as a possible option for managing this risk, and in 2002-03 SunWater and the Queensland University of Technology undertook a study to investigate this option. As a result of the study recommendations, SunWater developed a corporate standard for the targeted use of biodegradable oils at its water supply infrastructure. The new standard outlines a process for the progressive change-over of mineral oils to biodegradable oils, as well as requirements for the design, maintenance and monitoring of associated infrastructure.

The long-term operational effectiveness of biodegradable oils is yet to be proven, so the changeover procedure will initially focus on selected assets that will be monitored over time to allow assessment of options for wider application.

Fishways on storages

SunWater has adapted to Queensland conditions some innovative fishway designs that are effective in enabling native fish to migrate up and down stream past storage structures. Two designs have proved to be suitable – vertical slot fishways for weirs less than six metres high, and fish locks for higher structures. SunWater has now

installed 10 of these new fishway types on storages throughout Queensland, and has commenced upgrading the existing fishway at Clare Weir on the Burdekin River to a fish-lock type.

DPI Fisheries conducts post-implementation fishway performance monitoring, and some excellent results have been forthcoming. For example, at the Mary River Barrage fishway, which is SunWater's most recently implemented vertical slot type, 40,000 fish were observed using the fishway over a two-hour period. Fish sampled above and below the barrage were of similar average size, suggesting that the full size-range of the various species were negotiating the fishway.

Testing by DPI Fisheries (for the Murray Darling Basin Commission) of a hydro-acoustic monitoring system was undertaken at SunWater's Ben Anderson Barrage fishway on the Burnett River. This system, if proved effective, will allow fish numbers and movement to be monitored without using the manual capture and release methods currently required.

Clare Weir fishway

A \$2.4 million redevelopment of the fishway at Clare Weir commenced this year and is scheduled for completion by November 2004. The weir, which is near Home Hill, restricts fish passage up the Burdekin River. The project is being funded through the reinvestment by shareholders of SunWater's 2002-03 dividend.



A fishway was installed when Clare Weir was built over 20 years ago; however, at that time, the swimming behaviour of native Queensland fish was not well understood. The fishway was suitable for overseas fish species, but has not allowed many native fish to migrate up and down the Burdekin River other than during floods.

SunWater worked closely with DPI Fisheries to investigate a suitable fishway configuration. A fish-lock system was settled on as the most successful option for fish migration and breeding, in particular to cater for the upstream migration of barramundi and long-finned eels. This type of fishway has proven to be effective at Neville Hewitt Weir on the Dawson River, Eden Bann Weir on the Fitzroy River, Ned Churchward Weir on the Burnett River and Dumbleton Weir on the Pioneer River.

The Clare Weir fishway redevelopment will result in a significant improvement to the health of the Burdekin River.

Control of pest plants and animals

Pest fish exclusion screens

SunWater commenced the first stage of construction of its \$1.3 million fish exclusion screen project in the West Barron Main Channel of the Mareeba Dimbulah Water Supply Scheme. The screens are designed to exclude entry of the noxious fish species Tilapia (including eggs and fry), which are found in Tinaroo Falls Dam, from entering waterways within the Mitchell River catchment via irrigation channels. This is the first time that screens of this configuration have been used in Australia.

SunWater, DPI Fisheries and the Mitchell River Watershed Management Group joined forces to implement a pest-fish exclusion strategy that was formulated by the Barron River Integrated Catchment Management

Fish relocation at Borumba Dam

A major refurbishment of the Borumba Dam spillway this year involved draining the spillway plunge pool; however, before this could be achieved about 10 tonnes of fish needed to be relocated into Borumba Dam.

SunWater brought in experts from the EPA and DPI to ensure that the relocation was implemented to maximise fish survival rate, and the Borumba Fishing Club provided assistance with the relocation exercise.

Over a five-day period, over 6,000 fish and hundreds of turtles were successfully relocated from the spillway plunge pool back into Borumba Dam.

Association. Various screen configurations based on successful overseas designs were tested at SunWater's hydraulics laboratory in Brisbane and a suitable configuration of Coanda effect screens was selected.

This year, design and technical configuration of the screens were finalised, construction work was 50% completed and the screen manufacture contract was let. The project, which forms part of SunWater's ongoing commitment to the environment and regional communities, is planned for completion by November 2004.



TRIPLE BOTTOM LINE REPORT

Mimosa pigra control

Major headway was made during the year in the fight against *Mimosa pigra* at Peter Faust Dam near Proserpine. SunWater and other stakeholders in the *Mimosa pigra* management committee put in place a number of measures to contain the weed:

- A third wash-down bay was installed for vehicles using the road alongside Lake Proserpine to ensure *Mimosa pigra* seeds are not spread from infestation site.
- The authorised boat ramp was extended to avoid craft being launched from the foreshore and unauthorised ramps and possibly spreading seeds. Unauthorised boat ramps were fenced off to restrict access.
- Fencing and extra signage was installed at Kamp Kanga, the boat ramp and entry points to the lake area. The signage alerts visitors to the *Mimosa pigra* problem and explains what they can do to help halt its spread.

Stakeholders were pleased with the progress made during the year and were encouraged by the level of community support to help stop the spread of this declared pest plant.

Channel weed control

The operational efficiency of SunWater's schemes is often compromised by aquatic weed and filamentous algae growth in water supply and distribution systems. Excessive weed growth in streams and channels can significantly reduce water flow and volume, and increase sedimentation. Detached and floating weeds can obstruct SunWater and customer water-delivery infrastructure.

During 2003-04 SunWater carried out two investigative studies to assess the extent of the aquatic weed issue and

the effectiveness of the range of manual, mechanical, chemical and biological control methods in use at schemes. The results indicated a heavy reliance on chemical forms of control and a potential for wider application of some non-chemical methods such as channel lining, self-cleaning mechanical screens and biological controls.

SunWater intends further investigating these non-chemical controls using an integrated pest management approach.

Drainage management

As part of the range of services provided to irrigation customers, SunWater operates and maintains a network of 730 km of drains across a number of its water supply schemes. These drains are used to capture irrigation and stormwater run-off from adjoining properties.

To help maintain the physical and structural integrity of these drainage systems, SunWater undertakes regular works such as weed control, desilting and maintenance of control structures as part of its ongoing asset management program.

Recycling opportunities

Swanbank Paper

SunWater continued to scope its potential involvement in a wastewater treatment and recycling facility for the proposed Swanbank Paper Mill near Ipswich. The current proposal is for SunWater to own and operate the facility, and effluent reuse opportunities will be investigated.

Further work will be undertaken when the proponents have attained the necessary environmental approvals and investor commitments.

Materials recycling

SunWater encourages its staff to identify and implement recycling projects that have measurable benefits for the community and SunWater.

An excellent recycling opportunity arose during 2003-04 as a result of SunWater's channel refurbishment program in the Burdekin Haughton scheme. The old concrete lining from Clare A and B3 channels had to be removed as part of the works, and rather than disposing of the material, SunWater embarked on a recycling trial.

The concrete was removed and crushed to a nominal 50 mm size. The material was added to the scheme inventory of materials for use in renewals and maintenance projects, including stabilisation of drains and channels. About 800 m³ was used during 2003-04.

Crushing the concrete cost SunWater \$43,000; however, sending the 4,500 m³ of waste to landfill would have cost \$61,500, and the resulting crushed concrete is expected to save SunWater \$37,000 that would have to be spent on similar material over time.

As a result of this trial, SunWater proposes to crush all suitable concrete materials removed from channels during future refurbishment projects.



SOCIAL

Key performance indicators	Target	2003-04 result
Customer councils support for key SunWater activities	Support for scheme services	Joint ROP and pricing submissions approach agreed to
Achievement of scheme service targets	Maximum of 5 exceptions per scheme	Target achieved
Uptake of SunWaterOnline	Develop and release system	System developed and released. 10% of customers registered as users
LTIFR (days per million hours worked)	16.0	14.6
Average sick leave	<7 days	5.6 days
WH&S management system	Adoption in high-risk areas	Achieved, with overall roll-out on target for November 2004
Enterprise Agreement	EA negotiated and endorsed	EA negotiated and endorsed
Dam safety program	Implementation to schedule	Achieved
R&D support for sustainable water management and public safety initiatives	\$0.7m	\$1.7m
Value of regional purchasing	\$15m	\$15.7m
Value of regional employment	\$16m	\$16.1m
Expenditure on recreational facilities	\$1.2m	\$0.9m

Working with customers

Customer council outcomes

SunWater continued to work closely with customer councils on key scheme-based operational and strategic issues. Some areas of involvement were scheme management and upgrades, ROP submissions, drought management and water trading. SunWater and customer councils also worked collaboratively at regional and State levels in identifying and

introducing new approaches and improvements to water management.

The launch of SunWaterOnline followed considerable consultation with and testing by customer councils. The councils were supportive of the initiative and actively sought to utilise the service as a mechanism to communicate with customers.

In October 2003 and March 2004, customer council chairpersons met with the directors of the Board of SunWater. At the October meeting the formation of a Customer Council Working Group was endorsed to optimise customer council practices and develop systems and

structures to enhance relationships, efficiencies and consistency across the State.

The working group was formed and progressively identified issues and developed systems and processes to enhance customer council efficiencies, relationships with SunWater and consistency across the State. The working group drafted a customer council role statement, constitution and handbook for customer council members. These will be presented to customer councils for their review and distribution early in 2004-05.

Scheme service targets

SunWater has prepared scheme service targets for all 27 of its schemes, 18 of which have been endorsed by customer councils and irrigator committees. Service targets for the remaining schemes are in the final stages of negotiation.

Service targets specific to each scheme were set for the following:

- Timing of planned and unplanned shutdowns
- Duration of planned and unplanned shutdowns
- Length of notice given to customers for planned and unplanned shutdowns
- Meter repairs causing restrictions to supply
- Number of interruptions to supply
- Response time to customer complaints.

A system to record performance against the service targets was implemented during the year, and a complaints management system was implemented to better manage responses and improve reporting mechanisms.

During 2003-04 only two exceptions were recorded across all schemes. One of these related to the response time to a complaint

TRIPLE BOTTOM LINE REPORT



Customer councils scheme coverage

Customer Council	Water supply scheme (WSS) coverage
Bundaberg	Bundaberg WSS
Callide Valley	Callide Valley WSS
Condamine/Macintyre	Upper Condamine WSS Macintyre Brook WSS Chinchilla Weir WSS
Dawson Valley	Dawson Valley WSS
Inland Burnett	Three Moon Creek WSS Boyne River and Tarong WSS Upper Burnett WSS Barker Barambah WSS
Lower Mary	Lower Mary (<i>part of the Mary River WSS</i>)
Nogoa Mackenzie	Nogoa Mackenzie WSS
Mackay	Pioneer River WSS Eton WSS
South East	Warrill Valley WSS Logan River WSS Lower Lockyer Valley WSS Central Lockyer Valley WSS
St George	St George
Upper Mary	Upper Mary (<i>part of the Mary River WSS</i>)
Mareeba Dimbulah	Mareeba Dimbulah WSS
Customer councils yet to form	Burdekin Haughton WSS Proserpine River WSS
Schemes not covered by customer councils <i>As customer numbers in these schemes are small, individual customer liaison on scheme issues is appropriate.</i>	Cunnamulla Weir WSS Bowen Broken Rivers WSS Julius Dam WSS Lower Fitzroy WSS Maranoa River WSS

in the Upper Burnett scheme, and the other related to an unplanned shutdown in the Bundaberg scheme not being corrected within the target period. This means that all schemes achieved the corporate target of a maximum of five exceptions per scheme.

SunWaterOnline

SunWater is helping customers with their water management by providing innovative products and services including an online service, "SunWaterOnline" (available via sunwater.com.au).

SunWaterOnline was launched in August 2003 to provide customers with internet access to information and services to assist with water management. By 30 June 2004, 573 customers had registered for the service, allowing them to view their water allocation details, transfer water between their own accounts or with other customers, view bills and access general scheme information.

SunWater is adding functionality to SunWaterOnline that will allow customers to order their water online for the first

time, and buy and sell water through a water exchange. The water exchange will play a vital role in fulfilling Queensland's commitments to the National Water Initiative in the area of water markets and trading. It will allow water allocation holders to trade water within systems, research information about water prices and volumes traded, and view the progress of trades. Information about exchange pool prices and volumes will be publicly available and transparent.

SunWater is also developing standard contracts for customers to use when they are buying and selling water. This will reduce risk for buyers and sellers and avoid the need for water allocation holders to have contracts drawn up, saving them both time and money.

Engagement of customers in pricing review

SunWater prepared a comprehensive plan for its involvement in the new rural water price paths determination. A major component of the plan included customer engagement processes and interactions with customer councils.

SunWater and the Queensland Farmers Federation (QFF) agreed to a joint submission to the Government's discussion papers to present a proposed process for setting new water prices. This will be prepared by SunWater and the QFF Water Policy Committee, and will include extensive consultation with customer councils and irrigation committees. The Government will consider the options and implement a preferred process during 2004-05.

A safe, challenging and rewarding workplace

Certified Agreement

With the expiry of the 2000-2003 SunWater Certified Agreement on 1 October 2003, a process was put in place to facilitate negotiation and implementation of SunWater's second Enterprise Agreement. An Agreement Renewal Team was established with representatives from unions, SunWater staff and management. Parties put forward 'without prejudice' positions on issues for consideration and discussion.

An "Agreement in Principle" was negotiated with the unions on 31 October 2003. However, the Government expressed concern at the term of the proposed agreement. Further negotiations with all parties, including compulsory conciliation conferences in the QIRC, resulted in additional amendments including movement of the expiry date to 30 June 2006 to align with financial years. Government approval was gained on 23 December 2003.

The SunWater Certified Agreement 2003-06 received certification from the Queensland Industrial Relations Commission on 19 March 2004 after the majority of SunWater staff voted in favour of the new agreement. Related pay and allowance changes were processed in April.

Learning and development

Major staff-training initiatives undertaken during the year included an intensive water officers course; dam safety, risk and project management courses; and Workplace Health and Safety Management System induction training.

The SunWater Achievement Development System, which addresses individual performance management and planning, completed its first full cycle in 2003-04 and achieved a 100% participation rate. As part

of system, each SunWater employee developed an individual learning and development plan, and progress towards achieving learning and development goals was assessed as part of regular performance reviews with managers. A key part of the success of the Achievement Development System was the ability of managers to provide constructive and developmentally focused feedback to staff. Behaviourally based feedback skills training was provided to all managers to enhance this capability.

Individual learning and development plans were reviewed so that a coordinated approach to learning and development needs could be implemented. The information captured is providing SunWater with valuable data on organisational learning and development needs. SunWater commenced preparing an organisational learning and development framework to achieve a coordinated approach, align activities with business needs and ensure that employee learning is integrated in the workplace.

The potential viability of a whole-of-SunWater learning management system was investigated. The system would facilitate a coordinated approach to planning, implementing, tracking and reporting on the learning and development initiatives identified through the Achievement Development System.

WH&S system and performance

SunWater is committed to zero tolerance of workplace health and safety incidents. To this end, significant progress was made during 2003-04 on implementing and refining SunWater's Workplace Health and Safety Management System (WHSMS). A third party safety audit of the system is scheduled for November 2004 to assess whether it meets the requirements of the AS/NZS Standard 4801:2001 Occupational Health & Safety Management Systems.

SunWater's WH&S performance improved substantially during the year as a result of the increased focus on safety

WH&S in practice

SunWater employees are proactive in monitoring their work environment for potential hazards, and in identifying and implementing solutions to control associated risks. A couple of examples of this are:

- Bundaberg workshop staff sourced and purchased equipment to make the process for welding pipes both safer and more efficient. The equipment fastens the pipes and rotates them whilst the welding work is carried out. In addition to the rotator facilitating a smooth weld over the full circumference of the pipe, manual handling hazards are eliminated, and the pipes are secure and stable during the process.
- In Emerald, staff identified manual handling hazards associated with lifting and lowering of the cab of a truck. Lifting and rising of the cab is required in order for the operator to carry out regular inspections and servicing of the vehicle. After carrying out a risk assessment, the staff identified a number of options to address the hazard, with the final recommendation (endorsed by management) to fit a hydraulic cab tilt device to the truck.

Health, Safety & Environment Handbook

In April 2004, SunWater launched its Health, Safety & Environment Handbook. This handbook is used in the induction of all personnel (including employees and contractors), and as an ongoing ready reference and training guide on SunWater's standards for managing health, safety and environmental issues in the workplace.



brought about by system implementation. Safe work practices were embedded into daily work routines, and the outcomes of rehabilitation and return to work programs improved.

The following statistics show improvements achieved over the previous year within Operations and Maintenance (O&M), the SunWater workgroup most exposed to potential WH&S hazards:

- The lost time injury frequency rate (LTIFR) reduced by 8%
- The duration of lost time, or severity injury rate, reduced by 43%
- Average workers compensation costs reduced by a 12.8% (in addition to reductions of 6.4% and 57% in the previous two years).

SunWater's overall LTIFR of 14.6 for 2003-04 compares favourably with the ANCID national weighted average frequency rate of 26 for the industry (published in 2002-03).

