

Annual Report

2025–26

sunwater

About this report

Sunwater Limited is pleased to present its annual report providing an overview of its financial and non-financial performance for the 12 months to 30 June 2026.

This report includes a summary of the activities carried out to meet the key performance indicators set out in Sunwater's 2025–26 Statement of Corporate Intent, which is its performance agreement with its shareholding Ministers. It aims to provide information that meets the needs of Sunwater's broad range of stakeholders, including customers, state and local governments, delivery partners, current and future employees, other commercial stakeholders and communities. This report is available on the Sunwater website at sunwater.com.au/about/publicationscheme.

Your feedback on this report is welcome. If you wish to comment, please contact the Customer Support team by calling 13 15 89 or emailing customersupport@sunwater.com.au.

Scope

This report covers all Sunwater operations in Australia, including dams, weirs, barrages, water channels, pumping stations, pipelines, water treatment plants and the physical hydraulic modelling laboratory at Rocklea in Brisbane.

Translation and interpreting assistance

Sunwater is committed to providing accessible information to customers and stakeholders from culturally and linguistically diverse backgrounds. If you or an interested party have difficulty understanding this annual report, please call 13 14 50 to arrange an interpreter to share the information in it.

Acknowledgement of Country

Sunwater acknowledges Aboriginal and Torres Strait Islander peoples as the first peoples of this country and Traditional Owners and Custodians of the land and water we rely on.

Our goal is to work together to realise mutual benefits with First Nations peoples through authentic relationships and respect for cultural value, fostering a sense of belonging and pride in our people, communities, customers and stakeholders.

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Message from the Chair

I am pleased to present Sunwater's 2025-26 annual report, which outlines the organisation's performance in providing a safe, affordable and sustainable water supply to our customers across regional Queensland.

Over the past 12 months, Sunwater has continued to deliver on its core commitment to provide a high-quality and reliable water service that supports Queensland's prosperity, with a key focus on generating economic growth in regional Queensland.

The new Sunwater Board, appointed in late August 2025, has worked closely with senior management to ensure the responsible management of public funding received from Government as well as best-practice performance standards across the business. The new Board, as a matter of policy, has placed a renewed emphasis on customer outcomes, particularly for irrigators, together with a commitment to driving operational efficiencies, controlling costs and ensuring prudent capital investment.

Collectively, the Board and executive leadership team are committed to creating lasting economic, social and environmental value for our customers and the communities we serve throughout regional Queensland.

In the coming year, we will demonstrate this commitment through strategic planning and disciplined management, with a clear and strong emphasis on the following.

1. Improved customer service. This includes adopting strategies to improve water utilisation, ensure customer expectations are met and cost setting is transparent and well understood.
2. Maintaining reliable and safe assets. This includes undertaking actions to closely monitor asset condition and enable prudent, efficient and timely decision making.
3. Productive financial and operational performance. This includes an emphasis on evidence-based investment decisions, accountable reporting, cost control, delivery assurance and targeted allocation of resources to achieve outcomes.
4. Prudent and timely project delivery. This includes ensuring projects are strategically prioritised, deliver value for money, support long-term asset performance and provide benefits for our customers and the people of Queensland.

I recognise and commend the dedicated Sunwater team, particularly those who work across regional Queensland, for their efforts each day to maintain our assets and provide water to customers to allow them to build prosperity.

I acknowledge my fellow Board directors for their expertise and advice since we were appointed to oversee Sunwater in August 2025. We remain focused on working collaboratively with our shareholding Ministers and their departments to ensure Sunwater's strategic direction remains aligned with the priorities of the Queensland Government.

Looking ahead, Sunwater will continue to increase our focus on our customers, particularly irrigators, and ensure we continue to meet our responsibility to safely operate and maintain critical bulk water infrastructure. We will also continue to support initiatives that enhance water security and availability, helping to deliver positive, sustainable and long-term outcomes for Queensland's communities, industries and economy.

Jeff Seeney
Chair

Message from the Chief Executive Officer

In 2025–26, Sunwater prioritised the safe and reliable operation of our assets, driving performance and cost efficiencies and fulfilling the needs of our customers and the communities we serve.

Leadership transition

I was honoured to join Sunwater as Interim Chief Executive Officer on 8 June 2026. In the coming months, my focus will be to provide guidance as the organisation transitions to a permanent CEO. I look forward to working with the dedicated Sunwater team as we build on the organisation's reputation as a trusted, reliable supplier of water to our 4,600 irrigation, urban and industrial customers.

Work program

Sunwater's work program achieved significant milestones over the past 12 months – safeguarding our assets, improving water security and further embedding robust operational practices. Planning and development activities for the Paradise Dam Project and new weirs at Barlil and Cooranga are ongoing, in line with Queensland Government commitments. We are partnering with Lower Burdekin customers and government agencies to combat the complex issue of rising groundwater in the region and have completed off-farm initiatives to support this work. We continue to invest in our Dam Improvement Program to ensure our assets are maintained to a high standard, meet regulatory guidelines and perform safely during extreme weather. Planning and design work is underway at Tinaroo Falls, Fairbairn, Kroombit and Fred Haigh dams, while a comprehensive risk monitoring program is in place for all our referable assets.

Commercial focus

Sunwater is focused on managing expenditure prudently without compromising safety or water supply reliability. To fulfil our commitment to provide an efficient and cost-effective service to our customers, we are undertaking a range of value improvement initiatives. We are also contributing to a government-led pricing review aimed at ensuring irrigation water is affordable across our supply schemes.

Safety

The safety of our people, customers and the community are of critical importance. We are committed to providing a safe workplace and in 2025–26 we achieved impressive safety results with improvements across All Injury and Total Recordable Injury frequency rate metrics. These results are underpinned by a strong, staff-led reporting culture and a willingness to learn from health and safety incidents.

Wet season management

A busy wet season in 2025–26 tested the resolve of our people, processes and systems. I commend the Sunwater team for its diligence and readiness as we managed months of sustained weather activity, multiple tropical systems and prolonged spill events across the Burnett, Central and North Queensland regions. Our assets performed safely and effectively during this time and we worked closely with government agencies and local authorities to ensure communities remained informed. We recognise the impact these weather events had on many communities and we thank Queenslanders for heeding warnings and staying safe during challenging conditions.

New regional structure

Our local presence ensures we understand our areas of operation and can better support the aspirations of businesses and communities in regional Queensland. It is important our structure reflects the interests of our customers. In November 2025, we split the former Central Region into the new Pioneer Bowen Basin and Fitzroy regions. This change recognises the strategic importance of both locations and enhances our operational capability.

Community

Sunwater is an active community member – and this extends to maintaining our assets as valuable recreation areas. This year we enhanced facilities at Wuruma, Bjelke-Petersen and Tinaroo Falls dams as part of a portfolio-wide upgrade program. We held an open day at Callide Dam near Biloela, attended by 400 people, and conducted a roadshow from Bundaberg to Goondiwindi, hosting several community education events. Our community team also attended schools across the state to educate students about safety.

Water availability

Sunwater's priority is to maximise the availability of water to customers. In 2025–26, we delivered 1,090 gigalitres of water for irrigation, industrial and urban usage, and allocation numbers for the year ahead are healthy. We successfully brought permanent water allocations to market in the Burdekin, Upper Burnett, Mareeba and Upper Condamine regions.

Customers

Sunwater is dedicated to understanding the priorities of our customers. We host several engagement forums to seek their advice, including customer advisory committees and community reference groups, and the insights provided are essential to inform service delivery improvements. We are refreshing our customer engagement strategy to ensure we respond to issues as they are raised. We thank our customers for the trust they place in us and will continue to devote resources to supporting their needs.

Our people

The Sunwater team has the diverse capabilities and experience to meet our existing and future business needs in a changing environment. I thank them for their efforts over the year, as it is through their hard work, collaboration and innovation that we can safely deliver on our objectives. Sunwater will continue to invest in developing the skills of our people, while also welcoming the next generation of water professionals to our business via our graduate and apprenticeship programs.

Government

It has been a productive year of engagement with the Queensland Government. Sunwater appreciates the support we receive from our shareholding Ministers, their offices and departments. We are committed to supporting the State's Queensland Water Security Plan and its objective to deliver a safe, affordable and sustainable water supply.

Looking ahead

Sunwater retains a steadfast focus on our role as a dependable water service provider. In 2026–27, we will continue to work collaboratively with our customers and communities to maximise water availability, supporting productivity and economic growth across regional Queensland.

David Hourigan
Interim Chief Executive Officer

About us

Water is essential to the lives and livelihoods of Sunwater's more than 4,600 customers and to the economic wellbeing of regional Queensland.

Sunwater's purpose is clear—delivering water for prosperity. To this end, Sunwater owns and operates an extensive network of bulk water infrastructure to capture, store and distribute water for irrigation, industrial and urban use. Sunwater's assets include:

- 19 dams
- 65 weirs and barrages
- 595 kilometres of water channels
- 70 pump stations
- 1,951 kilometres of pipeline
- five water treatment plants.

Sunwater's storages can hold up to 6,715 gigalitres (GL) of water, which would fill almost 2.7 million Olympic swimming pools. Each year, Sunwater delivers about 40 per cent of the water used commercially in Queensland.

Our strategic goals

Safe and engaged people	Building a culture that cares for and supports the safety, health and wellbeing of its people and the communities in which it operates, to meet or exceed customer and stakeholder expectations and ensure everyone goes home safely at the end of each workday.
A sustainable business	Remaining reliable, resilient and adaptable by effectively managing assets, reducing environmental impact and nurturing relationships to meet the changing demands of customers, communities and business.
A customer-focused business	Champion a customer-centric approach by delivering reliable, transparent services through trusted and collaborative partnerships.
Operational excellence	Developing a skilled workforce along with contemporary systems, processes and technology to efficiently and safely manage and maintain its assets and ensure optimal value to its customers.
Water infrastructure partner	Collaborate with partners to execute public policy and actively contribute to the prioritisation, planning and delivery of infrastructure that drives growth, water security and regional development.

Our values

Sunwater's business is guided by its key values:

- **Value people**
Everyone matters, and we are committed to zero harm for all our people.
- **Work together**
We are our best when we work together as one Sunwater and with our customers front of mind.
- **Take responsibility**
We act responsibly, seek information and take accountability for our actions and decisions.

Our people

At 30 June 2026, Sunwater had a total full-time equivalent (FTE) workforce of 743, working in diverse roles across the state. Approximately one third of its people work from 37 offices and depots located throughout regional Queensland, with the remainder based at the Brisbane office and Rocklea Hydraulics Laboratory.

Sunwater is committed to providing its people with the support, resources and benefits needed to perform their best at work. These include competitive remuneration, flexible working arrangements, professional development opportunities, and health and wellbeing programs.

Our customers

Sunwater's customers fall into three broad categories:

- irrigation – small-scale to broadacre farming, including a wide range of horticulture and cropping
- industrial – mining and manufacturing companies, power stations, small industry, and stock and domestic users
- urban – local governments.

Sunwater aims to efficiently meet its customers' needs, minimise costs and maintain service delivery by:

- making the most of the available water supply
- ensuring infrastructure assets are operated and maintained efficiently, safely and reliably
- continuously improving the way things are done.

Our communities

Sunwater's dams are an important part of many communities—not only storing water for customer use but playing valuable recreational and amenity roles.

Sunwater operates on Aboriginal lands and waters. It respects and values Aboriginal peoples' continued sacred connection to Country, including the diverse rich traditions, languages and customs that are the longest living in the world.

Our governance

Sunwater is a Queensland government-owned corporation (GOC). It was established on 1 October 2000 under the *Government Owned Corporations Act 1993* (Qld) (GOC Act), administered by Queensland Treasury. Sunwater is also regulated as a public company under the *Corporations Act 2001* (Cth).

Sunwater is a water service provider under the *Water Supply (Safety and Reliability) Act 2008* (Qld), and a Resource Operations Licence holder under the *Water Act 2000* (Qld) (Water Act), both of which are administered by the Queensland Department of Local Government, Water and Volunteers (DLGWV).

Sunwater has two shareholding Ministers:

- The Honourable Ros Bates MP
Minister for Finance, Trade, Employment and Training
- The Honourable Ann Leahy MP
Minister for Local Government and Water, and Minister for Fire, Disaster Recovery and Volunteers.

Water delivered

In 2025–26, Sunwater delivered 1,090 GL of water for irrigation, industrial and urban use across regional Queensland.

Queensland has experienced several years of high rainfall, which has benefited Sunwater's storages. During the 2025–26 wet season, many dams exceeded 100 per cent capacity. At 30 June 2026, 13 dams were at or above 70 per cent capacity.

At 30 June 2026, the total combined storage volume was approximately 5,014 GL, with total capacity at 80 per cent.