Some of the initiatives contributing to SunWater's high level of WH&S performance during 2003-04 included:

- improvements in induction processes including the production of a SunWater Health, Safety and Environment Handbook
- rollout of additional training and awareness programs in hazard identification and risk management for specific hazards
- development and application of work method statements for a broad range of activities
- commencement of a program of hazard inspections of SunWater-owned water infrastructure across the State
- revision of all electrical drawings.

Rehabilitation management processes were also reviewed and improved in line with Q-COMP accreditation requirements.

In June 2004 a staff safety culture survey was undertaken to set the scene for further improvement (as part of the overall SunWater employee satisfaction survey). The outcomes will provide direction for further action to achieve predictable and reliable safety performance by addressing underlying cultural issues.

Staff recognition

SunWater established and implemented a staff achievement awards program during the year. The program recognises exceptional individual and team performance at local and State-wide levels. Local awards were presented throughout the year on an informal basis. State awards were presented at a function in Brisbane on 30 June 2004. Six individuals and five teams received State awards as follows:

Category: Our customers

David Cox (Service Supervisor, Operations and Maintenance, Ayr) – For commitment and excellence in customer service in operating the North West Queensland Water Pipeline.

Kevin Devlin (Director, Projects north, Engineering Services, Ayr) – For creativity, productivity, dedication and skill in carrying out work on Project Aqua on assignment in New Zealand.

Jim Anderson, Hazel Conroy, Denise Wendt and Susan Lockyer (Permanent Trading Implementation Team) – For successful development of procedures and documentation to enable SunWater to manage permanent water trades.

Doug Grigg, Robert Gorian, Jeff Elliot, Lyle Capel, Malcolm Lane and Andrew Edbrooke (Wivenhoe Hydro Operation and Maintenance Team) – For developing procedures and meeting all customer profit and performance targets in an activity not previously undertaken by SunWater.

Category: Financial performance

Paul Wishart (Management Accountant, Corporate, Brisbane) – For consistently demonstrating commitment

to improving the performance of SunWater's accounting process in terms of his own work and his tremendous assistance to others.

Category: Asset sustainability

Lloyd Melville (Service Supervisor Electrical, O&M Ayr) – For ongoing excellence and consistently high commitment to asset renewals, maintenance and operation in the Burdekin Haughton scheme.

Category: Community and environment

Glen Pfluger (Journalist, Public Affairs Brisbane) – For outstanding effort in support of SunWater's sponsorship of the Ayr Water Festival.

John Kelly, Peter Summers, Jason Cork, Phil Byrnes, Justin Fedderson, Gary Smith and Len Barsby (Borumba Dam Spillway Refurbishment Team) – For their successful relocation of 10 tonnes of fish and turtles as part of dewatering below the spillway prior to refurbishment.

Jason Williams, Ross Wheeler and Terry Alderton (Mimosa pigra Control Team) – For their professional approach to fighting the invasive weed Mimosa pigra at Peter Faust Dam near Proserpine.

Category: Business management

Kym Cleary (Analyst, Customer Processes and Systems, WSS) – For outstanding commitment to supporting and providing business functionality to SunWaterOnline and SWIMS.

Doug Walker, Peter Fiedler and Neil Howard (Stream Gauging and Information Team) – For their innovative development, coordination and management of SunWater's gauging station network.

Graduate program

SunWater employed five graduate engineers during 2003-04, and ongoing graduate induction and training programs were implemented. The 2004 graduate intake was in addition to six participants in the previous year's graduate program.

Contributing to regional communities

Community support

Recreation area management

SunWater recognises the significant recreation value of storages to local communities, sporting bodies and tourists. Most of SunWater's storages have facilities, either managed by SunWater, local governments or private operators, which support picnicking, camping, fishing, boating and other activities. SunWater actively supports these activities while ensuring that local environments and water catchments are not compromised and safety criteria are adhered to. SunWater spent about \$0.9 million on recreation area management during 2003-04.

SunWater is negotiating with local governments and other relevant bodies with a view to handing over the ongoing management of recreational facilities where this is recognised as being beneficial to both parties. Local governments are often better positioned to develop the tourism potential of dams and promote local tourism activities.

To date, three recreation areas have been handed over to local governments (at Tinaroo, Cania and Fred Haigh dams), and negotiations are underway on the handover of eight others (six to local governments and two to private interests).

Regional sponsorships

SunWater funds a small sponsorship program to support grass-roots community events within the regional areas in which it operates. Examples of sponsorships include the Ayr Water Festival, Emerald Agricultural Show, annual dinners of the Emerald Cotton Growers', Mareeba District Fruit and Vegetable Growers' and Bundaberg Fruit and Vegetable Growers', the Mutchilba Mango Mardi Gras, Bundy in Bloom, St George Hospital Golf Day, and the Childers Multicultural Festival and a carp eradication competition at Ipswich.

Community-benefit assets

SunWater transferred to Banana Shire Council a road crossing immediately downstream of Callide Dam. Although originally constructed for SunWater's use, it is no longer used by SunWater and is not up to normal road standards. However, the crossing was being used more and more by the public. Rather than closing the crossing, SunWater agreed to hand it over to the council along with funding to assist with its future upgrade.

Local purchasing and employment

Local purchasing by SunWater resulted in a total expenditure in Queensland regional areas of about \$15.7 million for 2003-04. Regional staff received \$16.1 million in salaries and wages, much of which is spent in their local areas.

Addressing community responsibilities

Safety of assets

SunWater implements an ongoing dam safety program to ensure that its water supply assets are in safe condition. The 2003-04 program included the completion of:

- annual safety inspections of all dams
- comprehensive safety inspections of Tinaroo Falls, Cania, Boondooma and Leslie dams
- 12 dam break studies and six dam-break analysis reports
- a comprehensive risk assessment of Fred Haigh Dam
- probable maximum flood (PMF) estimates for all dams based on the Bureau of Meteorology's revised probable maximum precipitation (PMP) estimates
- dam safety training for all operators.

As part of SunWater's program to address the spillway adequacy of its major dams, probable maximum precipitation (PMP) estimates and probable maximum flood (PMF) revisions were completed for all

major dams. During the first half of 2004-05 the PMF reviews and dam-break analyses will be incorporated into a portfolio risk assessment that will prioritise dam upgrade requirements.

Security of assets

SunWater reviewed security arrangements at storages and other key infrastructure during the year. A security risk management consultant was engaged to assess security vulnerabilities at regional water supply and distribution assets.

The consultant surmised that the likelihood of a regional bulk water facility being the target of high-level sabotage is remote. However, it was highlighted that the risks of unauthorised access, damage, theft, vandalism, hooliganism or cyber attack were more likely possibilities.

In view of these findings, SunWater commenced a review of security risks and mitigation strategies in consultation with the Queensland Police, local communities, customers, other infrastructure owners and local emergency organisations.

Security upgrades at vulnerable site facilities were prioritised and implementation commenced at priority sites.

SunWater's General Security Plan was reviewed. The plan encompasses a Disaster Recovery Plan for IT systems, a Corporate Crisis Management Plan that details SunWater's response to a situation, and Emergency Action Plans that would be called on in the unlikely event of a dam failure.

For specific assets, operations and maintenance manuals were being updated as necessary to reflect identified process improvements.

SunWater is taking a responsible approach to security, with the aim of minimising its exposure and putting in place measures to mitigate risks and ensure efficient and continuous operation of its extensive regional assets.

SUNWATER'S SCHEMES

Scheme management arrangements

SunWater's 27 schemes are managed through six business centres at Mareeba, Ayr, Biloela, Bundaberg, Ipswich and St George (see back cover for contact details). The six business managers have the authority to make decisions on local scheme operational and business issues. They are supported by staff in Brisbane in areas where efficiencies are achieved through State-wide responsibility. In addition, scheme service centres are located in Mackay and Emerald.



SCHEME REPORTS

Following are summary reports for each of SunWater's 27 water supply schemes that provide the following:

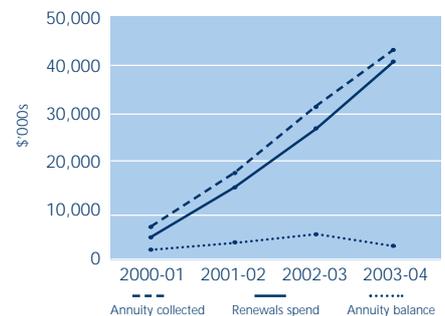
- Key information on the operation and performance of each scheme during 2003-04
- An overview of the major asset renewals and maintenance work undertaken
- The quantum of community service obligation (CSO) funding provided by Government in recognition of regulated prices set at a level below that required to recover the basic costs of operation, maintenance, administration and renewals.

SunWater's asset renewals program is based on long-term expenditure predictions to ensure future customer requirements are satisfied. The renewals

program graphs presented with the individual scheme reports below show cumulative expenditure since SunWater's corporatisation (1 September 2000 to 30 June 2004), as well as the annuity collected and annuity balance available for future work in that scheme. The annuity is a component of the water price that is collected to cover long-term asset renewals and maintenance. While the level of work required varies significantly each year, the annuity is calculated as a long-term average amount. Accordingly, individual schemes may have either a positive or negative annuity balance depending on the timing differences between collection of the annuity and the delivery of refurbishment works. Any unspent annuity is carried over as an annuity balance for use in future years.

The graph below shows the total cumulative renewals expenditure, annuity collected and annuity balance across all SunWater schemes.

Total SunWater renewals program spend and annuity (cumulative)



Barker Barambah (Bundaberg Business Centre)

Style of scheme: Water is released from Bjelke-Petersen Dam to customers who draw water from weirs and supplemented sections of Barker and Barambah creeks.

Year in the scheme: Bjelke-Petersen Dam commenced the year storing 32% of total capacity, and the announced allocation for medium priority water was set at 60%. Rainfall during the year was patchy, but sufficient for announced allocations to be raised to 80% in January and 100% in February. The announced allocation for high-priority water was maintained at 100% throughout the year. Bjelke-Petersen Dam ended the year storing 42% of total capacity.

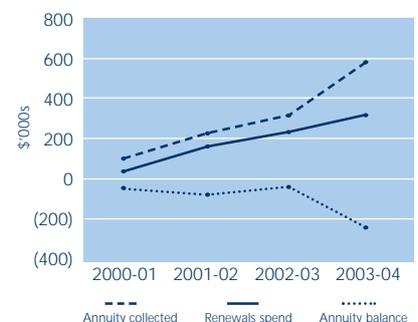
Scheme rural water subsidy (CSO) 2003-04: \$1,431

Water availability and deliveries 2003-04 (ML):

Sector	Available water ¹	Deliveries ²
Industrial	60	0
Irrigation	35,273	15,173
Urban	1,972	1,443
Total	37,305	16,616

Maintenance and renewals: Refurbishment of meter installations across the scheme continued. O&M manuals and an optimised maintenance plan were developed for Bjelke-Petersen Dam. Maintenance work was carried out on the Redgate Diversion Pipeline and a leak in Silverleaf Weir was corrected.

Renewals program spend and annuity (cumulative)



Bowen Broken Rivers (Ayr Business Centre)

Style of scheme: Water from Eungella Dam is distributed to customers via the BMA and Eungella pipelines, and is released to the Bowen River Weir to supply the Collinsville and Newlands pipelines and downstream irrigators.

Year in the scheme: Eungella Dam commenced the year storing 37% of total capacity, and announced allocations were set at 80% for high priority water and zero for medium priority supplies – the lowest in the scheme's history. The high priority announced allocation was increased to 100% in February due to flows in the lower section of the scheme. No water flowed into Eungella Dam and the storage dropped to 21% of capacity by the end of the year.

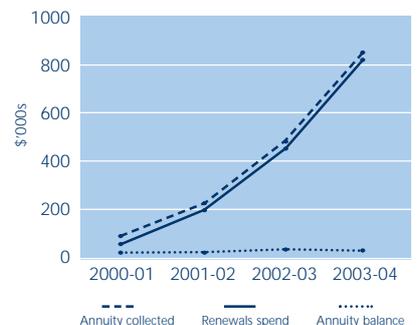
Scheme rural water subsidy (CSO) 2003-04: \$25,621

Water availability and deliveries 2003-04 (ML):

Sector	Available water ¹	Deliveries ²
Industrial	28,772	12,650
Irrigation	420	420
Urban	1,564	1,112
Other	345	314
Total	31,101	14,496

Maintenance and renewals: Thirty individual projects were undertaken to ensure reliable and effective operation of the headworks and delivery infrastructure.

Renewals program spend and annuity (cumulative)



In addition to the renewals spend, \$2,525 was spent on backlog work during 2003-04.

Notes

¹ Includes announced allocations, carryover, forward draws, temporary trades, bed sands water, risk A water, credit water, channel harvesting, spot sales, water transportation and water use (other authority)

² Includes allocation water, allocation water (no charge), bed sands water, credit water, risk A and township water, channel harvesting, spot sales, water transportation and water use (other authority)

SCHEME REPORTS

Boyne River and Tarong (Bundaberg Business Centre)

Style of scheme: Water from Boondooma Dam on the Boyne River is piped via the Tarong Pipeline to the Tarong Power Station, and is released to supplement irrigation supplies along the Boyne River.

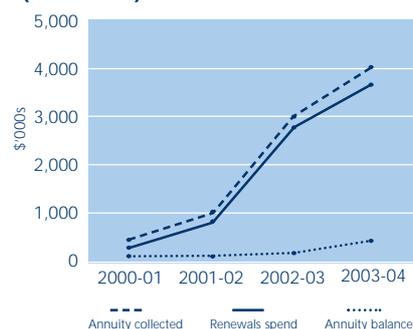
Year in the scheme: Boondooma Dam was storing 34% of total capacity at the start of the year. The announced allocation for the Tarong Pipeline was set at 100% and the Boyne River part of the scheme was set at zero. Inflows to the dam occurred in January and February, allowing the announced allocation for the Boyne River section to be raised to 100%. Boondooma Dam was storing 47% of total capacity at the end of the year.

Water availability and deliveries 2003-04 (ML):

Sector	Available water ¹	Deliveries ²
Industrial	29,294	21,888
Irrigation	13,255	5,817
Urban	500	345
Other	872	406
Total	43,921	28,456

Maintenance and renewals: A five-yearly safety inspection of Boondooma Dam was completed and an optimised maintenance plan developed. Refurbishment work included pumping unit overhauls and pipe reworking at surge tanks to ensure infrastructure reliability during low and negative head situations.

Renewals program spend and annuity (cumulative)



Scheme rural water subsidy (CSO) 2003-04: \$108,562

Bundaberg (Bundaberg Business Centre)

Style of scheme: Storages on the Kolan and Burnett rivers (major storage Fred Haigh Dam) supply water to the scheme via a series of pump stations, balancing storages, channels and pipelines.

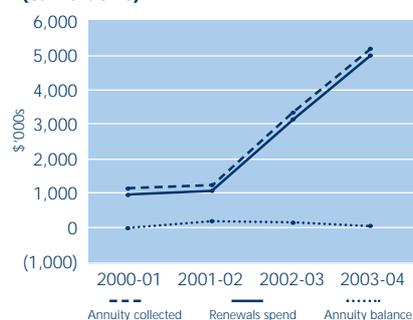
Year in the scheme: The scheme's storages commenced the year at 65% of total capacity, and an announced allocation of 100% was set for all allocations. Low sugar prices coupled with rainfall in the peak water use months resulted in low water usage. At the end of the year the scheme's storages were holding 68% of total capacity.

Water availability and deliveries 2003-04 (ML):

Sector	Available water ¹	Deliveries ²
Industrial	51	10
Irrigation	183,364	76,357
Urban	8,153	4,328
Other	10	0
Total	191,578	80,695

Maintenance and renewals: In the Bingera, Gin Gin and Gooburrum systems, pumps and motors were refurbished. Overshot control gates were installed in the Gin Gin Main Channel to improve flow control.

Renewals program spend and annuity (cumulative)



Scheme rural water subsidy (CSO) 2003-04: \$1,941,793

In addition to the renewals spend, \$180,155 was spent on backlog work during 2003-04.

Burdekin Haughton (Ayr Business Centre)

Style of scheme: Water is released from Burdekin Falls Dam to Clare Weir, which forms a pumping pool and regulating structure. From here it is distributed through several pump stations, pipelines, balancing storages and channels to the irrigation area, and along the Burdekin River to the North and South Burdekin water boards.

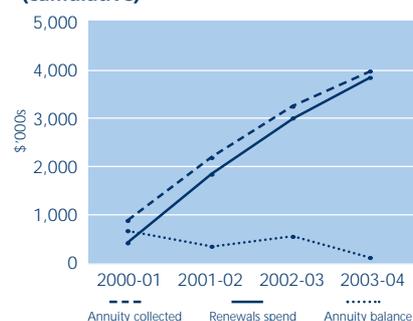
Year in the scheme: Burdekin Falls Dam was storing 88% of full capacity at the start of the year, resulting in a 100% announced allocation being set. The dam's storage level reduced to 61% as a result of high deliveries; however, wet-season rains saw the storage overflow in February. At the end of the year the dam was storing 87%.

Water availability and deliveries 2003-04 (ML):

Sector	Available water ¹	Deliveries ²
Industrial	763	122
Irrigation	675,263	620,506
Urban	10,562	984
Other	67	59
Total	686,655	621,671

Maintenance and renewals: The year's program included 132 individual projects (including backlog work). The major projects included pump refurbishments, channel conversions to pipelines, meter replacements, channel lining repairs and asset condition assessments.