Most of Sunwater's water supply schemes (WSSs) use the announced allocation system to determine how water is shared with customers. High priority—which can include town water supply, mining, power generation and high value cropping—is allocated first, followed by medium priority. In schemes that allow water sharing arrangements, there may also be unused water that can be carried over from one water year to the next.

Of the water available for allocation in 2025–26:

- 40 per cent was used by customers
- 38 per cent was owned by customers but kept in storages for future use and water trading
- 11 per cent was owned by Sunwater but available for purchase or temporary transfer
- 11 per cent was available to maintain irrigation scheme channels that Sunwater manages.

Specific water scheme statistics for 2025–26 are available at sunwater.com.au/water-data/report-statistics/

Year in review

Focus on customers

Customer satisfaction

Feedback from customer engagement opportunities including customer advisory committee meetings and the annual customer survey helps Sunwater understand its customer needs, improve flexible water supply arrangements and undertake long-term water security planning.

Sunwater's 2026 annual customer survey recorded a result of 35.39 against a target of 42. Sunwater is currently examining strategies to enhance its approach to customer engagement by gaining clearer insights into end-to-end customer experience. Results will inform improvements to service delivery and customer support.

RAB Irrigation Pricing Review

In mid-2025, the Queensland Government set irrigation prices for 2025–26 and 2026–27 following the recommendation of the Queensland Competition Authority (QCA). It also continued the 15 per cent discount for eligible irrigators.

Government deferred setting prices for 2027–28 and 2028–29 to allow time for a targeted QCA review on the potential use of a regulated asset base (RAB) approach to pricing.

Sunwater submitted its proposal to QCA on 27 February 2026, outlining proposed RAB-based prices across 26 regulated service contracts. QCA will provide a final report to the Queensland Government by 30 September 2026.

Customer Experience program

Regardless of what they do or where they work, every Sunwater team member contributes to customers' experience. The Customer Experience (CX) program brings this into focus by giving staff the opportunity to better understand Sunwater's customers and operations, and how team members from across the organisation work together to deliver water for prosperity.

Each program includes a tour of regional assets and customer operations, as well as a classroom-style workshop on enhancing customer experience. Staff meet local operations teams, forging important links across regions, and learn firsthand from customers about their experiences.

During the year, CX programs were held in Bundaberg and the Pioneer Bowen Basin region, attended by 36 people.

Project update

Paradise Dam Project

The Paradise Dam Project seeks to provide a safe, secure water supply to support economic growth in the Bundaberg region.

In June 2025, the Queensland Government approved an early works designation for the Paradise Dam Project, supporting Sunwater to progress to the next phase of pre-construction activities.

These were ongoing throughout the year, and included the following activities.

- Crucial road improvements completed in October 2025, including construction of a new 57-metre dual lane bridge at Degilbo Creek. Four metres higher than the previous causeway crossing, the bridge significantly improves flood resilience and community safety. The work also included a new bridge approach road and reconfiguration of the Coringa Road and Paradise Dam Road intersection.

- Geotechnical investigations required to verify foundation conditions and to inform stability assessments and design, with drilling completed in November 2025. Ongoing analysis and testing were undertaken in the first half of the year with the final report submitted in June 2026.
- Two- and three-dimensional physical hydraulic modelling to analyse flow velocities and pressure.
- Quarry investigations in February 2026, which identified a suitable source of aggregates approximately two kilometres from the dam site. Additional drilling was subsequently undertaken to confirm the volume and consistency of the source rock, and weathered material was removed to expose the underlying fresh rock.

In August 2025, the Office of the Coordinator-General declared the Paradise Dam Project a coordinated project under the *State Development and Public Works Organisation Act 1971* (Qld). Sunwater is currently preparing an Impact Assessment Report for submission to the Coordinator-General.

In July 2026, Sunwater delivered a detailed business case for the Paradise Dam Project to the Queensland Government for consideration.

Barlil and Cooranga weirs

In line with Queensland Government commitments, Sunwater has been progressing the planning and development of Barlil and Cooranga weirs in the Burnett region. With a combined storage of 4,000 ML, the weirs are expected to improve reliability for existing water allocations, enable higher-value agriculture and deliver economic benefits to local communities.

Cultural heritage surveys, geotechnical and environmental investigations, preliminary designs and cost estimates have been finalised, and stakeholder engagement is ongoing. This work will inform a Project Assessment Report submitted prior to a government investment decision.

In June 2026, expressions of interest were called from interested companies in the infrastructure construction market to participate in an early contractor involvement for construction of the weirs.

Lower Burdekin Rising Groundwater Mitigation Project

Sunwater is working in partnership with key stakeholders including customers and government agencies as part of a coordinated response to the complicated issue of rising groundwater in part of the Lower Burdekin region.

The Lower Burdekin Rising Groundwater Mitigation Project aims to investigate and deliver sustainable off-farm actions to support agriculture and aquaculture in the region.

Sunwater continues to collaborate with the Department of Environment, Tourism, Science and Innovation to finalise an agreed Code of Practice, which will enable dewatering programs to begin.

In August 2025, Sunwater finished lining 2.6 km of its H10 channel with 38,480 sqm of geomembrane.

Bores are currently being installed at several locations to extract groundwater for testing. Three bores (SW01, SW02 and SW03) are operational and dewatering groundwater, and a further three are planned for production.

Sunwater has also completed water testing on customer bores to identify whether they are suitable for extraction.

Planning is currently underway on a framework and process for nitrogen removal, using Sunwater's drainage infrastructure to help improve water quality in the Burdekin Great Barrier Reef catchment.

Recreation facility upgrades

Sunwater is continuing to roll out its statewide program of recreation facility upgrades, with several completed during 2025–26.

Works at Teemburra Dam were completed in November 2025, including new shelter and seating, access paths and car park upgrades.

In January 2026, new recreation facilities were opened to the public at Wuruma Dam including:

- upgraded camping sites
- new picnic shelters and barbecues
- accessible toilet facilities
- road improvements.

In April 2026, Stage Two of the Bjelke-Petersen Dam upgrade began, including the installation of additional lighting and accessible paths.

Concept and detailed designs are currently being finalised for several other sites, with delivery expected in 2027.

Dam Improvement Program

Dams are lifelong assets that require ongoing monitoring, maintenance and improvements to ensure they meet modern safety standards. Sunwater's Dam Improvement Program (DIP) ensures its dams meet current design standards and guidelines and can safely hold and release water during periods of extreme rainfall.