Renewals program spend and annuity (cumulative)



In addition to the renewals spend, \$1,481,596 was spent on backlog work during 2003-04.

Scheme rural water subsidy (CSO) 2003-04: \$0

03-04 ANNUAL REPORT

Callide Valley (Biloela Business Centre)

Style of scheme: Water is released from Callide and Kroombit dams to downstream controlling structures, from which water percolates into the underlying aquifers. Irrigators draw their supplies from the aquifers and directly from Kroombit and Callide creeks during releases. Water is pumped directly from Callide Dam to the Callide power stations.

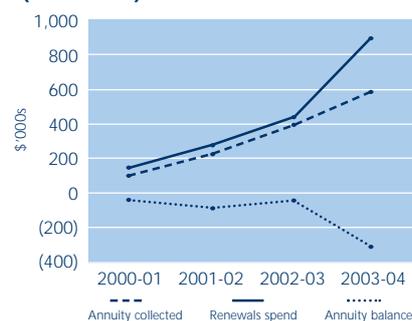
Year in the scheme: The year commenced with Callide Dam storing 27% of capacity and Kroombit Dam storing 73%. Announced allocations throughout the year ranged from 80% to 100% due to high releases for aquifer recharge and improved groundwater storage.

Water availability and deliveries 2003-04 (ML):

Sector	Available water ¹	Deliveries ²
Industrial	3,634	3,515
Irrigation	16,383	8,678
Urban	2,217	1,740
Total	22,234	13,933

Maintenance and renewals: The main expenditure was associated with the Callide Diversion Channel where a program of earthworks, road and fencing refurbishment continued. Works were implemented at Callide and Kroombit dams to ensure their continued integrity and amenity, and a program of water meter upgrades continued.

Renewals program spend and annuity (cumulative)



Scheme rural water subsidy (CSO) 2003-04: \$365,000

Central Lockyer Valley (Ipswich Business Centre)

Style of scheme: Water is released from Bill Gunn Dam and Lake Clarendon through a pumped distribution system and a series of diversion, groundwater recharge, and regulating weirs. A system of announced allocations for groundwater has not been finalised.

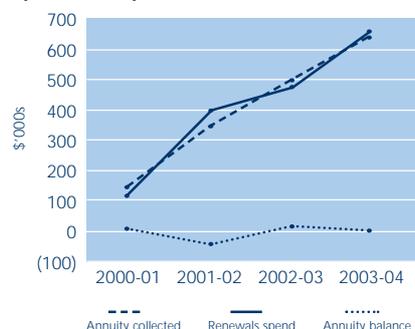
Year in the scheme: Severe drought conditions continued through the first six months of 2003-04 and groundwater levels were at or near the lowest on record. Several flow events then provided some recharge and storage. Inflow to Lake Clarendon provided the first water for Morton Vale pipeline customers in two years.

Water availability and deliveries 2003-04 (ML):

Sector	Available water ¹	Deliveries ²
Irrigation	5,083	5,065

Maintenance and renewals: Major projects completed included an infrastructure condition assessment, refurbishment of the Clarendon channel and main embankment, and annual inspections of Lake Clarendon and Bill Gunn Dam.

Renewals program spend and annuity (cumulative)



In addition to the renewals spend, \$2,756 was spent on backlog work during 2003-04.

Scheme rural water subsidy (CSO) 2003-04: \$510,863

Chinchilla Weir (Ipswich Business Centre)

Style of scheme: Water from Chinchilla Weir supplements streamflows 35 km upstream to 53 km downstream of the weir for use by irrigators.

Year in the scheme: The weir filled in December 2003 and on several subsequent occasions. Customers enjoyed a high level of announced allocation for much of the year.

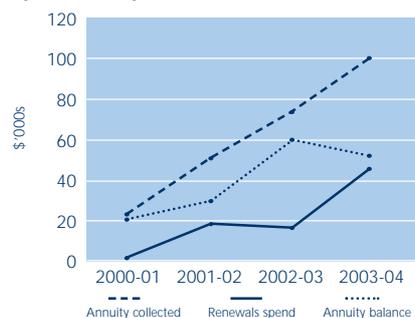
Water availability and deliveries 2003-04 (ML):

Sector	Available water ¹	Deliveries ²
Industrial	11	0
Irrigation	2,592	879
Urban	1,160	730
Total	3,763	1,609

Figures provided are for the financial year; however, the water year for this scheme runs from 1 September to 31 August

Maintenance and renewals: Refurbishment work was conducted on the left control valve and associated metal work in conjunction with routine maintenance on the weir outlet works.

Renewals program spend and annuity (cumulative)



Scheme rural water subsidy (CSO) 2003-04: \$4,188

Notes

¹ Includes announced allocations, carryover, forward draws, temporary trades, bed sands water, risk A water, credit water, channel harvesting, spot sales, water transportation and water use (other authority)

² Includes allocation water, allocation water (no charge), bed sands water, credit water, risk A and township water, channel harvesting, spot sales, water transportation and water use (other authority)

SCHEME REPORTS

Cunnamulla (St George Business Centre)

Style of scheme: The Allan Tannock Weir supplies water to landholders within the ponded area of the weir for irrigation, stock and domestic supplies and for the town of Cunnamulla.

Year in the scheme: The weir was full at the start of the year and an announced allocation of 85% was set. The level fell to 48% of capacity but inflows in January overtopped the weir, enabling a revised announcement of 100% to be made.

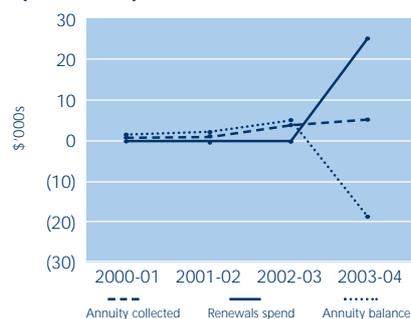
Water availability and deliveries 2003-04 (ML):

Sector	Available water ¹	Deliveries ²
Irrigation	2,478	1,511
Other	2	0
Total	2,480	1,511

Figures provided are for the financial year; however, the water year for this scheme runs from 1 September to 31 August

Maintenance and renewals: The main projects related to refurbishment of the weir after flood damage.

Renewals program spend and annuity (cumulative)



Scheme rural water subsidy (CSO) 2003-04: \$0

Dawson Valley (Biloela Business Centre)

Style of scheme: Weirs on the Dawson River provide supplies to river customers and to the channel distribution systems near Theodore.

Year in the scheme: Announced allocations commenced the year at 10% for medium priority water and 30% for medium-high priority; however, by January 2004 the announced allocation were all at 100%.

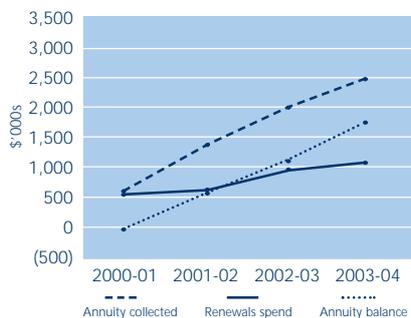
Water availability and deliveries 2003-04 (ML):

Sector	Available water ¹	Deliveries ²
Industrial	2,637	1,556
Irrigation	53,160	38,420
Urban	1,918	1,365
Other	3	0
Total	57,718	41,341

Figures provided are for the financial year; however, the water year for this scheme runs from 1 October to 30 September

Maintenance and renewals: "Theodore New Start" was a major investigative initiative undertaken to identify asset re-investment options that would best utilise the renewals funds available to produce a more efficient channel delivery system. Various projects were carried out at the scheme's pump stations, the program of water meter upgrades continued and remedial work was carried out at Glebe Weir.

Renewals program spend and annuity (cumulative)



In addition to the renewals spend, \$364,981 was spent on backlog work during 2003-04.

Scheme rural water subsidy (CSO) 2003-04: \$809,402

Eton (Ayr Business Centre)

Style of scheme: During high river flows, water is pumped from the Pioneer River into Kinchant Dam, from where it is distributed through a network of channels, pipes and balancing storages.

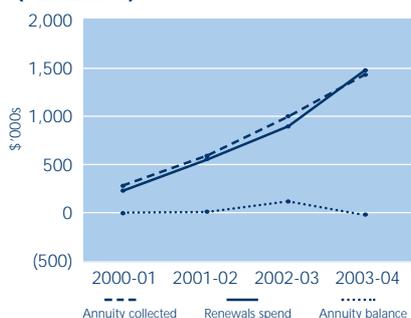
Year in the scheme: Kinchant Dam was at 13% of capacity at the start of the year, allowing only a 4% announced allocation for medium priority water. Special offers of allocation from Teemburra Dam and high priority loss allocation equated to an additional 13% of nominal allocation. After summer rains Kinchant Dam reached 48% and the announced allocation was raised to 45% in March. The storage dropped to 13% of capacity by the end of the year.

Water availability and deliveries 2003-04 (ML):

Sector	Available water ¹	Deliveries ²
Industrial	100	100
Irrigation	28,532	21,938
Urban	134	44
Other	1,315	1,082
Total	30,081	23,164

Maintenance and renewals: The year's program included a comprehensive dam safety inspection, instrumentation maintenance and monitoring, a deformation survey, mechanical and electrical refurbishments and upgrades, a scheme condition assessment, and channel, pipeline and pump station maintenance activities.

Renewals program spend and annuity (cumulative)



In addition to the renewals spend, \$62,317 was spent on backlog work during 2003-04.

Scheme rural water subsidy (CSO) 2003-04: \$316,069

03-04 ANNUAL REPORT

Julius Dam (Ayr Business Centre)

Style of scheme: Julius Dam provides supplies to the Mount Isa Water Board and the North West Queensland Water Pipeline Pty Ltd (a SunWater subsidiary) which services the Ernest Henry Mine.

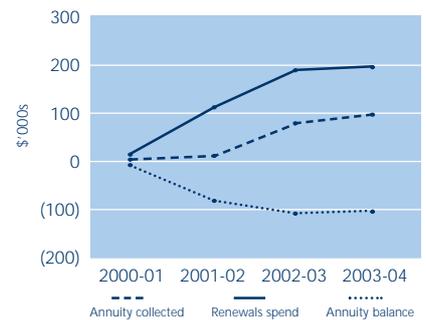
Year in the scheme: Storage moved from 90% of capacity at the start of the year to 88% of capacity at the end. Deliveries to the Mt Isa Water Board and North West Queensland Water Pipeline Company were achieved to requirements.

Water availability and deliveries 2003-04 (ML):

Sector	Available water ¹	Deliveries ²
Industrial	15,000	3,963
Other	21,750	10,913
Total	36,750	14,876

Maintenance and renewals: No significant work was undertaken.

Renewals program spend and annuity (cumulative)



Scheme rural water subsidy (CSO) 2003-04: \$0

Logan River (Ipswich Business Centre)

Style of scheme: Water is released from Maroon Dam to supplement streams and supply Bromelton Weir, from which it is drawn by customers.

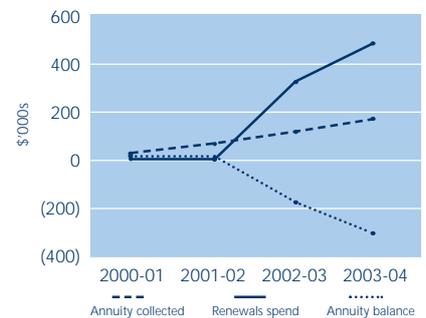
Year in the scheme: The scheme was operated under a critical water supply strategy for the full year. This meant that no announced allocations were made. High priority customers were restricted in their use and medium priority customers had to rely on run-of-river flows to access credit water.

Water availability and deliveries 2003-04 (ML):

Sector	Available water ¹	Deliveries ²
Industrial	389	389
Irrigation	2,598	2,592
Urban	2,240	2,240
Other	2	1
Total	5,229	5,222

Maintenance and renewals: At Maroon Dam the intake trash screens and outlet concrete works were refurbished and a new sewage treatment facility and vehicle wash down bay were constructed. An operations and maintenance manual for the dam was prepared and a study was conducted to assess the suitability of additional instrumentation. Work requirements are expected to reduce over the next few years.

Renewals program spend and annuity (cumulative)



In addition to the renewals spend, \$92,793 was spent on backlog work during 2003-04.

Scheme rural water subsidy (CSO) 2003-04: \$124,981

Lower Fitzroy (Biloela Business Centre)

Style of scheme: Water is released from Eden Bann Weir on the Fitzroy River for pumping to Stanwell Power Station.

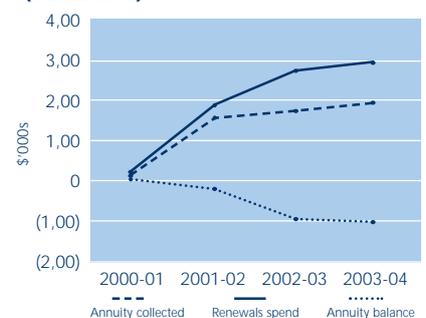
Year in the scheme: SunWater delivered water to customer expectations, with unplanned outages of less than 2%.

Water availability and deliveries 2003-04 (ML):

Sector	Available water ¹	Deliveries ²
Industrial	24,004	18,323
Other	85	34
Total	24,089	18,357

Maintenance and renewals: Projects included upgrades to electrical drawings and correction of some safety deficiencies. Performance of automatic pump station controls was improved by upgrading software and communication links.

Renewals program spend and annuity (cumulative)



Scheme rural water subsidy (CSO) 2003-04: \$0

Notes

- Includes announced allocations, carryover, forward draws, temporary trades, bed sands water, risk A water, credit water, channel harvesting, spot sales, water transportation and water use (other authority)
- Includes allocation water, allocation water (no charge), bed sands water, credit water, risk A and township water, channel harvesting, spot sales, water transportation and water use (other authority)

SCHEME REPORTS

Lower Lockyer Valley (Ipswich Business Centre)

Style of scheme: Water from Atkinson Dam is delivered to weirs along Lockyer and Buaraba creeks, from which it is drawn by customers.

Year in the scheme: Severe drought conditions continued through the first six months of the year, followed by flow events that filled the scheme's weirs and provided some water to the dam for the first time in several years. This allowed an announced allocation of 10% to be made for the final three months.

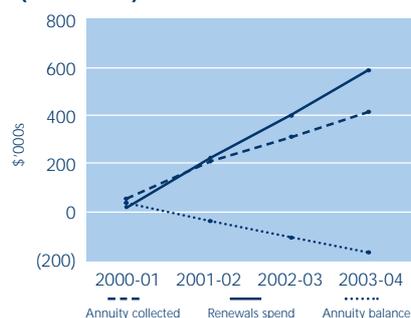
Water availability and deliveries 2003-04 (ML):

Sector	Available water ¹	Deliveries ²
Irrigation	1,886	871
Other	2	0
Total	1,888	871

Figures provided are for the financial year; however, the water year for this scheme runs from 1 April to 31 March

Maintenance and renewals: Major projects included refurbishment of rip-rap protection along the Atkinson Dam wall and diversion channel, construction of a shelter for the outlet pump station, repairs to flood damage at Sippel's Weir, installation of a debris deflector at the Buaraba Creek diversion channel and development of a dam operations manual. Work requirements are expected to reduce over the next few years.

Renewals program spend and annuity (cumulative)



In addition to the renewals spend, \$2,790 was spent on backlog work during 2003-04.

Scheme rural water subsidy (CSO) 2003-04: \$507,937

Macintyre Brook (Ipswich Business Centre)

Style of scheme: Water is released from Coolmunda Dam to weirs for irrigation along the lower reaches of Macintyre Brook and for the Inglewood town water supply.

Year in the scheme: Coolmunda Dam was storing 27% of capacity at the start of the year and a 0% announced allocation was made. The situation improved in December and February with inflows increasing storage to 79%, and the announced allocation was raised to 100%.

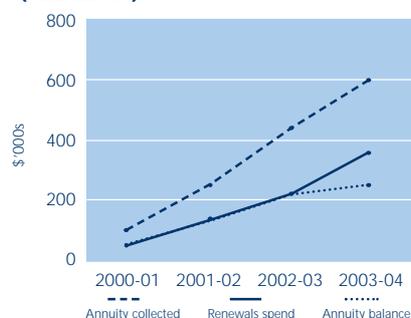
Water availability and deliveries 2003-04 (ML):

Sector	Available water ¹	Deliveries ²
Industrial	10	86
Irrigation	15,924	7,660
Urban	450	299
Other	8,152	2,884
Total	24,536	10,929

Figures provided are for the financial year; however, the water year for this scheme runs from 1 October to 30 September

Maintenance and renewals: Access ladders were installed on each of the piers on Coolmunda Dam to improve staff safety and access to the radial gates. The backup pump used for the emergency operation of the radial gates was refurbished, and work was carried out on the outlet valve at Ben Dor Weir.

Renewals program spend and annuity (cumulative)



Scheme rural water subsidy (CSO) 2003-04: \$92,326

Maranoa River (St George Business Centre)

Style of scheme: Neil Turner Weir supplements river flows, which are drawn on by customers near Mitchell.

Year in the scheme: Although water demand was slightly higher than 2002-03, usage was still minimal.

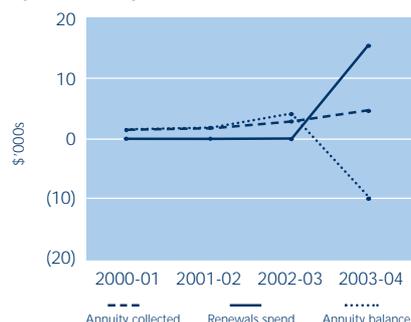
Water availability and deliveries 2003-04 (ML):

Sector	Available water ¹	Deliveries ²
Irrigation	n/a	21

Figures provided are for the financial year; however, the water year for this scheme runs from 1 September to 31 August

Maintenance and renewals: Protection work was carried out on the weir.

Renewals program spend and annuity (cumulative)



Scheme rural water subsidy (CSO) 2003-04: \$15,752

03-04 ANNUAL REPORT

Mareeba–Dimbulah (Mareeba Business Centre)

Style of scheme: Releases from the Tinaroo Falls Dam gravitate through 176 km of main channel, as well as subsidiary channels, pipelines and supplemented streams, to the various sections of the scheme.

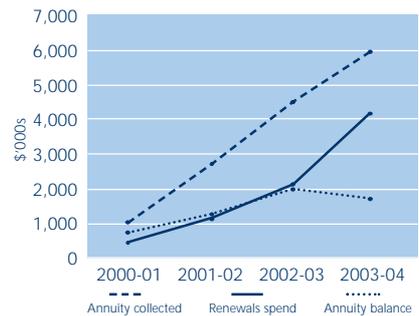
Year in the scheme: Tinaroo Falls Dam commenced the year at 41% of capacity and the announced allocation for the scheme was set at 65%. The dam fell to a record low of 24% before the wet season arrived in late December. In February the announced allocation was increased to 100%, and by May the dam was full. Usage was close to normal during the first half of the year; however, the wet season rains lowered demand considerably for the second half of the year.

Water availability and deliveries 2003-04 (ML):

Sector	Available water ¹	Deliveries ²
Industrial	241	33
Irrigation	169,574	76,084
Urban	4,213	3,702
Other	550	64
Total	174,578	79,883

Maintenance and renewals in 2003-04: A five-yearly comprehensive safety inspection of Tinaroo falls Dam was completed. Two major pipe replacement projects were completed, and the metal fittings on seven large pipe siphons were refurbished. Mechanical removal of weeds from channels represented a major maintenance effort due to the use of copper sulphate no longer being acceptable.

Renewals program spend and annuity (cumulative)



In addition to the renewals spend, \$165,825 was spent on backlog work during 2003-04.

Scheme rural water subsidy (CSO) 2003-04: \$502,863

Mary River (Bundaberg Business Centre)

Style of scheme: Water from Borumba Dam is released to the Mary River and Tinana Creek barrages, and pumped through a channel distribution network for irrigation, urban and industrial use. Water from Cedar Pocket Dam is released for irrigation along Deep Creek.

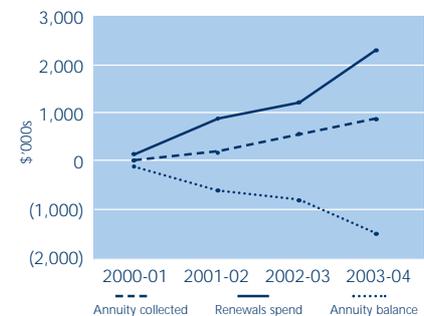
Year in the scheme: The year commenced with storages holding 63% of their total capacity. The announced allocation for the Lower Mary was set at 95% and the Upper Mary at 45%. Inflows to Borumba Dam in January resulted in the Upper Mary being raised to 60%, and the dam filled in March resulting in both sections being raised to 100%.

Water availability and deliveries 2003-04 (ML):

Sector	Available water ¹	Deliveries ²
Industrial	65	46
Irrigation	41,900	9,234
Urban	10,199	6,391
Total	52,164	15,671

Maintenance and renewals: Major repairs to the Borumba Dam spillway were completed. An optimised maintenance plan was developed for Borumba and Cedar Pocket dams, and an overall review of scheme assets was conducted. Pumps and motors at the Main Roads Pump Station were refurbished.

Renewals program spend and annuity (cumulative)



In addition to the renewals spend, \$42,695 was spent on backlog work during 2003-04.

Scheme rural water subsidy (CSO) 2003-04: \$277,902

Notes

- ¹ Includes announced allocations, carryover, forward draws, temporary trades, bed sands water, risk A water, credit water, channel harvesting, spot sales, water transportation and water use (other authority)
- ² Includes allocation water, allocation water (no charge), bed sands water, credit water, risk A and township water, channel harvesting, spot sales, water transportation and water use (other authority)

SCHEME REPORTS

Nogoa Mackenzie (Biloela Business Centre)

Style of scheme: The scheme is supplied by Fairbairn Dam via the Selma and Weemah channel systems and supplemented sections of the Nogoa-Mackenzie River. The scheme also includes weirs along the Mackenzie River and the Blackwater pipeline.

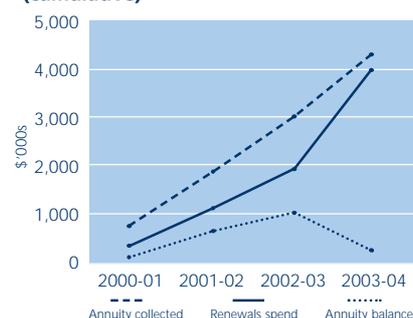
Year in the scheme: Fairbairn Dam started the year at 26% of storage capacity, and the announced allocation for medium priority water was set at 30%. This was revised to 100% in January, which was too late to significantly benefit summer crops. High priority allocations remained at 100% throughout the year.

Water availability and deliveries 2003-04 (ML):

Sector	Available water ¹	Deliveries ²
Industrial	23,462	19,122
Irrigation	206,693	85,946
Urban	7,187	6,950
Other	477	344
Total	237,819	112,362

Maintenance and renewals: Major projects included repairs to the Fairbairn Dam spillway floor, re-profiling and fencing along the Codenwarra Levee, a condition assessment of the Weemah system, and various improvements at Fairbairn Dam including refurbishment of the town water supply, recreation facilities and access road. A section of the Selma Main Channel was lined, improvements were made to water meters, work was undertaken on the Blackwater Pipeline and remedial works were implemented at weirs on the Mackenzie River. The Bedford Weir inflatable crest was repaired and progress was made on a drainage audit and drain remediation.

Renewals program spend and annuity (cumulative)



In addition to the renewals spend, \$373,607 was spent on backlog work during 2003-04.

Scheme rural water subsidy (CSO) 2003-04: \$0

Pioneer River (Ayr Business Centre)

Style of scheme: The scheme is based on Teemburra Dam and a section of the Pioneer River supplemented by the Mirani, Marian and Dumbleton weirs.

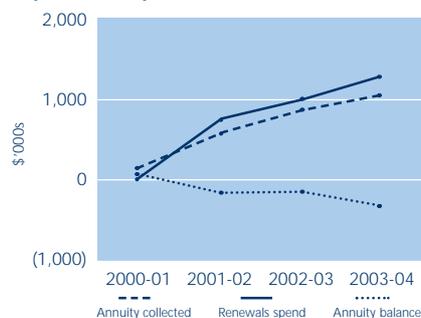
Year in the scheme: Teemburra Dam was storing 41% of capacity at the start of the year – enough to announce 100% for high priority allocations and 30% for medium priority. Little inflow was received by the storage throughout the year, and it steadily dropped to 24% of capacity by the end of the year. Some rain during the year allowed irrigators to take advantage of small stream flows to supplement their allocations.

Water availability and deliveries 2003-04 (ML):

Sector	Available water ¹	Deliveries ²
Industrial	1,220	1,125
Irrigation	25,318	18,210
Urban	16,182	13,074
Total	42,720	32,409

Maintenance and renewals: Projects included an annual dam safety inspection, instrumentation maintenance and monitoring, a deformation survey, condition assessments on Mirani Weir and Palm Tree Creek pipeline, mechanical and electrical refurbishments at Teemburra Dam, as well as repairs to and commissioning of the Palm Tree Creek Pipeline outlet valve.

Renewals program spend and annuity (cumulative)



Scheme rural water subsidy (CSO) 2003-04: \$136,278

Proserpine River (Ayr Business Centre)

Style of scheme: The scheme comprises the Peter Faust Dam and supplemented sections of the Proserpine River. The scheme supplies water to the Six Mile Creek and Kelsey Creek water boards.

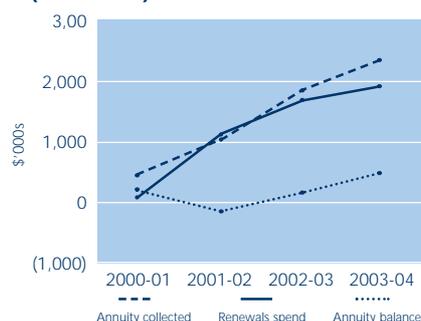
Year in the scheme: Peter Faust Dam was at 40% of capacity at the start of the year and a 100% announced allocation was made for all allocation holders. Some inflow was received in February, but the storage steadily dropped to 30% of capacity by the end of the year.

Water availability and deliveries 2003-04 (ML):

Sector	Available water ¹	Deliveries ²
Industrial	550	214
Irrigation	41,157	28,556
Urban	11,233	6,581
Total	52,940	35,351

Maintenance and renewals: Projects included an annual dam safety inspection, instrumentation maintenance and monitoring and a deformation survey. Additional settlement points were installed on the Peter Faust Dam Inlet Tower Bridge and the Kelsey Creek Pipeline air valves and pipe work were refurbished.

Renewals program spend and annuity (cumulative)



Scheme rural water subsidy (CSO) 2003-04: \$0

St George (St George Business Centre)

Style of scheme: Customers are supplied from Beardmore Dam and Jack Taylor Weir on the Balonne River. Water is drawn from distribution channels and supplemented streams.

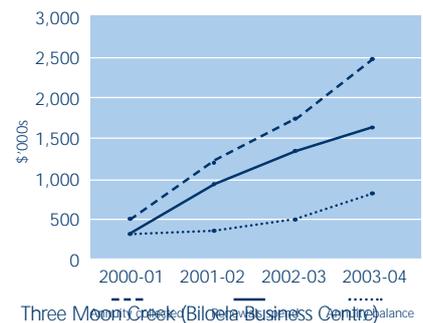
Year in the scheme: Beardmore Dam commenced the year storing 82% of capacity. An announced allocation of 40% was set, and individual capacity share customer account balances reflected similar volumes. Inflows in mid-December filled Beardmore Dam, while flows in mid-January enabled a channel-harvesting event. High water usage depleted scheme storages during April; however, inflows in May replenished storages to 100% of capacity, enabling a 100% announced allocation.

Water availability and deliveries 2003-04 (ML):

Sector	Available water ¹	Deliveries ²
Irrigation	91,800	81,840
Urban	3,600	1,662
Total	95,400	83,502

Maintenance and renewals: Notable projects completed included a channel rationalisation, dropboard and meter replacements, and upgrades to the Beardmore Dam water treatment plant and the flow meter at the St. George Pump Station.

Renewals program spend and annuity (cumulative)



Scheme rural water subsidy (CSO) 2003-04: \$231,198

Three Moon Creek (Biloela Business Centre)

Style of scheme: Cania Dam supplies riparian users along Three Moon Creek and the town of Monto. Groundwater supplies are recharged and in-stream storages are replenished through releases.

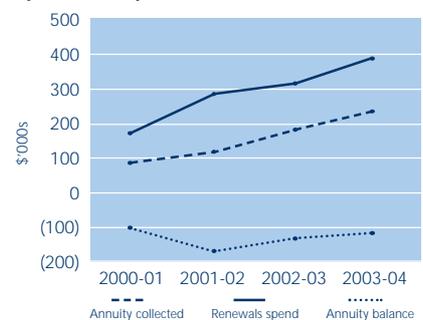
Year in the scheme: Cania Dam was storing 31% of capacity at the start of the year. Significant groundwater rises occurred for the second year in succession in response to a long release from Cania Dam and reasonable summer rains. The dam was storing 35% of capacity at the end of the year.

Water availability and deliveries 2003-04 (ML):

Sector	Available water ¹	Deliveries ²
Irrigation	13,982	7,542
Urban	650	321
Total	14,632	7,863

Maintenance and renewals: A five-yearly comprehensive safety inspection was undertaken at Cania Dam and recommended works were completed. Five-yearly inspections were also undertaken at the scheme's five weirs. A replacement inlet screen was installed at Youlambie Weir and water meter upgrades continued.

Renewals program spend and annuity (cumulative)



Scheme rural water subsidy (CSO) 2003-04: \$192,263

Upper Burnett (Bundaberg Business Centre)

Style of scheme: Wuruma Dam supplements sections and supplies weirs along the Burnett and Nogo rivers. The supplemented section of the Burnett River also collects run-off from the Auburn and Boyne rivers and unused water released from Boondooma Dam's Boyne River outlet.

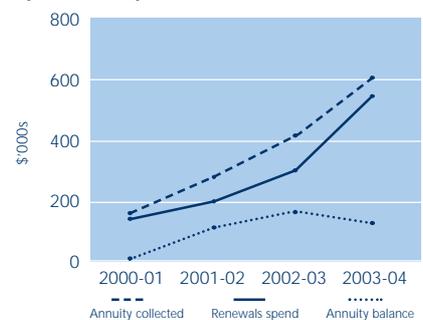
Year in the scheme: Wuruma Dam and the weirs started the year storing 27% of total capacity. This allowed announced allocations of 30-100% to be made for medium priority allocations in the various scheme sections. Late inflows allowed announcements to be increased to 100% apart from the Claude Wharton section, which reached 80%. At the end of the year Wuruma Dam was storing 12% of capacity.

Water availability and deliveries 2003-04 (ML):

Sector	Available water ¹	Deliveries ²
Industrial	228	138
Irrigation	28,616	19,327
Urban	1,324	970
Other	1	0
Total	30,169	20,435

Maintenance and renewals: Meter installations continued and an optimised maintenance plan was developed for Wuruma Dam.

Renewals program spend and annuity (cumulative)



Scheme rural water subsidy (CSO) 2003-04: \$33,811

Notes

- Includes announced allocations, carryover, forward draws, temporary trades, bed sands water, risk A water, credit water, channel harvesting, spot sales, water transportation and water use (other authority)
- Includes allocation water, allocation water (no charge), bed sands water, credit water, risk A and township water, channel harvesting, spot sales, water transportation and water use (other authority)

SCHEME REPORTS

Upper Condamine (Ipswich Business Centre)

Style of scheme: Water is released from Leslie Dam on Sandy Creek to supplement a series of weirs on the Condamine River between Warwick and Cecil Plains. The scheme also includes a pump station and a short pipeline.

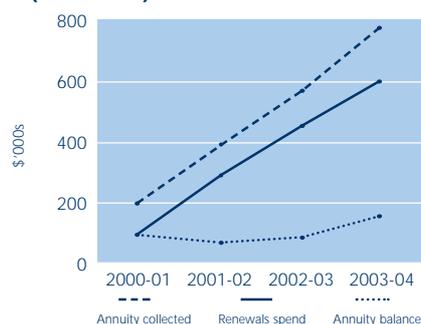
Year in the scheme: Severe drought conditions continued through the first half of 2003-04. Some flow events then occurred that filled the weirs and put some water into the dam, raising the storage level to 12% of capacity. This was not enough to make an announced allocation for medium priority allocations, but did secure high priority supplies. Irrigation customers accessed credit water from river flows.

Water availability and deliveries 2003-04 (ML):

Sector	Available water ¹	Deliveries ²
Industrial	0	0
Irrigation	12,524	12,525
Urban	2,832	1,660
Other	2	2
Total	15,358	14,187

Maintenance and renewals: Major projects completed included a five-yearly comprehensive safety inspection of Leslie Dam, refurbishment of a pump at Yarralong pump station, refurbishment of Talgai Weir, desilting of the North Branch and Yarralong Weir, and refurbishment work at Wando Weir.

Renewals program spend and annuity (cumulative)



In addition to the renewals spend, \$5,071 was spent on backlog work during 2003-04.

Scheme rural water subsidy (CSO) 2003-04: \$139,898

Warrill Valley (Ipswich Business Centre)

Style of scheme: Water is released from Moogerah Dam to downstream customers through a network of weirs and diversions.

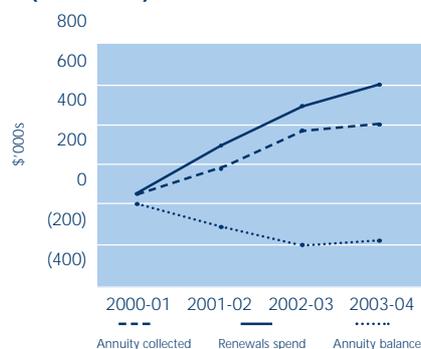
Year in the scheme: Severe drought conditions continued through the first six months of the year, followed by much needed relief from a number of flow events that filled weirs and raised the level of Moogerah Dam to 11% of capacity. This secured High A priority supplies and increased High B to 50%, which was mostly delivered in the last few months of the year. Irrigation customers accessed streamflows and water stored in weirs as credit water.