Drawing on regular comprehensive risk assessments, DIP identifies and addresses issues where necessary to ensure all referable storages satisfy regulatory and legislative requirements.

During 2025–26, DIP has focused on Tinaroo Falls, Fred Haigh and Kroombit dams.

To ensure its long-term safety and viability, Sunwater has been undertaking investigations in and around **Tinaroo Falls Dam** and saddle dam to help determine any work that may be required. To date, this has included ecological surveys, detailed mapping and geotechnical investigations. This work will continue into the coming financial year.

An interim safety measure was installed at **Fred Haigh Dam** in late 2025, reducing risk to an acceptable level. Sunwater is now assessing further options to ensure any additional work provides value for money while delivering an appropriate level of safety.

Sunwater is progressing plans for improvements to the **Kroombit Dam** spillway. This work will involve strengthening part of the spillway structure. Procurement is underway, with works expected to begin in 2026–27.

Operations update

Dam safety management program

Sunwater's dam safety management program ensures its assets are maintained in accordance with state and national standards.

Sunwater regularly undertakes a variety of work to help understand and manage its portfolio of referable dams, including annual and comprehensive inspections, dam safety reviews, studies and investigations.

Wet season preparedness

Sunwater's assets are designed to safely pass water flows during periods of heavy rainfall and flood. Its people are well trained, and well embedded processes ensure its assets are operated safely and effectively.

Sunwater protects downstream communities by ensuring its dams are managed safely year-round in accordance with its operation and maintenance manuals, standard operating procedures and emergency action plans (EAPs).

During the 2025–26 wet season, Sunwater activated 31 EAPs across its geographical footprint. Its dams spilled for a combined total of more than 680 days between October 2025 and late April 2026.

Sunwater's teams successfully operated its assets to minimise damage and collaborated with the Bureau of Meteorology, local disaster management groups and government agencies to manage flows and keep communities informed.

At the end of the 2025–26 wet season, Sunwater's combined storage volume was 5.152 GL, representing 82.37 per cent of total capacity.

Major weather events

There were several major weather events during the 2025–26 wet season including prolonged heavy rain in December, ex-Tropical Cyclone Koji in January, tropical lows in February and March, and Tropical Cyclone Narelle in March.

During Tropical Low 29U in early March, 14 EAPs were activated—the most at one time since 2013. Sunwater's Operations Centre was stood up for six consecutive days, during which teams worked 24/7 to monitor the evolving situation, keep operations running effectively and keep local communities informed.

Strong pre-season planning, skilled teams and reliable systems meant Sunwater's assets performed as they should during these weather events. Although some minor downstream damage was incurred, regional teams were able to quickly inspect assets and conduct necessary repairs to ensure there was minimal impact to operations.

Public safety

Sunwater's storages are an important part of many communities—not only storing water for customers but playing valuable recreational and amenity roles. Sunwater therefore has a strong focus on driving education and engagement about public safety at a grassroots level throughout regional Queensland.

Public safety campaign—*Live Dangerlessly*

As a responsible dam owner, Sunwater educates people on potential risks and dangers and how they can ensure their own safety.

To this end, Sunwater delivers a biennial public safety campaign targeting specific risk behaviours.

In September 2025, Sunwater launched *Live Dangerlessly*, which calls for visitors to Sunwater's storages to follow the warning signs and avoid exclusion zones. This campaign ran across YouTube, Facebook, digital television and audio channels, and billboards.

Wet season safety campaign

From 1 October to 31 March, Sunwater conducted its annual wet season campaign, which aimed to:

- raise awareness of how to prepare for severe weather events, Sunwater's role and how dams function during heavy rainfall
- encourage downloads of Sunwater's community app for real-time dam status updates and emergency notifications.

Using the campaign assets featuring rugby league player Tom Dearden developed for the 2024–25 wet season, the campaign aimed for widespread coverage comprising print, radio, television and billboards. Additional assets were developed for social media, with 22 paid and organic posts published on Facebook over the period.

Further reinforcing its wet season messaging, Sunwater staff attended several community events throughout the year, distributing information packs and speaking with community members about how to prepare for the wet season.

School education program

In 2025–26, Sunwater delivered its school water safety education program in the Fitzroy and Pioneer Bowen Basin regions. The team visited 18 schools, reaching more than 900 students with bespoke lessons about staying safe around Sunwater assets.

Community engagement

Sunwater is committed to fostering relationships with the people who live and work near its assets, and to raising awareness of how to stay safe on or near its water storages and during severe weather events. It shares information and updates through the Sunwater app, website and social media, through community events and education initiatives, and through paid advertising campaigns targeting specific risk behaviours.

Rookwood Weir (Managibei Gamu) community tours

Community interest in Rookwood Weir (Managibei Gamu) continues to be strong. As public access is normally restricted, Sunwater hosted guided community tours of the weir in September 2025. The tours provided a rare, behind-the-scenes look at one of the region's most significant water infrastructure assets, with 120 visitors able to learn firsthand about operations at the site, walk on the structure, explore the valve tower and view the world-first turtle passage.

Callide Dam Open Day

In October 2025, Sunwater held an open day at Callide Dam outside Biloela. More than 400 community members attended, taking part in guided tours of the dam wall, safety demonstrations, RPA displays and other activities.

Bundy to Gundy roadshow

In an alternative to a traditional open day, Sunwater visited several community events in the South Burnett and Southern Downs regions as part of its Bundy to Gundy roadshow. Sunwater's community relations and local operations teams collaborated with councils and emergency services to share dam safety and emergency preparedness information.

The roadshow made it possible to engage directly with communities at some of Sunwater's more remote storages, with more than 600 community members taking the time to visit its mobile information centre or participate in guided tours of Coolmunda Dam.

Information and operational technology

Remotely piloted aircraft

Sunwater continued to expand its use of remotely piloted aircraft (RPAs) across engineering, environmental monitoring and asset management during the year. The technology:

- improved productivity and safety in regional and remote operations
- enabled faster, more accurate data collection
- reduced the need for staff to access high-risk environments.

At Melrose Storage in the Burnett and Lower Mary region, Sunwater trialled an RPA-mounted echosounder to map underwater surfaces. This enables more accurate measurement of storage volumes, monitoring of silt build-up and identification of scouring, while reducing the need for staff to work on the water.

Sunwater also developed an in-house RPA training course to build internal capability, support consistent delivery across its regions and improve visibility of staff competency.

Smart Schemes

Sunwater is gradually deploying Smart Schemes across its operational footprint. Developed by Sunwater, Smart Schemes is a decision-support program that brings together telemetry, dashboards and hydraulic and hydrological water models¹ in near real-time to help operators work more efficiently.

Smart Schemes improves customer outcomes by improving water efficiency, delivery time accuracy and compliance. By giving operators better visibility of where all the water is in the scheme, Sunwater can release the right volume at the right time, reducing unnecessary releases or operational surpluses.

Sunwater has completed a successful pilot in the Macintyre Brook WSS. This included installation of cameras, additional gauging, integrated hydraulic and hydrological models, back-to-base metering and visual dashboards. The program is now moving to 'scale and standardise', applying lessons learnt to improve speed, safety and consistency as it rolls out to other schemes.

Smart Schemes is currently being deployed in the Dawson Valley WSS, followed by the Upper Condamine, Nogoa Mackenzie, and Boyne River and Tarong WSSs. The visualisation dashboard has been deployed to the St George and Chinchilla Weir WSSs, and the Giru Benefited Area of the Burdekin Haughton WSS.

Corporate engagement

Sunwater recognises the value of engaging with industry to exchange knowledge, achievements and innovations. Sunwater strategically identifies engagement activities that will help position it within the field of water infrastructure and delivery, as well as provide its people with opportunities to keep informed about industry developments and innovations and network with peers.

During 2025–26, Sunwater employees participated in more than 80 industry forums and events, including:

- New Zealand Society on Large Dams and Australian National Committee on Large Dams (ANCOLD) Conference 2025 in Christchurch
- 2025 Engineers Australia Hydrology and Water Resources Symposium in Canberra
- Australian Water Association (AWA) North Queensland Conference in Cairns
- AWA QWater Conference 2025 on the Gold Coast
- Ozwater 2026 in Brisbane.

Sunwater continues to consolidate its position in the water industry, with 22 employees presenting technical papers at conferences and forums. Topics ranged from flood modelling and hydraulic structures to infrastructure resilience and strategic drought planning.

Sunwater and its people were also recognised by their industry peers, with the Rookwood Weir Alliance winning the Best Practice in Workplace category at the 2026 National Suicide Prevention 'LiFE' Queensland Awards for its workplace intervention program, delivered in partnership with MATES in Construction.

Several Sunwater staff volunteer their time with industry and peak bodies, including as elected members of the AWA Queensland Branch Committee. Other employees actively participate on working groups with organisations such as ANCOLD and Water Services Association of Australia.

¹ Hydraulic – water flowing down the river. Hydrological – rainfall inflows.

Health, safety and wellbeing

Sunwater continues to demonstrate a strong health and safety culture and performance. It aims to ensure every employee returns home safely at the end of every day through programs that ensure risks are proactively considered and managed. Sunwater is also committed to sharing good practice and lessons learnt across the organisation and the wider industry.

Performance

Sunwater continues to record pleasing safety results. The sustained success is due to safe systems of work, a good reporting culture and a willingness to learn from health and safety incidents.

Over the past year, Sunwater recorded an All Injury Frequency Rate (AIFR) of 7.2 per million hours worked, compared with its target of 45.

Sunwater also measures its Total Recordable Injury Frequency Rate (TRIFR), which is a measure of any injury requiring more than first aid treatment per million hours worked. In the past year, Sunwater's TRIFR was 1.8 compared with its target of 5. This is the lowest rate recorded in the past five years.

Critical control management

Sunwater's significant, sustained safety performance has been driven by a deliberate switch in focus. This has included improving how it identifies and manages the critical controls that keep its people safe and healthy for high-consequence risk events.

Quality verification activities have enabled Sunwater to identify where controls are not performing as expected and what proactive measures are needed, and to facilitate decision-making around ongoing risk treatment.

Proactive mental health management

Sunwater continues to proactively support the mental wellbeing of its people. Initiatives that have helped create a psychologically safe, more connected workplace include:

- actively reducing stigma and fostering open conversations
- partnering with This Is A Conversation Starter to provide additional ongoing counselling and support
- training more than 20 per cent of the workforce in mental health first aid
- providing front door crisis management support for affected staff and families in rural and regional areas.

Health focus

Sunwater continues to improve organisational understanding of how its people's health can impact its ability to deliver its purpose. It undertakes responsible, appropriate monitoring of known health exposures and has provided support for its people to better manage their personal health through partnerships with organisations such as SiSU Health.

Our people

Sunwater deeply values its people and the vital work they do to deliver water for prosperity—for its customers and the State.

It is dedicated to fostering a safe, high-performance culture and open and transparent engagement with its employees. By doing so, it strengthens Sunwater’s collective ability to achieve its strategic objectives and positions the organisation to effectively meet future challenges with confidence and resilience.

Sunwater is committed to providing its people with the support, resources and benefits needed to perform their best at work. These include market remuneration, flexible working arrangements, professional development opportunities, and health and wellbeing programs.

Our workforce

At 30 June 2026, Sunwater had a total FTE workforce of 743, comprising both permanent and temporary directly employed Sunwater employees. Its people work in diverse roles across 37 offices and depots throughout regional Queensland, and at its Brisbane-based office and hydraulics laboratory.

Employment category	2025–26 Actual	2025–26 Budget
Senior executive FTE	7.0	7.0
Common law contract FTE (excluding senior executives)	64.5	69.0
Enterprise Agreement FTE	665.5	728.9
Apprentice FTE	6.0	9.0
Total SCI FTE	743.0	813.9
Contractor and labour hire ¹	83.0	224.0
Total workforce FTE	826.0	1,037.9

1. Contractor and labour hire is counted as one FTE due to fluctuations in work patterns and workload requirements.

Developing talent

Sunwater plays an important role in providing employment opportunities, particularly in regional Queensland.

Sunwater is dedicated to developing, training and retaining a qualified and experienced workforce, ensuring a reliable and affordable water supply for its customers. It invests in apprentice, cadet and graduate programs to build a sustainable talent pipeline now and into the future.

Industrial relations

Renewal of Enterprise Agreement

Sunwater’s 2025–28 Enterprise Agreement came into effect on 13 January 2026 and will expire on 30 June 2028.

Our leadership team

Guided by the Board and headed by the Chief Executive Officer (CEO), Sunwater's executive leadership team (ELT) is tasked with delivering corporate objectives and strategic goals.

CEO Glenn Stockton ceased employment on 22 May 2026, and David Hourigan was appointed interim CEO from 8 June 2026.