Water availability and deliveries 2003-04 (ML):

Sector	Available water ¹	Deliveries ²
Industrial	3,500	3,260
Irrigation	243	231
Urban	979	780
Other	2	0
Total	4,724	4,271

Maintenance and renewals: Major rehabilitation work was undertaken on the outlet trashracks and left cone valve and actuators in the Moogerah Dam outlet works, and the debris deflector on Kent's Lagoon diversion structure was replaced. A condition assessment of all assets was conducted to enable future asset maintenance requirements to be identified.

Renewals program spend and annuity (cumulative)

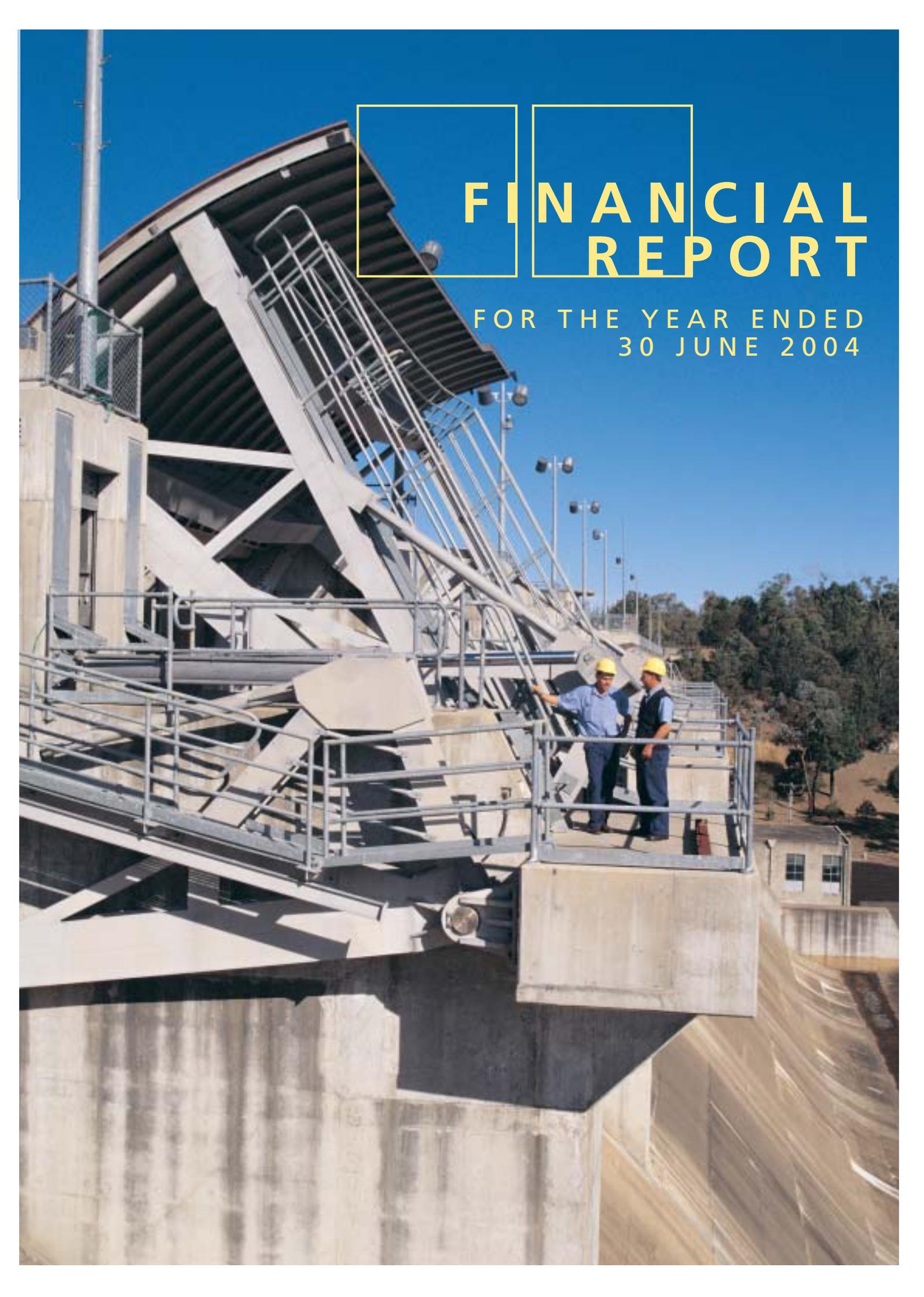


In addition to the renewals spend, \$71,904 was spent on backlog work during 2003-04.

Scheme rural water subsidy (CSO) 2003-04: \$163,507

Notes

- 1 Includes announced allocations, carryover, forward draws, temporary trades, bed sands water, risk A water, credit water, channel harvesting, spot sales, water transportation and water use (other authority)
- 2 Includes allocation water, allocation water (no charge), bed sands water, credit water, risk A and township water, channel harvesting, spot sales, water transportation and water use (other authority)



FINANCIAL REPORT

FOR THE YEAR ENDED
30 JUNE 2004

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2004

Purpose and scope of financial statements

SunWater is a statutory government owned corporation, established on 1 October 2000 under the provisions of the *Government Owned Corporations Act 1993*. Under the provisions of section 127 of the *Government Owned Corporations Act 1993* SunWater is treated as a statutory body for the purposes of the *Financial Administration and Audit Act 1977*.

In the accompanying financial statements the assets and liabilities and financial results of SunWater are disclosed in the parent entity column. SunWater wholly owns two subsidiary companies:

- North West Queensland Water Pipeline Pty Ltd; and
- Eungella Water Pipeline Pty Ltd.

The consolidated entity column in the accompanying financial statements incorporates the assets and liabilities and financial results of SunWater and these two controlled entities.

These financial statements have been prepared to:

- satisfy the requirements of the *Financial Administration and Audit Act 1977* and other prescribed requirements;
- disclose the results of the operations of SunWater and its controlled entities during the reporting period; and
- report the financial position of SunWater and its controlled entities at the reporting date.

The accompanying financial statements are general purpose in nature and disclose the whole of the financial activities of SunWater and its controlled entities.

Statements of financial performance

for the year ended 30 June 2004

	Notes	Consolidated		Parent	
		2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Revenues from ordinary activities	2	109,260	109,855	99,852	97,115
Expenses from ordinary activities excluding borrowing costs expense	3	(87,936)	(81,833)	(82,691)	(77,036)
Borrowing costs expense		(1,783)	(1,920)	(582)	(700)
Profit from ordinary activities before income tax expense and income tax equivalents expense		19,541	26,102	16,579	19,379
Income tax expense	4	(130)	-	(130)	-
Income tax equivalents expense relating to ordinary activities	4	(5,976)	(4,890)	(5,721)	(3,878)
Net profit		13,435	21,212	10,728	15,501
Net increase in asset revaluation reserve	20(a)	(66,223)	77,344	(71,812)	77,150
Total revenues, expenses and valuation adjustments attributable to members of the parent entity and recognised directly in equity		(66,223)	77,344	(71,812)	77,150
Total changes in equity other than those resulting from transactions with owners as owners		(52,788)	98,556	(61,084)	92,651

The accompanying notes form an integral part of these statements of financial performance.

03-04 ANNUAL REPORT

Statements of financial position as at 30 June 2004

	Notes	Consolidated		Parent	
		2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Current assets					
Cash assets	5	61,526	65,644	58,977	54,610
Receivables	6	8,532	3,491	8,582	4,401
Inventories	7	2,262	1,905	2,262	1,905
Other	8	12,979	15,540	8,812	11,572
Total current assets		85,299	86,580	78,633	72,488
Non-current assets					
Receivables	6	2,505	3,904	2,505	3,904
Inventories	7	3,264	4,135	3,174	4,037
Other financial assets	9	-	-	*	*
Property, plant and equipment	10	295,616	358,095	274,119	338,686
Intangible assets	11	3,929	2,485	3,929	2,485
Deferred tax assets	12	1,832	1,720	1,830	1,719
Total non-current assets		307,146	370,339	285,557	350,831
Total assets		392,445	456,919	364,190	423,319
Current liabilities					
Payables	13	7,955	9,233	7,841	9,196
Provisions	14	9,198	9,362	9,198	9,362
Interest bearing liabilities	15	1,005	2,411	1,005	936
Other	16	109	222	23	136
Total current liabilities		18,267	21,228	18,067	19,630
Non-current liabilities					
Provisions	14	6,281	6,507	6,281	6,507
Interest bearing liabilities	15	7,525	20,942	7,525	8,530
Deferred tax liabilities	17	20,116	14,029	17,412	11,580
Other	16	201	287	-	-
Total non-current liabilities		34,123	41,765	31,218	26,617
Total liabilities		52,390	62,993	49,285	46,247
Net assets		340,055	393,926	314,905	377,072
Equity					
Contributed equity	19	225,165	222,248	225,165	222,248
Asset revaluation reserve	20(a)	57,446	123,669	51,664	123,476
Retained profits	20(b)	57,444	48,009	38,076	31,348
Total equity		340,055	393,926	314,905	377,072

* Amounts less than \$500.

The accompanying notes form an integral part of these statements of financial position.

ANNUAL FINANCIAL STATEMENTS

Statements of cash flows for the year ended 30 June 2004

	Notes	Consolidated		Parent	
		2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Cash flows from operating activities					
Inflows:					
Receipts from customers (inclusive of goods and services tax)		97,889	97,310	91,199	87,666
Community service obligations		7,038	9,494	7,038	9,494
Payments from Queensland Treasury upon finalisation of pricing enquiry		-	2,313	-	2,313
Interest received		4,040	3,332	3,443	2,889
Income taxes refunded		-	402	-	402
Outflows:					
Borrowing costs		(1,754)	(1,827)	(554)	(608)
Payments to suppliers and employees (inclusive of goods and services tax)		(81,652)	(78,665)	(80,966)	(75,135)
Payments to Queensland Treasury pending outcome of pricing enquiry		-	(535)	-	(535)
Income taxes paid		(130)	-	(130)	-
Net cash inflow (outflow) from operating activities	21	25,431	31,824	20,030	26,486
Cash flows from investing activities					
Inflows:					
Proceeds from sale of property, plant and equipment		110	169	110	169
Proceeds from term debtors		1,747	2,194	1,747	2,194
Outflows:					
Payments for property, plant and equipment		(16,473)	(14,669)	(16,473)	(14,669)
Net cash inflow (outflow) from investing activities		(14,616)	(12,306)	(14,616)	(12,306)
Cash flows from financing activities					
Inflows:					
Dividend re-investment		3,467	-	3,467	-
Outflows:					
Repayment of borrowings		(14,823)	(2,275)	(937)	(882)
Dividends paid	26	(3,577)	(550)	(3,577)	(550)
Net cash inflow (outflow) from financing activities		(14,933)	(2,825)	(1,047)	(1,432)
Net increase (decrease) in cash held		(4,118)	16,693	4,367	12,748
Cash at the beginning of the financial year		65,644	48,951	54,610	41,862
Cash at the end of the financial year	5	61,526	65,644	58,977	54,610

* Amounts less than \$500.

The accompanying notes form an integral part of these statements of cash flows.

Notes to the financial statements

30 June 2004

Note 1 Summary of significant accounting policies

This general purpose financial report has been prepared in accordance with the *Financial Administration and Audit Act 1977*, and the disclosure requirements of the *Financial Management Standard 1997*. Accounting policies adopted conform to Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group Consensus Views.

The significant accounting policies that have been adopted in the preparation of these financial statements are as follows:

(a) Basis of preparation

The financial statements have been prepared on an accruals basis. The historic cost convention has been applied except where otherwise stated. The accounting policies adopted are consistent with those of the previous reporting period unless otherwise stated.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by SunWater ("parent entity") as at 30 June 2004 and the financial results of all controlled entities at that date. The parent entity and its controlled entities (refer note 9) together are referred to in this financial report as the consolidated entity. The balances and effects of all transactions between entities in the consolidated entity are eliminated in full. Where an entity began or ceased to be controlled during the reporting period the results are included only from the date control commenced or up to the date control ceased.

(c) Revenue recognition

Water revenue, which includes renewal annuity, is recognised on delivery. Recognition of all other service revenue is based on work completed at the reporting date.

Water entitlements are saleable rights that may be granted by the Crown free of charge in the Resource Operations Licence or purchased from other owners of water entitlements. In the case of water entitlements held for sale but acquired at no cost, revenue is recognised at the point of sale.

Interest income is recognised as it accrues.

Commitment fee revenue is recognised in equal annual instalments over the life of the contractual commitment (10 years).

Revaluation increments may be recognised as revenue in accordance with note 1(j).

(d) Community service obligation

The parent entity received community service obligation (CSO) payments from the Queensland Government. The payments fund the Rural Water Subsidy in recognition of the current rural water pricing policies set by the government as well as certain other activities for which there are no other revenue sources. These amounts are recorded as revenue from ordinary activities.

New rural water infrastructure assets or extensions to existing schemes that are built by clear direction from government for other than commercial return may also incorporate a CSO component. These amounts are recorded as revenue from ordinary activities and are recognised in the accounting period when the invoice for payment is raised.

(e) Cash

For the purpose of the Statements of Cash Flows, cash includes deposits at call that are readily convertible to cash on hand and are subject to an insignificant risk of changes in value.

(f) Receivables

(i) Trade debtors

All trade debtors are recognised at the amounts receivable as they are due for settlement no more than 30 days from the invoice date. The collectibility of receivables is assessed at balance date with adequate provision made for doubtful debts. All known bad debts are written off.

(ii) Term trade debtors

Term trade debtors represent the term sale of water entitlements. Settlement on these debtors ranges from 1 year to 9 years.

(g) Inventories

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

Water entitlements held for sale are recognised at the lower of cost and net realisable value.

(h) Acquisitions of assets

All assets are initially recorded at the cost of acquisition except assets acquired at no cost or for nominal consideration which are recognised at their fair value at the date of acquisition. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use, such as engineering design fees. Costs attributable to prefeasibility and alternative approach assessments are expensed as incurred.

All items of property, plant and equipment including computer software acquired with a cost, or other value, in excess of \$1,000 are capitalised in the year of acquisition.

No threshold is applied to the water infrastructure class of assets as these types of assets form a network. Adjustments 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.

(i) Depreciation and amortisation of property, plant and equipment

Depreciation and amortisation of property, plant and equipment including computer software is calculated on a straight-line basis so as to write off the cost or revalued amount of each depreciable asset, less its estimated residual value, progressively over its estimated useful life to the entity.

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

Asset class	Depreciation rates
Land and buildings	1.27% to 20% (does not apply to land)
Plant and equipment	8% to 40%
Water infrastructure	0.5% to 30%

Land, being an asset with an unlimited useful life, is not depreciated.

(j) Revaluations of non-current assets

Subsequent to initial recognition as assets, land and buildings and water infrastructure assets are measured at fair value. Where current market prices are available, that price represents the fair value of the asset. Where current market prices are not available for the individual assets forming a cash-generating operation, fair value is estimated as the present value of future net cash inflows discounted at the weighted average cost of capital. Revaluations of land and buildings and water infrastructure are made with sufficient regularity to ensure that the carrying amount of the assets does not differ materially from their fair value at the reporting date. Plant and equipment is recorded at cost.

Where the present value of future net cash inflows of a group of assets forming a cash generating operation is less than or equal to zero, each asset in that cash generating operation is attributed a nominal value of \$1. Assets are not attributed a negative value and no liability is recognised for cash generating operations with a net cash outflow, as a liability cannot be recognised for future operating losses.

NOTES TO THE FINANCIAL STATEMENTS

Note 1 Summary of significant accounting policies

(continued)

In the case of the parent entity's regulated water supply schemes, a number with negative values are under review to determine ways in which these negative values can be reversed over time.

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in net profit or loss, or as a debit directly to retained profits or accumulated losses on initial adoption of an accounting standard, the increment is recognised immediately as revenue in net profit or loss.

Revaluation decrements are recognised immediately as expenses in net profit or loss, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

Revaluation increments and decrements are offset against one another in a class of non-current assets but not otherwise.

(k) Non-current assets constructed by SunWater

The cost of non-current assets constructed by SunWater includes the cost of all materials used in construction, direct labour on the project, borrowing costs incurred during construction and an appropriate share of variable and fixed overhead. Assets under construction are recorded at cost and are not depreciable until they are held ready for use.

Borrowing costs included in the costs of non-current assets are those costs that would have been avoided if the expenditure on the construction of the assets had not been made. Borrowing costs incurred while active construction is interrupted for extended periods are recognised as expenses.

(l) Leased non-current assets

Operating lease payments are representative of the pattern of benefits derived from the leased assets and accordingly are charged to the Statements of Financial Performance in the periods in which they are incurred. There are no finance leases.

(m) Trade and other creditors

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial period that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(n) Web site costs

Costs in relation to web sites such as feasibility studies during the planning phase of a web site and ongoing costs of maintenance during the operating phase are charged as expenses in the period in which they are incurred.

(o) Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages, salaries and annual leave, are recognised, and are measured as the amounts expected to be paid when the liabilities are settled and include related on-costs.

No provision for sick leave entitlements has been made, as entitlements do not vest with employees and it is not probable that sick leave taken in the future will be greater than entitlements that will accrue in the future.

(ii) Long service leave

SunWater contributes to the State Government managed Long Service Leave Central Scheme at rates determined by actuarial assessment. There is no provision for long service leave entitlements in the Statements of Financial Position as the liability is held by the scheme.