Executive General Manager Customer and Stakeholder Relations Cameron Milliner ceased employment on 23 September 2025. Jane Paterson was appointed to the role of Executive General Manager Corporate Affairs on 7 April 2026.

As at 30 June 2026, the Sunwater Limited Board comprised Jeff Seeney (Chair) and directors John Cotter, Marjorie Daley, John Davis, Gail Jukes, Katy Steele and Dr Kayleen Walsh.

Sunwater operates under the organisational structure shown on page 19.

Board

Jeff Seeney | Chair

Jeff was appointed Chair on 28 August 2025.

Jeff Seeney is a former Deputy Premier and Minister for State Development, Infrastructure and Planning (2012–2015). In the 20 years he served in State Parliament as Member for Callide, he held many other positions including Opposition Leader (2006–2008 and 2011–2012), Shadow Minister for Energy (1999–2006 and 2008–2011) and Shadow Treasurer (2004–2005).

He was responsible for the planning and delivery of many major development projects through the Office of the Co-ordinator General and was the Chair of Cabinet Committees involving infrastructure and resources. He was also a member of the Cabinet Budget Review Committee and the Parliamentary Crime and Corruption Committee.

Before entering State Parliament in 1998, he was Deputy Mayor of Monto Shire Council and Chairman of the Burnett Inland Development Organisation. Jeff previously owned an irrigation farm and was a Sunwater customer in the Three Moon Creek Water Supply Scheme for over 20 years.

That firsthand experience of the water industry meant he was well placed to be a strong representative for irrigators and local governments that depended on the six Sunwater WSSs located within his electorate. He was deeply involved in the contentious debates that accompanied the development of the *Water Act 2000* (Qld) and the subsequent establishment of the first water resource plans and resource operations plans.

As Opposition Leader and a shadow minister, he was a constant advocate for all water users in regional Queensland during a period of significant regulatory change that affected water pricing, water trading and catchment planning. As Deputy Premier, he was a major driver of significant industry reforms through the *Water Reform and other Legislation Amendment Act 2014* (Qld).

Jeff's unique background as an irrigator, councillor, local MP, Infrastructure Minister and Deputy Premier gives him a deep appreciation of the critical role Sunwater plays in regional Queensland as well as a comprehensive knowledge of the complex issues in the water industry.

He has a Master of Business Administration from the University of New England and is a graduate of the Australian Institute of Company Directors (AICD).

John Cotter | Deputy Chair

John was appointed a non-executive director on 28 August 2025.

John Cotter is a senior executive and non-executive director with over 20 years' experience in strategy, finance, highly regulated industries and governance across infrastructure, resources and energy.

He has led large-scale infrastructure projects and has served on boards including Queensland Urban Utilities and the Royal National Agricultural and Industrial Association.

John has undergraduate qualifications in infrastructure planning and master's qualifications in finance and is a graduate of Oxford's Saïd Business School and the AICD Chairman's Course. He is a frequent public commentator on complex public policy in infrastructure and resources, and is recognised for delivering complex investment strategies, strengthening governance frameworks and driving long-term sustainable growth.

Marjorie Daley | Director

Marjorie was appointed a non-executive director on 1 October 2025.

Marjorie Daley has practised as a lawyer since the early 2000s, firstly as a solicitor and more recently as a barrister. She has worked at national firms in Queensland, the Australian Capital Territory, Victoria and the United Kingdom. Her expertise is in corporate risk advisory and commercial litigation. She has been involved in large disputes concerning contaminated water and land, contractual and negligence disputes concerning building and construction, and government procurement and funding disputes.

She is passionate about rural and regional agriculture and investment, having grown up near Cloncurry in north-west Queensland.

John Davis | Director

John was appointed a non-executive director on 28 August 2025.

John Davis is a professional engineer and manager with 45 years' experience in the infrastructure delivery and contract services sector, including as a senior executive in the national contracting sector servicing the water, waste and site remediation industries.

Over the past 25 years, he has acted for government agencies and corporations across Australia and in Hong Kong, developing strategies and implementing the procurement of operations, maintenance, asset management, design and capital delivery projects ranging in value from \$10 million to over \$5 billion. These projects have primarily been in the bulk and urban water sectors, including major dams and pipelines. John brings to Sunwater a deep understanding of best practice processes and risk management in project delivery and operations and maintenance activities, drawn from both the private and public sectors across the Australian water sector, as well as a passion for safety and environmental protection.

John holds a degree in civil engineering and a Master of Business Administration. He is a Registered Professional Engineer Queensland, a member of the AICD, a professional member of AWA and an associate member of ANCOLD. He has previously held a number of board and advisory board positions across local government, and industry and sporting associations.

Gail Jukes | Director

Gail was appointed a non-executive director on 1 October 2023.

She brings over 20 years of senior finance experience from various industries including local government, higher education, infrastructure and resources, in companies such as the University of Queensland, Thiess, BG Group (QGC), FLSmidth and Kestrel Coal Resources.

Gail's current roles on the boards of Uniseed and UQ Residence Ltd, as well as Chair of the Audit Committee for the Brisbane City Council, attest to her commitment to governance excellence.

Her understanding of relevant industry sectors, drawn from experience in both the public and private sectors, positions Gail as a trusted advisor in areas such as financial analysis, stakeholder management and strategic counsel. Gail is dedicated to contributing to Sunwater's success and collaborating with the board and executive team to achieve the organisation's objectives.

Katy Steele | Director

Katy was appointed a non-executive director on 28 August 2025.

Katy Steele is a future-focused environment and sustainability leader with 20 years' experience working across the resources sector. She has held a variety of environmental management, regulatory approvals and policy roles for Thiess, Sibelco, BHP and Anglo American.

Katy brings a wealth of experience in environmental management, risk management, regulatory strategy, stakeholder engagement and delivery of complex environmental approvals. She has a proven ability to bring diverse groups together for a common cause.

Katy has qualifications in environmental management and law.

Dr Kayleen Walsh | Director

Kayleen was appointed a non-executive director on 28 August 2025.

Kayleen brings business management experience from the agriculture and quarry mining sectors, 22 years of irrigated agriculture experience in New South Wales and Queensland, and subsurface water engineering expertise from within Australia and internationally.

Kayleen's current business interests are in irrigated agriculture in the Burdekin region.

Her understanding of water engineering, business efficiency and stakeholder objectives and her regional perspective will contribute to Sunwater's success.