(iii) Superannuation

Contributions by SunWater for superannuation are determined by the State Actuary. No liability is shown for superannuation benefits in the Statements of Financial Position as the liabilities are held by schemes which are managed by the State Government.

(p) Interest bearing liabilities

Borrowings are recognised as the face value of the principal outstanding. The fair value of these borrowings is disclosed in note 23.

Borrowing costs are recognised as expenses in the period in which they are incurred, except where they are included in the costs of qualifying assets (refer note 1(k)).

(q) Taxation

SunWater complies with the National Tax Equivalents Regime (NTER) in relation to income tax. Income tax equivalents expense is calculated on operating profit adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the Statements of Financial Position as future income tax equivalents benefits or provision for deferred income tax equivalents. Future income tax equivalents benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax equivalents benefits relating to tax losses are only brought to account when realisation is virtually certain.

(r) Non-current intangible assets

Water entitlements that satisfy asset recognition criteria and are not specifically held for sale are valued at fair value which is taken to be the lower of the present value of future net cash flows and market value. These entitlements are leased to customers, generally on long-term contracts. These assets are not amortised and no recognition threshold is applied.

(s) Goodwill

Where an entity or operation is acquired, the identifiable net assets acquired are measured at fair value. The excess of the cost of acquisition over the fair value of the identifiable net assets acquired, including any liability for restructuring costs, is brought to account as goodwill and amortised on a straight line basis over the period during which the benefits are expected to arise but not exceeding 20 years. Where goodwill is less than \$50,000 it is expensed in the same period in which it arises.

(t) Provisions

Provisions are recognised when, as a result of a past transaction or event, there exists a present obligation, able to be reliably measured, for which there is no realistic alternative but to settle. The obligation giving rise to the provision may not be legally enforceable. However, if there is no realistic alternative but to settle, a provision is recognised. In some cases the timing of the settlement may be uncertain and the final amount paid may vary from the estimate.

(u) Dividends

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

(v) Rounding of amounts

Amounts in the financial report and these accompanying notes have been rounded to the nearest thousand dollars or in certain cases to the nearest dollar.

03-04 ANNUAL REPORT

Note 2 Revenue

	Consolidated		Parent	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
Revenue from operating activities				
Irrigation water revenue	37,122	35,995	37,122	35,996
Industrial water revenue	32,177	32,186	23,526	24,240
Urban water charges	5,505	4,879	5,505	4,879
Levies	1,072	1,032	1,072	1,032
Water allocation sales	1,983	3,562	1,983	3,562
Consulting fees	15,963	13,247	16,940	14,165
Community service obligation payments	8,663	9,494	8,663	9,494
Electricity generation	76	-	76	-
Other operating revenue	405	192	319	105
Total revenue from operating activities	102,966	100,587	95,206	93,473
Revenue from outside the operating activities				
Interest	3,924	3,268	3,327	2,824
Gain on disposal of non-current assets	59	45	59	45
Gain on revaluation of non-current assets	1,236	5,173	194	-
Other revenue	1,075	782	1,066	773
Total revenue from outside the operating activities	6,294	9,268	4,646	3,642
Total revenue from ordinary activities	109,260	109,855	99,852	97,115

Note 3 Expenses

	Consolidated		Parent	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
Expenses, excluding borrowing costs, from ordinary activities before income tax equivalents expense includes the following:				
Depreciation and amortisation				
Land improvements and buildings	310	301	310	301
Plant and equipment	2,612	2,291	2,612	2,291
Water infrastructure	8,994	7,211	4,451	3,037
Total depreciation and amortisation	11,916	9,803	7,373	5,629
Labour and on-costs	32,165	29,398	32,165	29,398
Contracted professional, technical and other services	11,072	9,732	11,023	9,722
Electricity	11,464	11,967	11,068	11,612
Materials	3,771	3,837	3,771	3,837
Plant hire	2,648	2,471	2,648	2,471
Motor vehicle operating lease charges	1,647	1,714	1,647	1,714
IT charges	1,239	1,750	1,239	1,750
Bad and doubtful debts	166	81	166	81
Loss on disposal of property, plant and equipment	553	99	553	99
Loss on revaluation of property, plant and equipment	-	194	-	194
Travel	1,854	1,624	1,854	1,624
Accommodation	1,486	1,462	1,486	1,462
Insurance	3,136	2,395	2,916	2,199
Remuneration of auditors *	109	106	97	93
Write down of inventories ♦	(78)	399	(78)	362
Other	4,788	4,801	4,763	4,789
Total	87,936	81,833	82,691	77,036

* Amounts received or due and receivable by the auditor of the consolidated entity related to the audit of the financial report of the parent entity and its subsidiaries. No other services were provided.

♦ Inventories previously written off have been written back on and utilised in 2004.

Note 4 Income tax and income tax equivalents

	Consolidated		Parent	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
a) The income tax equivalents expense for the reporting period differs from the prima facie amount calculated on the profit. The differences are reconciled as follows:				
Profit from ordinary activities before income tax equivalents expense	19,541	26,102	16,579	19,379
Prima facie tax equivalents expense calculated at 30%	5,862	7,831	4,974	5,814
Tax effect of permanent and other differences:				
Non deductible entertainment expenses	4	4	4	4
Non deductible professional expenses	1	21	1	21
Non depreciable capital expenditure	-	77	-	77
Deductible capital allowance	916	417	926	427
Non assessable offshore income	(19)	-	(19)	-
Non assessable capital contributions	(132)	(130)	(132)	(130)
Deductible restructuring costs	(193)	(797)	(193)	(797)
Asset revaluation	(313)	(1,552)	-	-
Other permanent differences	118	184	(117)	16
Income tax equivalents expense adjusted for permanent differences	6,244	6,055	5,444	5,432
Write off of prior year FITB	-	384	-	-
Tax equivalents losses transferred from wholly owned subsidiaries*	-	(575)	-	(575)
Under/(over) provision from opening position	277	(970)	277	(979)
Utilisation of prior year losses	(545)	(4)	-	-
Income tax equivalents expense ♦	5,976	4,890	5,721	3,878

* During 2003 income tax equivalents losses of \$0.575 million were transferred from North West Queensland Water Pipeline Pty Ltd, a wholly owned subsidiary, at nil consideration.

♦ Taking into account the New Zealand tax expense detailed at note 4 (d), the total income tax expense is therefore \$5.851 million for the parent entity and \$6.106 million for the consolidated entity.

Income tax equivalents expense comprises -

	Consolidated		Parent	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
Income tax payable	-	(402)	-	(402)
Increase in provision for deferred income tax equivalents	6,087	3,473	5,832	3,102
(Increase)/decrease in future income tax equivalents benefit	(111)	1,819	(111)	1,178
Total	5,976	4,890	5,721	3,878

b) Part of the future income tax equivalents benefit shown in note 12 is attributable to tax equivalents losses. The future income tax equivalents benefits at 30 June in respect of available tax equivalents losses brought to account is:

	Consolidated		Parent	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
c) Potential future income tax equivalents benefits at 30 June 2004 in respect of tax equivalents losses not brought to account*	2,131	2,620	-	-

* During the year there was a net re-alignment of unbooked losses of \$0.056 million between the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

Note 4 Income tax and income tax equivalents (continued)

The potential future income tax equivalents benefit arising from estimated unrecouped tax equivalents losses has not been recognised as an asset because recovery is not virtually certain.

The potential future income tax equivalents benefit in respect of tax equivalents losses will be obtained only if:

- the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised; or
- the losses are transferred to an eligible entity in the consolidated entity; and
- the consolidated entity continues to comply with the conditions for deductibility imposed by tax legislation; and
- no changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the losses.

	Consolidated		Parent	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
d) Income tax paid on New Zealand activities*	130	-	130	-

* The parent entity incurred and paid income taxes of \$0.130 million to the New Zealand tax authorities on taxable activities carried out in New Zealand.

Note 5 Cash Assets

	Consolidated		Parent	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
Cash on hand	19	22	19	22
Cash at bank	1,117	2,830	976	2,607
Deposits on call	60,390	62,792	57,982	51,981
	61,526	65,644	58,977	54,610

Note 6 Receivables

	Consolidated		Parent	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
Current				
Trade debtors	9,459	3,301	9,509	4,211
Term trade debtors	873	1,340	873	1,340
Other debtors	-	550	-	550
	10,332	5,191	10,382	6,101
Less: Provision for doubtful debts	1,800	1,700	1,800	1,700
	8,532	3,491	8,582	4,401
Non-current				
Term trade debtors	2,505	3,904	2,505	3,904

Note 7 Inventories

	Consolidated		Parent	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
Current				
Materials and stores	2,516	2,230	2,516	2,230
Less: Provision for obsolescence	(254)	(325)	(254)	(325)
	2,262	1,905	2,262	1,905
Non-current				
Materials and stores	796	807	706	709
Water entitlements held for sale – at cost	2,468	3,328	2,468	3,328
	3,264	4,135	3,174	4,037

Note 8 Other current assets

	Consolidated		Parent	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
GST receivable	571	646	513	639
Prepayments	161	227	161	227
Accrued revenue*	12,247	14,667	8,138	10,706
	12,979	15,540	8,812	11,572

* Includes water delivered to 30 June but not invoiced.

Note 9 Other financial assets

	Consolidated		Parent	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
Shares in controlled entities – at cost	-	-	4	4

Information relating to the controlled entities is set out below.

Name of entity	Country of incorporation	Class of shares	Equity Holding	
			2004 %	2003 %
North West Queensland Water Pipeline Pty Ltd	Australia	Ordinary	100	100
Eungella Water Pipeline Pty Ltd	Australia	Ordinary	100	100

Note 10 Property, plant and equipment

	Consolidated		Parent	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
Land and buildings				
Land – at cost	1,009	6,010	1,009	6,010
Land – at independent valuation	7,267	-	7,267	-
Buildings and land improvements – at cost	5,341	8,664	5,341	8,664
Buildings and land improvements – at independent valuation	4,715	-	4,715	-
Less: Accumulated depreciation	604	715	604	715
Total land and buildings	17,728	13,959	17,728	13,959
Plant and equipment				
At cost	16,138	12,926	16,138	12,926
Less: Accumulated depreciation	7,146	4,819	7,146	4,819
Total plant and equipment	8,992	8,107	8,992	8,107
Water infrastructure				
At directors' valuation 30 June	255,999	322,060	234,502	302,651
Assets under construction – at cost	12,897	13,969	12,897	13,969
	295,616	358,095	274,119	338,686

Revaluation of water infrastructure assets

Water infrastructure assets were revalued at 30 June 2004 by assessing the net present value of future cash flows associated with the use of those assets. In estimating the required return on capital, SunWater used a market-determined rate that reflects the risks associated with operating the business.

Other significant factors influencing the valuation include:

- as a natural monopoly there is not an open market for the infrastructure services offered by SunWater;
- water charges applied to irrigators are regulated by the Queensland Government which subsidises SunWater by way of community service obligation payments for the regulated pricing shortfall incurred against the costs of storage and distribution of water for irrigation purposes. As the regulated price does not provide for the full commercial return on capital, the resulting cash flows substantially impact on the values assigned to the water infrastructure assets;

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- the cash flow projections employ prices for irrigation in the medium to longer term based on the currently approved pricing arrangements;
- the cash flow projections anticipate that business efficiencies will be achieved over time to meet benchmarked costs; and
- certain facilities (e.g. recreational facilities) are provided by SunWater to the community. The cost of providing and maintaining these facilities is borne by SunWater as part of its social responsibility to the community.

The valuations are based on assumptions about future events that may or may not occur as anticipated and some of these events are not fully under the control of the management of SunWater. Any differences between anticipated and actual events will impact on the carrying values of the revalued assets in the future.

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below.

	Land and buildings	Plant and equipment	Water infrastructure	Assets under construction
	\$'000	\$'000	\$'000	\$'000
Consolidated				
Carrying amount at 1 July 2003	13,959	8,107	322,060	13,969
Additions	689	3,595	13,260	16,431
Disposals	-	(98)	(506)	-
Capitalisation	-	-	-	(17,503)
Revaluation increments/ (decrements) (notes 2 and 20)	3,390	-	(69,821)	-
Depreciation/amortisation expense (note 3)	(310)	(2,612)	(8,994)	-
Carrying amount at 30 June 2004	17,728	8,992	255,999	12,897
Parent				
Carrying amount at 1 July 2003	13,959	8,107	302,651	13,969
Additions	689	3,595	13,260	16,431
Disposals	-	(98)	(506)	-
Capitalisation	-	-	-	(17,503)
Revaluation increments/ (decrements) (notes 2 and 20)	3,390	-	(76,452)	-
Depreciation/amortisation expense (note 3)	(310)	(2,612)	(4,451)	-
Carrying amount at 30 June 2004	17,728	8,992	234,502	12,897

Note 11 Intangible assets

	Consolidated		Parent	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
Water entitlements – at fair value	3,929	2,485	3,929	2,485

Reconciliations

Reconciliations of the carrying amounts of intangible assets at the beginning and end of the current financial year are set out below.

	Water entitlements
	\$'000
Consolidated	
Carrying amount at 1 July 2003	2,485
Additions – at cost	-
Disposals	-
Revaluation increments (note 20)	1,444
Carrying amount at 30 June 2004	3,929
Parent	
Carrying amount at 1 July 2003	2,485
Additions – at cost	-
Disposals	-
Revaluation increments (note 20)	1,444
Carrying amount at 30 June 2004	3,929

Note 12 Deferred tax assets

	Consolidated		Parent	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
Future income tax equivalents benefit	1,832	1,720	1,830	1,719

Note 13 Payables

	Consolidated		Parent	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
Trade creditors	2,577	3,500	2,540	3,500
Other creditors and accruals	5,378	5,733	5,301	5,696
	7,955	9,233	7,841	9,196

Note 14 Provisions

	Consolidated		Parent	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
Current				
Employee entitlements (see note 18)	3,184	3,091	3,184	3,091
Dividends	4,000	3,577	4,000	3,577
Environmental obligations [□]	125	162	125	162
Restructuring [♦]	1,889	2,532	1,889	2,532
	9,198	9,362	9,198	9,362
Non-current				
Environmental obligations [□]	385	611	385	611
Restructuring [♦]	4,816	4,816	4,816	4,816
Land commitment [×]	1,080	1,080	1,080	1,080
	6,281	6,507	6,281	6,507

[□] A provision for environmental obligations was raised at 30 June 2003 to meet the expected costs of eradicating *Mimosa pigra*, a declared plant under the *Land Protection (Pest and Stock Route Management) Act 2002*.

[♦] A restructuring provision of \$17.560 million was raised at 1 October 2000 in order to meet the expected costs of achieving more efficient operations, an expected outcome of the corporatisation of the former State Water Projects. The restructuring program includes backlog maintenance of water infrastructure, office relocations, land tenure completion and proposed alterations to the operating structure of the business.

[×] By way of an agreement between the former State Water Projects and the Department of Natural Resources, Mines and Energy, SunWater is required to remit to the department 50% of the net sale proceeds of certain surplus land.

Movements in provisions

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

	Environmental obligations	Dividends	Restructuring	Land commitment
	\$'000	\$'000	\$'000	\$'000
Consolidated				
Carrying amount at 1 July 2003	773	3,577	7,348	1,080
Provisions made during the year	(12)	4,000	-	-
Payments made during the year	(251)	(3,577)	(643)	-
Carrying amount at 30 June 2004	510	4,000	6,705	1,080
Parent				
Carrying amount at 1 July 2003	773	3,577	7,348	1,080
Provisions made/(written back) during the year	(12)	4,000	-	-
Payments made during the year	(251)	(3,577)	(643)	-
Carrying amount at 30 June 2004	510	4,000	6,705	1,080

NOTES TO THE FINANCIAL STATEMENTS

Note 15 Interest bearing liabilities

	Consolidated		Parent	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
Secured				
Queensland Treasury Corporation loan	-	13,887	-	-
Unsecured				
Queensland Treasury Corporation loan	8,530	9,466	8,530	9,466
	8,530	23,353	8,530	9,466
Represented by:				
Current	1,005	2,411	1,005	936
Non-current	7,525	20,942	7,525	8,530
	8,530	23,353	8,530	9,466

• On 23 April 2004 the controlled entity, North West Queensland Water Pipeline Pty Ltd repaid the balance of the loan in full.

Note 16 Other liabilities

	Consolidated		Parent	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
Current				
Deposits payable	23	134	23	134
Commitment fee	86	86	-	-
Other	-	2	-	2
	109	222	23	136
Non-current				
Commitment fee •	201	287	-	-

• This fee, paid as a commitment fee for supply of water, will be earned over 10 years from the commencement date of the water supply contract. Commencement date was 21 October 1997.