Kayleen holds a PhD in Microbiology and Environmental Engineering, and a Bachelor of Science (Honours). She holds certificates in training and assessment, and work health and safety.

Executive Leadership Team

David Hourigan | Interim Chief Executive Officer

David Hourigan commenced as interim Chief Executive Officer in June 2026.

David is an experienced public sector leader with extensive senior executive experience across Queensland, Victorian and federal government organisations. He previously served as a Deputy Director-General in the Queensland Department of Premier and Cabinet and has held a range of leadership roles spanning infrastructure, policy and government operations.

Before joining Sunwater, David served as interim Chief Executive Officer of the Queensland Olympic Games Independent Infrastructure and Coordination Authority to deliver the 100-day review of Brisbane's 2032 Olympic and Paralympic Games infrastructure.

At Sunwater, David is responsible for leading the organisation through a period of transition, with a focus on strengthening water security and ensuring the continued provision of reliable water services across regional Queensland.

Erin Strang | Chief Financial Officer Bcom (Hons) MappFin

Erin Strang was appointed Chief Financial Officer (CFO) on 8 November 2021.

She leads Sunwater's corporate services function, encompassing finance, performance and planning, legal, risk, resilience, property, procurement, sustainability, and regulatory and pricing.

Erin has more than 25 years' experience helping to achieve optimal outcomes across the finance, transport and infrastructure industries, within both public and private sector entities.

She has previously held the roles of Chief Financial Officer of Banking and Wealth at Suncorp, and Treasurer VP Tax and Governance at Aurizon.

Erin has led teams through periods of substantial change, including business transformation and financial restructuring, and has extensive stakeholder management experience.

Colin Bendall | Executive General Manager Operations and Customers AssocDip AppSc CertTropAg

Colin Bendall was appointed Executive General Manager Operations and Customers on 2 January 2017 after more than 35 years with Sunwater and its predecessors in technical, operational and senior management roles. Colin oversees Sunwater's on-ground services and is responsible for driving customer-oriented, efficient and safe operations that support regional Queensland's water needs.

Colin has expertise in the design, operation and maintenance of bulk water infrastructure with a strong customer focus. He is a graduate of the AICD.

**Kellie Breen | Chief People Officer
BBus (HRM) GAICD**

Kellie Breen was appointed Chief People Officer on 29 January 2018. Kellie provides strategic direction on best practice organisational strategies that ensure Sunwater recruits and retains talent, builds business capability and delivers the organisational change necessary to deliver the best possible business outcomes.

With more than 20 years' experience in human resources, Kellie delivers business value by providing strategic direction to develop and implement organisational strategies aimed at improving business outcomes. Kellie has a strong background in the industrial and resources sectors and professional experience in the manufacturing, retail and legal sectors in Australia and internationally.

**Jane Paterson | Executive General Manager Corporate Affairs
BAgricEcon**

Jane Paterson was appointed Executive General Manager Corporate Affairs on 7 April 2026.

With more than 30 years' experience as a senior journalist, political adviser and corporate affairs leader, Jane brings deep expertise in managing strategic communications, complex stakeholder relationships and providing expert government relations, reputational and regulatory advice. She has a detailed understanding of two of Sunwater's key customers—the agricultural and resources sectors—and holds a Bachelor of Agricultural Economics degree.

**Mal Shepherd | Chief Development Officer
MBA GCBA Dip Proj Mgt Assoc Dip Eng (Civil) AFIE Aust CengA EngExec NER IntETn (Aus)
Reg PM-CPPP MAICD FAIPM**

Mal Shepherd was appointed Chief Development Officer on 12 October 2020. Leading Sunwater's Infrastructure Development and Delivery function, Mal is responsible for the planning, investigation and development of project investment proposals, along with the delivery of associated water infrastructure projects.

Mal brings more than 40 years' experience in the private and public sector developing, designing and delivering some of Australia's most significant water infrastructure projects in both the Australian and international water sectors under a broad range of contracting models in various leadership roles.

Mal has held several board and advisory roles on water industry and charity peak bodies including AWA, Wateraid and Australian Water Partnership.

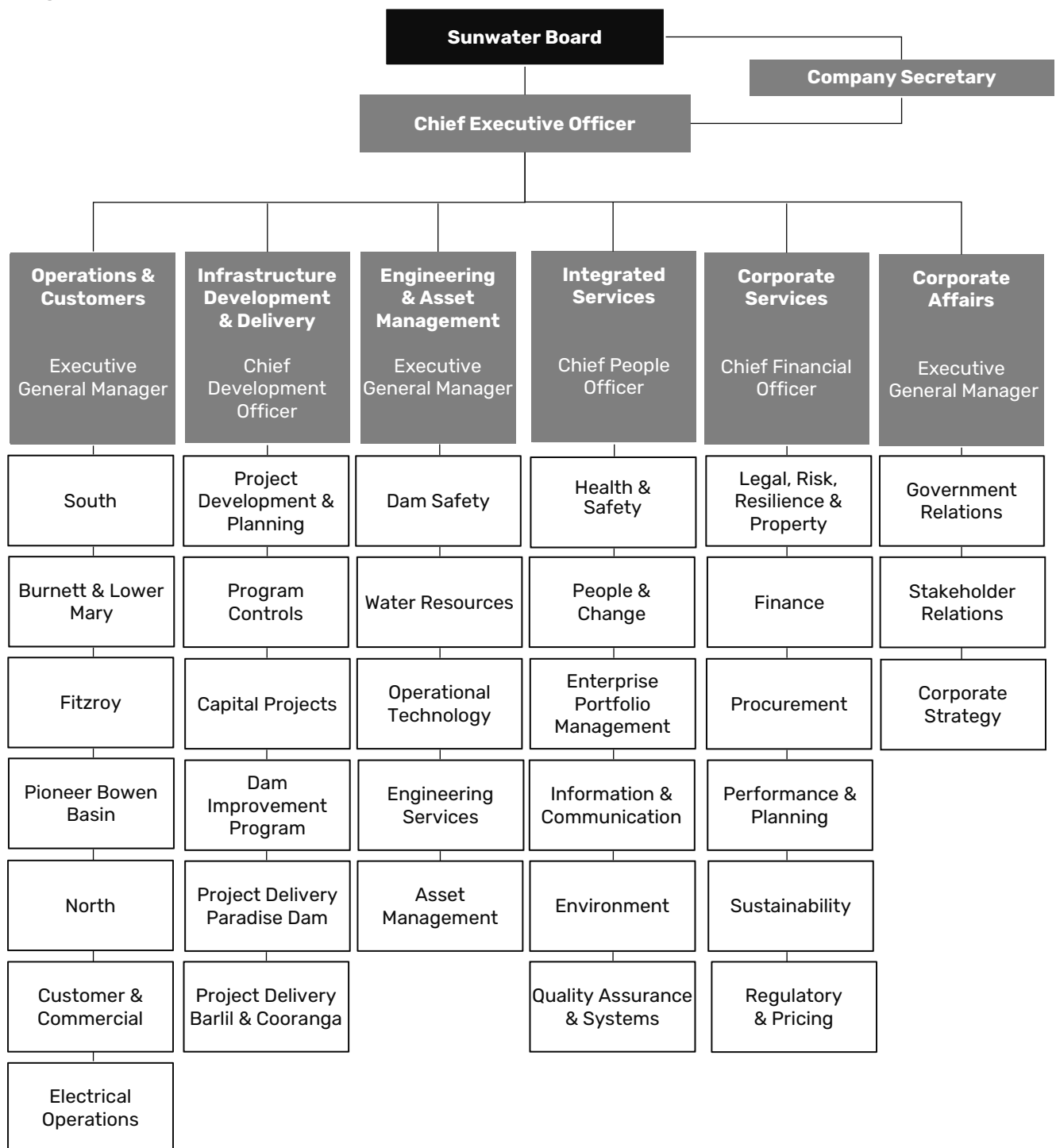
**Toby Rice | Executive General Manager Engineering and Water Resources
BEng (Civil) BSc (Ecology) MIEAust CPEng EngExec NER APEC Engineer IntPE (Aus)**