Note 17 Deferred tax liabilities

	Consolidated		Parent	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
Provision for deferred income tax equivalents	20,116	14,029	17,412	11,580

Note 18 Employee entitlements

	Consolidated		Parent	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
Employee entitlements liability				
Provision for employee entitlements (note 14)	3,184	3,091	3,184	3,091
Accrued salaries and wages	359	124	359	124
Aggregate employee entitlements liability	3,543	3,215	3,543	3,215
Employee numbers				
Number of employees (full time equivalents excluding casuals) as at 30 June	510	483	510	483

Note 19 Contributed Equity

	Consolidated		Parent	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
(a) Share capital				
Issued and paid up capital:				
2 ordinary shares of \$112.582 million each (\$111.124 million each in 2003)	225,165	222,248	225,165	222,248
			Number of shares	Value per share
			\$'000	\$'000
(b) Movements in ordinary share capital				
Opening balance 1 July 2003		2	111,124	222,248
Equity injection		-	1,458	2,917
Closing balance 30 June 2004		2	112,582	225,165

Note 20 Reserves and retained profits

	Consolidated		Parent	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
(a) Asset revaluation reserve movements				
Balance 1 July	123,669	46,326	123,476	46,326
Increment/(decrement) on revaluation of assets (note 10)	(67,667)	77,277	(73,256)	77,084
Increment on revaluation of water entitlements (note 11)	1,444	66	1,444	66
Balance 30 June	57,446	123,669	51,664	123,476
(b) Retained profits movements				
Retained profits at the beginning of the financial period	48,009	30,924	31,348	19,974
Net profit attributable to members of SunWater	13,435	21,212	10,728	15,501
Dividends provided for or paid (note 27)	(4,000)	(4,127)	(4,000)	(4,127)
Retained profits at the end of the financial period	57,444	48,009	38,076	31,348

(c) Nature and purpose of asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in accounting policy note 1(j). The balance standing to the credit of the reserve is not available for the payment of cash dividends.

Note 21 Reconciliation of operating profit after income tax equivalents to net cash inflow from operating activities

	Consolidated		Parent	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
Operating profit from ordinary activities after income tax equivalents	13,435	21,212	10,728	15,501
Non cash items:				
Depreciation and amortisation	11,916	9,803	7,373	5,629
Bad and doubtful debts	166	81	166	81
Net loss on sale or disposal of non-current assets	494	54	494	54
Write-off of assets	-	258	-	258
Revaluation of non-current assets	(1,236)	(4,979)	(194)	194
Change in assets and liabilities				
(Increase)/decrease in inventories	515	2,048	506	2,010
(Increase)/decrease in future income tax benefit	(112)	1,819	(111)	1,178
(Increase)/decrease in receivables	(5,763)	2,922	(5,144)	2,010
(Increase)/decrease in other assets	2,390	(995)	2,657	(1,455)
(Decrease)/increase in creditors	(2,461)	(3,872)	(2,277)	(2,076)
(Decrease)/increase in provision for deferred income tax	6,087	3,473	5,832	3,102
Net cash inflow from operating activities	25,431	31,824	20,030	26,486

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Note 22 Commitments for expenditure

	Consolidated		Parent	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
Capital expenditure commitments				
Capital expenditure commitments (including GST) contracted for but not brought to account are as follows:				
Water infrastructure projects	3,232	2,346	3,232	2,346
Payable:				
Not later than one year	3,232	2,346	3,232	2,346
Non-cancellable operating lease expense commitments				
Future operating lease commitments (including GST) not brought to account and payable:				
Within one year	1,599	1,513	1,599	1,513
Less than one year but not later than 5 years	1,746	3,065	1,746	3,065
Later than 5 years	-	-	-	-
Total	3,345	4,578	3,345	4,578

The entity leases property under non-cancellable operating leases expiring from one to four years. Leases generally provide the entity with a right of renewal at which time all terms are renegotiated. Lease payments comprise a base amount plus an incremental contingent rental. Contingent rentals are based either on movements in the Consumer Price Index or operating criteria.

Future capital projects

SunWater has made in-principle commitments to investigate certain major capital projects prior to 30 June 2004. These projects, for which no contracts have as yet been signed, include:

- Bowen River off stream storage; and
- Burnett River infrastructure.

As these projects are at an early stage, final costs cannot be accurately quantified at this time.

Note 23 Financial Instruments

(a) Interest rate risk exposures

Exposure to interest rates and effective interest rates of financial assets and financial liabilities as at balance date are summarised as follows:

2004 Consolidated

Financial assets	Floating	Floating	Non interest	Total	Carrying
	interest rate	interest rate	bearing		amount
	\$'000	%	\$'000	\$'000	\$'000
Cash	1,117	4.25	19	1,136	1,136
Deposits on call	60,390	5.47	-	60,390	60,390
Trade debtors	6,159	11.00	1,787	7,946	7,946
Term trade debtors – water entitlement sales	3,091	10.50	-	3,091	3,091
Other debtors	-	-	-	-	-
Total	70,757		1,806	72,563	72,563

Fixed interest rate maturing in -

Financial liabilities	Floating	1 year	1 to 5	Over 5	Total	Average interest rate	
	interest rate	or less	years	years		Floating	Fixed
	\$'000	\$'000	\$'000	\$'000	\$'000		
QTC borrowings	-	1,004	4,688	2,838	8,530	-	6.61%*
Total	-	1,004	4,688	2,838	8,530		

* Includes competitive neutrality component.

2003 Consolidated

Financial assets	Floating	Floating	Non interest	Total	Carrying
	interest rate	interest rate	bearing		amount
	\$'000	%	\$'000	\$'000	\$'000
Cash	2,830	3.75	22	2,852	2,852
Deposits on call	62,792	4.81	-	62,792	62,792
Trade debtors	1,154	10.50	557	1,711	1,711
Term trade debtors – water entitlement sales	5,134	10.00	-	5,134	5,134
Other debtors	-	-	550	550	550
Total	71,910		1,129	73,039	73,039

Fixed interest rate maturing in -

Financial liabilities	Floating	1 year	1 to 5	Over 5	Total	Average interest rate	
	interest rate	or less	years	years		Floating	Fixed
	\$'000	\$'000	\$'000	\$'000	\$'000		
QTC borrowings	-	936	4,386	4,144	9,466	-	6.98%*
QTC borrowings	-	1,475	7,358	5,054	13,887	-	6.52%
Total	-	2,411	11,744	9,198	23,353		

* Includes competitive neutrality component.

(b) Credit risk exposures

Credit risk exposure represents the extent of credit related losses that the economic entity may be subject to on amounts to be exchanged under term trade debtors and accounts receivable from financial assets. Collateral is not obtained in the form of security over property.

	2004	2003
	\$'000	\$'000
Concentration of credit risk has been assessed as:		
Term trade debtors		
Industry: Primary Industries		
Percentage of gross term trade debtors 100%	3,378	5,244
Trade debtors		
Industry: Primary Industries		
Percentage of gross trade debtors 35% (2003 – 37%)	3,336	1,218

(c) Net fair value of financial assets and liabilities

The net fair value of the economic entity's financial assets and liabilities are equivalent to the total carrying amounts as per the Statements of Financial Position except for the net fair value of Queensland Treasury Corporation borrowings, which is based on market prices.

Financial Instruments	2004		2003	
	Carrying amount	Net fair value	Carrying amount	Net fair value
	\$'000	\$'000	\$'000	\$'000
Financial liability				
Queensland Treasury Corporation	8,530	8,595	23,353	24,610

Note 24 Remuneration of directors and senior executives

Remuneration policy

Director and executive remuneration is approved by the Governor in Council in accordance with the requirements of the Government Owned Corporations Act 1993. SunWater does not have an at-risk performance incentive remuneration policy for director or executive remuneration.

NOTES TO THE FINANCIAL STATEMENTS

Note 24 Remuneration of directors and senior executives (continued)

Directors and senior executives remuneration

	Primary		Post employment	Total
	Salary and fees	Non-monetary	Superannuation	
	\$'000	\$'000	\$'000	\$'000
Specified directors				
Andrew Greenwood, Chairman				
2004	37	-	-	37
2003	39	-	-	39
Jane Bertelsen, Director				
2004	20	-	2	22
2003	21	-	2	23
Julie Boyd, Director				
2004	19	-	1	20
2003	19	-	1	20
Tom Connor, Director, appointed 1 August 2003				
2004	17	-	2	19
Helen Doherty, Director, retired 31 July 2003				
2004	1	-	*	1
2003	21	-	2	23
John Gibson, Director, appointed 1 August 2003				
2004	18	-	2	20
Richard Haire, Director, resigned 30 December 2002				
2003	12	-	1	13
Phil Hennessy, Director				
2004	20	-	2	22
2003	22	-	2	24
Mary Maher, Director, appointed 1 August 2003				
2004	17	-	1	18
Henry Prokuda, Director, retired 31 July 2003				
2004	1	-	*	1
2003	20	-	2	22
Total remuneration: specified directors				
2004	150	-	10	160
2003	154	-	10	164
Specified executives				
Chief Executive Officer				
2004	227	-	29	256
2003	162	38	17	217
General Manager Corporate♦				
2004	223	6	1	230
2003	223	6	-	229
General Manager Engineering Services				
2004	121	33	14	168
2003	106	36	14	156
General Manager Operations and Maintenance				
2004	121	33	14	168
2003	108	34	14	156
General Manager Water Supply Services				
2004	158	-	21	179
2003	118	31	14	163
Total remuneration: specified executives				
2004	850	72	79	1,001
2003	717	145	59	921

* Amount less than \$500.

♦ Filled on a contract basis until 3 June 2004

Directors' remuneration excludes insurance premiums of \$57,764 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.

Transactions with director-related entities

(i) SunWater and its controlled entities used the legal services of Minter Ellison Lawyers, a firm of which Mr Andrew Greenwood is a partner. Total value of the legal services was \$50,222. The services were procured on a commercial basis in accordance with Board-approved processes and the State Purchasing Policy.

(ii) SunWater used the consulting services of KPMG, a firm of which Mr Phil Hennessy is a partner. Total value of the consulting services was \$48,635. The services were procured on a commercial basis in accordance with Board-approved processes and the State Purchasing Policy.

Note 25 Dividends

	Parent	
	2004	2003
	\$'000	\$'000
Ordinary shares		
2002 final dividend of \$0.275 million per share paid 29 November 2003*	-	550
2003 final dividend of \$1.7885 million per share declared but not paid*	-	3,577
2004 final dividend of \$2.00 million per share declared but not paid*	4,000	-
	4,000	4,127

* Franking does not apply to SunWater as an NTER entity as the shareholders represent the Queensland Government.

Note 26 Contingent liabilities

There were no known contingent liabilities as at 30 June 2004.

At 30 June 2004, SunWater was involved in several court actions over commercial matters none of which, if SunWater is unsuccessful, are expected to result in any significant loss.

Note 27 Segment reporting

SunWater has no reportable business segments and it operates predominantly in one geographic segment, being Queensland. The types of services provided by SunWater are bulk water storage and distribution, engineering consultancies and operations and maintenance services.

Note 28 Adoption of International Financial Reporting Standards

The Financial Reporting Council has determined that all entities preparing general purpose financial statements will apply the Australian Equivalents to International Financial Reporting Standards (IFRS) for reporting periods beginning on or after 1 January 2005.

SunWater has established an IFRS Work Group to assist in the implementation of the new reporting requirements. All Pending Australian Equivalents to IFRS are being progressively reviewed for possible implications on policies, procedures, systems and financial impacts arising from such changes.

To date, the key differences in accounting policies that will arise from the adoption of Australian Equivalents to IFRS are:

- The valuation of inventories will change from the lower of cost and net realisable value as stated in note 1(g) to the lower of cost and current replacement cost under pending AASB 102 Inventories. This may lead to an increase in the valuation shown for inventories.
- Asset revaluation increments and decrements will be recognised on an asset-by-asset basis instead of a class of assets basis as stated in note 1(j). This may lead to an increased impact on profit or loss.
- Deferred tax assets and liabilities are to be recognised on fair value adjustments under pending standard AASB 112 Income Taxes. This may lead to an increase in liabilities in relation to deferred taxes associated with revaluations of property, plant and equipment.

The dollar values of the above changes have not been determined at the date of this report.

Management certification of the financial statements

We have prepared the foregoing financial statements pursuant to the *Financial Administration and Audit Act 1977* and other prescribed requirements and certify that:

(a) the financial statements and notes to and forming part thereof are in agreement with the accounts and records of SunWater and the consolidated entity; and

(b) in our opinion:

(i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and

(ii) the foregoing financial statements have been drawn up so as to present a true and fair view, in accordance with prescribed accounting standards and other prescribed requirements, of the transactions of SunWater and the consolidated entity for the reporting period 1 July 2003 to 30 June 2004 and of the financial position as at 30 June 2004.

A P Greenwood
Chairman

P J Noonan
Chief Executive Officer

G K White
General Manager
Corporate

Dated: 30 August 2004

Independent audit report

To the Board of SunWater

Matters relating to the electronic presentation of the audited financial statements

The audit report relates to the financial statements of SunWater for the financial year ended 30 June 2004 included on SunWater's web site. The Board is responsible for the integrity of SunWater's web site. The audit report refers only to the financial statements identified below and does not include a review of the integrity of this web site or provide an opinion on any other information which may have been hyperlinked to/from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements, available from SunWater, to confirm the information included in the audited financial statements presented on this web site.

These matters also relate to the presentation of the audited financial statements in other electronic media including CD Rom.

Scope

The financial statements

The financial statements of SunWater include the consolidated financial statements of the consolidated entity comprising SunWater and the entities it controlled at the end of the year or from time to time during the year. The financial statements consist of the statement of financial performance, statement of financial position, statement of cash flows, notes to and forming part of the financial statements and certificates given by the Board and officer responsible for the financial administration of SunWater, for the year ended 30 June 2004.

The Board's responsibility

The Board is responsible for the preparation and true and fair presentation of the financial statements, the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

Audit approach

As required by law, an independent audit was conducted in accordance with *QAO Auditing Standards* to enable me to provide an independent opinion whether in all material respects the financial statements are presented fairly, in accordance with the prescribed requirements, including any mandatory financial reporting requirements as approved by the Treasurer for application in Queensland.

Audit procedures included –

- examining information on a test/sample basis to provide evidence supporting the amounts and disclosures in the financial statements,
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Board (or equivalent),
- obtaining written confirmation regarding the material representations made in conjunction with the audit, and
- reviewing the overall presentation of information in the financial statements.

Independence

The Financial Administration and Audit Act 1977 promotes the independence of the Auditor-General and QAO authorised auditors.

The Auditor-General is the auditor of all public sector entities and can only be removed by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which powers are to be exercised.

The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Audit opinion

In accordance with section 46G of the *Financial Administration and Audit Act 1977* –

(a) I have received all the information and explanations which I have required; and

(b) In my opinion –

(i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and

(ii) the statements have been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards of the transactions of SunWater and the consolidated entity for the financial year 1 July 2003 to 30 June 2004 and of the financial position as at the end of that year.

Inherent uncertainty regarding valuation of water infrastructure assets

Without qualification to the opinion expressed above, attention is drawn to the following matter. As indicated in note 10 to the financial statements, the valuation of water infrastructure has been assessed as the net present value of the future cash flows associated with the use of those assets. The valuation is influenced by a number of significant assumptions about future events which may or may not occur and accordingly creates inherent uncertainty with the valuation outcome. Further, as stated in note 10 some of the factors are not fully under the control of SunWater management.

L J Scanlan, FCPA
Auditor-General of Queensland



Queensland Audit Office
Brisbane

SCI SUMMARY

SunWater's Statement of Corporate Intent (SCI) is the corporation's annual performance agreement with shareholding Ministers. It is linked to SunWater's corporate plan, which provides a five-year strategic outlook.

Key undertakings

For 2003-04 SunWater undertook to achieve the following key outcomes.

Key result areas	Objectives	Performance measures/outcomes for 2003-04
Financial performance	To improve profitability while maintaining cost controls	<ul style="list-style-type: none"> ▪ Achievement of financial performance targets. ▪ Achievement of scheme efficient-cost targets. ▪ Trial total channel control as a means to increase efficiency of water distribution.
	To grow the business	<ul style="list-style-type: none"> ▪ Progress on investigations into significant infrastructure development projects (i.e. Jones and Barlil weirs, Awoonga–Callide Pipeline extension, Swanbank Paper water treatment plant and the Burdekin hydro scheme). ▪ Improved trading of SunWater's water allocation. ▪ Opportunities created for consultancy and contract work among local governments in Queensland and other States.
	To have SunWater recognised in the marketplace as a high-quality service provider	<ul style="list-style-type: none"> ▪ Expanded market awareness of SunWater's brand and capability to provide total water services. ▪ Recognition of SunWater as a key player in the marketplace.
	To progress finalisation of local government contracts	<ul style="list-style-type: none"> ▪ Four additional contracts finalised.
Community and environment	Identify and address priority environmental and community issues in SunWater's area of operation	<ul style="list-style-type: none"> ▪ Public reporting broadly in terms of triple bottom line principles. ▪ Tilapia screens installed in Mareeba Dimbulah scheme. ▪ Progress with hydro developments to generate green energy. ▪ Establishment of one opportunity to utilise recycled water. ▪ Continued investment in community support initiatives.
Asset sustainability	To ensure asset integrity is safeguarded	<ul style="list-style-type: none"> ▪ Completion of the condition assessment program. ▪ Achievement of annual targets for the dam safety program and emergency response plans.
	To ensure continuing asset serviceability	<ul style="list-style-type: none"> ▪ Implementation of the annual renewals program.
Our customers	To significantly improve the level of customer satisfaction with SunWater services	<ul style="list-style-type: none"> ▪ Achievement and reporting of scheme performance against newly agreed service targets.
	To build improved customer relationships	<ul style="list-style-type: none"> ▪ Implementation of value-added services, e.g. SunWaterOnline. ▪ Engagement of customers in pricing review. ▪ Involvement of customer councils in key issues.
	To promote higher value uses of water	<ul style="list-style-type: none"> ▪ Analysis and liaison undertaken with Government and customers on how to address capacity to pay.
Our people	To have a motivated, empowered and well-skilled workforce with an achievement orientated culture	<ul style="list-style-type: none"> ▪ Negotiation and finalisation of SunWater's second Enterprise Agreement. ▪ Implementation of staff training and development as identified in personal development plans. ▪ Successful culture change program in place.
Business management	To refine and maintain corporate governance systems	<ul style="list-style-type: none"> ▪ Implementation of a SunWater compliance framework. ▪ Investment in ROP compliance for the Fitzroy and Burnett basins. ▪ Data prepared for the next round of irrigation price setting.

Major investments

SunWater is investing in new infrastructure to improve commercial returns to shareholders or provide community benefits as directed by Government. The investment program for 2003-04 included the following projects:

- Construction of the Tinaroo Falls Dam Mini-hydro Project
- Construction of the Awoonga Callide Pipeline extension (subject to Board/shareholder approval)
- Commencement of construction of Barlil and Jones weirs in the Burnett (subject to Board/shareholder approval)
- Continued investigation of the Burdekin Falls Dam Hydro Station (subject to Board/shareholder approval)
- Investigation of Swanbank Paper water treatment plant (subject to Board/shareholder approval)
- Construction of Buaraba Creek inlet structure (subject to CSO funding).

SunWater committed to a major asset refurbishment, backlog and enhancement program to ensure that the assets' long-term service potential can be realised. Major projects (over \$0.5m) included the following:

- Mareeba M9 pipeline replacement
- Borumba Dam spillway refurbishment
- Tilapia screens in the Mareeba Dimbulah irrigation channels.

Community service obligations

The principle of 'clarity of objectives' requires SunWater to have an unambiguous commercial focus. CSOs are the means by which the Government will continue to meet its social and economic objectives and allow SunWater to operate commercially. For 2003-04 the following CSOs were agreed by Government:

- A rural water subsidy defined as the difference between the water price set by the Queensland Government and the efficient costs of operating, maintaining and administering the schemes – \$6.238 million.
- Specific costs associated with transition to compliance with the Water Act 2000 – \$1.315 million.
- Capital projects (Buaraba Creek inlet structure) – \$0.672 million

Employment and industrial relations plan

The focus of SunWater's employment and industrial relations strategy is to ensure that a satisfied and appropriately skilled workforce is in place to provide ongoing services to our customers and the community and that SunWater's endeavours are achieved in an harmonious industrial relations climate.

SunWater commits to:

- a preference for the Queensland Industrial Relations Commission's jurisdiction for agreement/awards and the regulation of employment conditions via collective agreements with unions rather than individual contracts
- new individual contracts being limited to staff in high supervisory/managerial positions
- adherence to Government policy *Agreement Making in Government Owned Corporations – Guidance for Chief Executive Officers* by not entering into Queensland Workplace Agreements, Australian Workplace Agreements or non-union agreements.

SunWater will not seek to outsource its major activities. Contractors will be used only for peak workloads and activities outside core competencies.

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KEY STATISTICS

Major water storages – Summary of storage situation

Storage name	Water Supply Scheme	Total capacity	Dead storage	Storage at July 2003		Storage at June 2004		Minimum storage		Maximum storage	
				ML	%Full	ML	%Full	ML	%Full	ML	%Full
Allan Tannock Weir	Cunnamulla	4,770	500	4 770	100%	4 383	92%	2 284	48%	4 770	100%
Atkinson Dam	Lower Lockyer Valley	30,400	1,390	1 345	4%	1 684	6%	583	2%	4 357	14%
Bedford Weir	Nogoa Mackenzie	22,900	1,750	20 459	89%	14 943	65%	11 252	49%	22 900	100%
Ben Anderson Barrage	Bundaberg	30,300	6,650	25 236	83%	24 656	81%	13 664	45%	30 300	100%
Bill Gunn Dam (Lake Dyer)	Central Lockyer Valley	6,95	580	153	2%	535	8%	59	1%	1 099	16%
Bingegang Weir	Nogoa Mackenzie	8,060	1,020	4 052	50%	3 687	46%	3 636	45%	8 060	100%
Bjelke-Petersen Dam	Barker Barambah	134,900	1,000	42 548	32%	56 613	42%	27 829	21%	63 863	47%
Boondooma Dam	Boyne River & Tarong	204,200	8,360	69 598	34%	95 111	47%	54 262	27%	111 317	55%
Borumba Dam	Mary River	46,000	1,200	22 640	49%	45 622	99%	20 854	45%	46 000	100%
Bucca Weir	Bundaberg	11,600	890	8 721	75%	7 482	65%	4 300	37%	11 600	100%
Burdekin Falls Dam	Burdekin Haughton	1,860,000	7,860	1636 699	88%	1624 934	87%	1129 291	61%	1860 000	100%
Callide Dam	Callide Valley	136,300	2,880	36 611	27%	29 798	22%	27 475	20%	39 968	29%
Cania Dam	Three Moon Creek	88,500	650	27 039	31%	30 581	35%	15 062	17%	31 531	36%
Cedar Pocket Dam	Mary River	730	16	730	100%	637	87%	323	44%	730	100%
Chinchilla Weir	Chinchilla Weir	9,780	280	6 241	64%	7 666	78%	3 837	39%	9 780	100%
Clare Weir	Burdekin Haughton	15,900	250	15 900	100%	15 025	94%	6 250	39%	15 900	100%
Claude Wharton Weir	Upper Burnett	12,800	120	10 994	86%	9 536	75%	4 267	33%	12 800	100%
Coolmunda Dam	Macintyre Brook	69,000	300	18 771	27%	45 080	65%	8 854	13%	54 526	79%
Dumbleton Weir	Pioneer River	8,840	200	8 840	100%	6 392	72%	5 643	64%	8 840	100%
E J Beardmore Dam	St George	81,700	3,120	66 640	82%	66 870	82%	27 810	34%	81 700	100%
Eden Bann Weir	Lower Fitzroy	35,900	9,640	31 719	88%	18 214	51%	8 774	24%	35 900	100%
Eungella Dam	Bowen Broken Rivers	112,400	1,400	41 391	37%	24 024	21%	24 024	21%	41 391	37%
Fairbairn Dam	Nogoa Mackenzie	1,301,000	12,300	335 063	26%	538 493	41%	209 989	16%	643 226	49%
Fred Haigh Dam	Bundaberg	562,000	4,380	332 038	59%	362 109	64%	297 475	53%	379 496	68%
Glebe Weir	Dawson Valley	17,700	1,420	15 043	85%	14 532	82%	1 928	11%	17 700	100%
Gyranda Weir	Dawson Valley	16,400	320	14 925	91%	12 054	74%	2 123	13%	16 400	100%
Jack Taylor Weir	St George	10,100	1,670	9 078	90%	8 594	85%	6 694	66%	10 100	100%
John Goleby Weir	Upper Burnett	1,690	160	1 662	98%	1 520	90%	1 330	79%	1 690	100%
Jones Weir	Upper Burnett	3,720	10	3 226	87%	2 661	72%	1 249	34%	3 720	100%
Julius Dam	Julius Dam	107,500	8,220	96 686	90%	94 855	88%	76 747	71%	107 500	100%
Kinchant Dam	Eton	62,800	130	8 122	13%	8 363	13%	5 501	9%	30 393	48%
Kolan Barrage	Bundaberg	4,020	1,430	3 532	88%	3 513	87%	3 339	83%	4 020	100%
Kroombit Dam	Callide Valley	14,600	30	10 592	73%	10 949	75%	5 066	35%	14 600	100%
Lake Clarendon	Central Lockyer Valley	24,300	50	6	0%	153	1%	6	0%	666	3%
Leslie Dam	Upper Condamine	106,200	2,130	7 436	7%	11 838	11%	5 745	5%	13 391	13%
Maroon Dam	Logan River	44,300	2,190	6 965	16%	15 377	35%	6 420	14%	15 653	35%
Mary Barrage	Mary River	12,000	5,050	12 000	100%	12 000	100%	9 630	80%	12 000	100%
Mirani Weir	Pioneer River	4,660	520	4 660	100%	4 318	93%	3 233	69%	4 660	100%
Moogerah Dam	Warrill Valley	83,700	1,200	2 762	3%	7 269	9%	1 977	2%	9 106	11%
Moura Weir	Dawson Valley	7,700	630	6 483	84%	5 851	76%	2 542	33%	7 700	100%
Ned Churchward Weir	Bundaberg	29,500	2,250	28 937	98%	23 124	78%	15 568	53%	29 500	100%
Neville Hewitt Weir	Dawson Valley	11,300	1,110	9 875	87%	8 737	77%	4 286	38%	11 300	100%
Orange Creek Weir	Dawson Valley	6,780	2,810	6 353	94%	4 437	65%	3 767	56%	6 780	100%
Peter Faust Dam	Proserpine River	491,400	970	197 652	40%	145 888	30%	145 888	30%	198 411	40%
Tartrus Weir	Nogoa Mackenzie	12,000	2,530	9 372	78%	9 420	79%	6 952	58%	12 000	100%
Teemburra Dam	Pioneer River	147,500	8,290	59 923	41%	35 391	24%	35 391	24%	59 923	41%
Theodore Weir	Dawson Valley	4,760	780	4 261	90%	4 703	99%	3 197	67%	4 760	100%
Tinana Barrage	Mary River	4,750	2,020	4 750	100%	4 697	99%	3 260	69%	4 750	100%
Tinaroo Falls Dam	Mareeba Dimbulah	438,900	1,300	177 999	41%	438 900	100%	103 542	24%	438 900	100%
Wuruma Dam	Upper Burnett	165,400	2,430	34 037	21%	19 673	12%	19 673	12%	34 037	21%
Totals		6,628,610	116,386	3,504,535	53%	3,942,892	59%	2,382,851	36%	4,589,714	69%

KEY STATISTICS

Water supply schemes – Customer water allocations and use 2003-04

Scheme	Customer segment	No. of customers	Customer water allocations ¹	Available water ²	Deliveries ³	Temporary transfers ⁴	
						Number	Volume
Awoonga Callide <i>Water is relocated from the GAWB's Awoonga Dam</i>	Industrial		0	20,361	20,361	0	0
	Other		0	14	14	0	0
	Total	20	0	20,375	20,375	0	0
Barker Barambah	Industrial		60	60	0	0	0
	Irrigation		31,192	35,273	15,173	41	1,989
	Urban		1,770	1,972	1,443	1	362
	Total	165	33,022	37,305	16,616	42	2,351
Bowen Broken	Industrial		28,770	28,772	12,650	0	0
	Irrigation		5,736	420	420	0	0
	Urban		1,785	1,564	1,112	1	883
	Other		297	345	314	26	142
	Total	54	36,588	31,101	14,496	27	1,025
Boyne River and Tarong	Industrial		29,294	29,294	21,888	0	0
	Irrigation		13,284	13,255	5,817	4	1,350
	Urban		500	500	345	0	0
	Other		789	872	406	18	38
	Total	155	43,867	43,921	28,456	22	1,388
Bundaberg	Industrial		51	51	10	0	0
	Irrigation		183,006	183,364	76,357	121	4,878
	Urban		8,303	8,153	4,328	6	645
	Other		10	10	0	0	0
Total	894	191,370	191,578	80,695	127	5,523	
Burdekin Haughton	Industrial		759	763	122	0	0
	Irrigation		608,480	675,263	620,506	195	65,424
	Urban		10,538	10,562	984	31	512
	Other		7	67	59	1	4
	Total	402	619,784	686,655	621,671	227	65,940
Callide Valley	Industrial		3,772	3,634	3,515	0	0
	Irrigation		18,255	16,383	8,678	12	504
	Urban		3,387	2,217	1,740	0	0
	Total	142	25,414	22,234	13,933	12	504
Central Lockyer Valley	Irrigation		3,977	5,083	5,065	0	0
	Total	197	3,977	5,083	5,065	0	0
Chinchilla Weir	Industrial		12	11	0	0	0
	Irrigation		3,292	2,592	879	7	180
	Urban		1,160	1,160	730	0	0
	Total	28	4,464	3,763	1,609	7	180
Cunnamulla	Irrigation		2,476	2,478	1,511	3	165
	Other		2	2	0	0	0
	Total	25	2,478	2,480	1,511	3	165
Dawson Valley	Industrial		2,887	2,637	1,556	0	0
	Irrigation		52,915	53,160	38,420	70	7,382
	Urban		1,609	1,918	1,365	3	568
	Other		0	3	0	0	0
	Total	142	57,411	57,718	41,341	73	7,950
Eton	Industrial		0	100	100	6	100
	Irrigation		50,800	28,532	21,938	527	8,523
	Urban		177	134	44	13	57
	Other		2,197	1,315	1,082	43	414
	Total	273	53,174	30,081	23,164	589	9,094
Julius Dam	Industrial/urban		15,000	15,000	3,963	0	0
	Other		21,750	21,750	10,913	0	0
	Total	2	36,750	36,750	14,876	0	0
Logan River	Industrial		591	389	389	0	0
	Irrigation		13,511	2,598	2,592	0	0
	Urban		5,875	2,240	2,240	0	0
	Other		30	2	1	0	0
	Total	149	20,007	5,229	5,222	0	0
Lower Fitzroy <i>Includes other supply responsibilities</i>	Industrial		24,002	24,004	18,323	1	6
	Other		71	85	34	6	30
	Total	16	24,073	24,089	18,357	7	36

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Scheme	Customer segment	No. of customers	Customer water allocations ¹	Available water ²	Deliveries ³	Temporary transfers ⁴	
						Number	Volume
Lower Lockyer Valley	Industrial		4	0	0	0	0
	Irrigation		11,382	1,886	871	16	121
	Other		7	2	0	0	0
	Total	146	11,393	1,888	871	16	121
Macintyre Brook	Industrial		10	10	86	0	0
	Irrigation		17,315	15,924	7,660	44	1,281
	Urban		450	450	299	0	0
	Other		6,400	8,152	2,884	9	1,752
Total	93	24,175	24,536	10,929	53	3,033	
Maranoa River	Irrigation		798	17	21	1	15
	Total	5	798	17	21	1	15
Mareeba Dimbulah <i>Deliveries exclude those for hydro</i>	Industrial		35	241	33	2	17
	Irrigation		152,828	169,574	76,084	229	15,290
	Urban		5,911	4,213	3,702	5	1,237
	Other		484	550	64	25	87
Total	1,002	159,258	174,578	79,883	261	16,787	
Mary River	Industrial		65	65	46	0	0
	Irrigation		41,359	41,900	9,234	66	1,900
	Urban		10,199	10,199	6,391	4	112
	Total	420	51,623	52,164	15,671	70	2,012
Nogoa Mackenzie	Industrial		23,403	23,462	19,122	6	3,336
	Irrigation		168,715	206,693	85,946	129	25,746
	Urban		8,450	7,187	6,950	1	755
	Other		344	477	344	11	46
Total	329	200,912	237,819	112,362	147	29,883	
Pioneer River	Industrial		1,220	1,220	1,125	0	0
	Irrigation		46,448	25,318	18,210	3	6,608
	Urban		16,060	16,182	13,074	1	0
	Total	4	63,728	42,720	32,409	4	6,608
Proserpine River	Industrial		550	550	214	0	0
	Irrigation		38,311	41,157	28,556	18	975
	Urban		18,893	11,233	6,581	1	300
	Total	91	57,754	52,940	35,351	19	1,275
St George <i>Uses individual capacity sharing</i>	Irrigation		82,184	91,800	81,840	35	5,191
	Urban		3,000	3,600	1,662	0	0
	Total	159	85,184	95,400	83,502	35	5,191
Three Moon Creek	Irrigation		13,999	13,982	7,542	4	390
	Urban		650	650	321	0	0
	Total	88	14,649	14,632	7,863	4	390
Upper Burnett	Industrial		0	228	138	3	228
	Irrigation		29,723	28,616	19,327	46	1,679
	Urban		1,670	1,324	970	1	200
	Other		1	1	0	0	0
	Total	165	31,394	30,169	20,435	50	2,107
Upper Condamine	Industrial		613	0	0	0	0
	Irrigation		22,384	12,524	12,525	0	0
	Urban		2,832	2,832	1,660	0	0
	Other		0	2	2	0	0
	Total	109	25,829	15,358	14,187	0	0
Warrill Valley	Industrial		7,000	3,500	3,260	0	0
	Irrigation		20,672	243	231	14	146
	Urban		1,370	979	780	1	30
	Other		4	2	0	0	0
	Total	279	29,046	4,724	4,271	15	176
Total all schemes	5,554	1,908,122	1,945,307	1,325,142	1,811	161,754	

Notes

1. Water allocations and interim water allocations held by customers, including those leased to customers by SunWater
2. Includes announced allocations, carryover, forward draws, temporary trades, bed sands water, risk A water, credit water, channel harvesting, spot sales, water transportation and water use (other authority)
3. Includes allocation water, allocation water (no charge), bed sands water, credit water, risk A and township water, channel harvesting, spot sales, water transportation and water use (other authority)
4. Includes transfer of customer and SunWater allocations

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