Toby Rice was appointed Executive General Manager Engineering and Water Resources on 13 May 2024. Toby leads Sunwater's engineering, asset management, dam safety, water resources and operational technology functions. He also manages the Flood and Emergency Management Operations Centre.

Toby brings more than 25 years of experience of building and leading high-performing teams in business and on major infrastructure projects across Australia. As an engineering executive and chartered civil engineer, he has led both the pre-contract and execution phases of some of Australia's most significant infrastructure projects, encompassing design, engineering services, technology deployment, asset management and quality assurance.

Toby holds a Bachelor of Engineering (Civil) and Bachelor of Science (Marine Ecology) and has previously held roles on the Property Council of Australia, Queensland Master Contractors Association and the Board of the Infrastructure Association of Queensland.

Organisational chart



Sustainability including environmental, social and governance (ESG)

As a responsible corporate citizen, Sunwater aims to build a sustainable future that meets the changing needs of its customers, stakeholders and the broader community. To achieve this, Sunwater nurtures trusted relationships, manages its assets efficiently and seeks to minimise the impact of its activities on the environment.

Our approach

Sunwater's approach to sustainability is underpinned by five pillars—people, governance, prosperity, resilience and reliability, and planet. These pillars support the efficient, safe and reliable delivery of affordable and sustainable water to regional Queensland.

They are embedded across Sunwater's operations and projects and are delivered through programs and initiatives that:

- embed sustainability through leadership, governance and risk management
- support the health, safety, inclusion and wellbeing of its workforce
- maintain strong relationships with customers, suppliers and communities
- support financial sustainability and long-term value
- strengthen water security and organisational resilience, including climate adaptation
- manage sustainability risks and opportunities, including through procurement
- minimise environmental impacts and support biodiversity outcomes.

Sunwater's sustainability approach is aligned to Queensland Government policies and priorities and informed through ongoing engagement with its shareholders and other relevant government agencies.

Sunwater's Sustainability Report begins on page 105 of this report and provides a complete set of climate-related financial disclosures.

Environmental

Sunwater is committed to minimising environmental harm to the land, water and ecosystems it manages on behalf of its communities.

Sunwater's approach to the environment focuses on minimising its ecological footprint and ensuring compliance with environmental legislation. Its commitment is highlighted by maintaining a third-party certified ISO 14001:2015 Environmental Management System (EMS).

Sunwater strives to meet government targets set out in relevant water supply, river improvement and planning legislation, and infrastructure, energy and climate commitments.

In protecting the environment and adapting to the challenges of climate change, Sunwater focuses its efforts on:

- Flood risk
 - Undertaking a comprehensive flood risk hydrology program to consider options for addressing the evolving risks posed by climate change, particularly as it impacts referable dams.
 - Integrating the latest insights on future climate impacts to enhance dam safety risk assessments.

- Ecological footprint and biodiversity
 - Assessing the ecological condition of Sunwater-owned land and identifying opportunities to improve the condition and achieve offsets where necessary.
 - Applying circular economy principles alongside effective waste management practices.
 - Minimising impacts on native fish populations and preventing spread of pest fish between catchments.
 - Proactively managing weeds on Sunwater-owned and managed property.
 - Completing water quality monitoring and reporting.
- Energy efficiency and emissions
 - Incorporating energy efficiency considerations in the development, maintenance and operation of Sunwater's assets and implementing measures where they are prudent and efficient.
 - Investigating actions to reduce emissions where they are prudent and efficient.
 - Improving quantification of Sunwater's greenhouse gas emissions.
- Infrastructure design
 - Considering potential climate change risk including the impact of droughts and floods in decision-making for major infrastructure projects.
 - Employing adaptive planning in project decision-making for referable assets, with long-term performance and flexibility in mind.
- Drought impacts
 - Undertaking studies to better understand water security risks.
 - Developing comprehensive drought response plans to ensure coordinated activities across all stakeholders.
 - Integrating potential climate change adaptation considerations into Sunwater's long-term strategic plans for each operational area.
- Water security projects
 - Maintaining a pipeline of work through studies or activities to inform future supply and demand parameters across Sunwater's schemes.
- Resilience and reliability
 - Providing resilient and reliable water services to communities and customers through secure infrastructure and proactive planning that supports consistent delivery, even in challenging conditions.
 - Strengthening resilience by continuously improving how Sunwater prepares for, responds to and recovers from events such as floods, droughts and other disruptions, ensuring it can keep supporting communities when it matters most.
 - Using technology, innovation and strong partnerships to enhance critical infrastructure resilience, protect critical assets and work closely with stakeholders to keep communities informed, safe and supported.
 - Continuing to play an important role in regional development to ensure a secure and sustainable water future for regional Queensland.
 - Delivering infrastructure that prepares for an evolving risk landscape, ensuring Sunwater meets the needs of communities and key stakeholders in the face of unexpected disruption and crisis.
 - Safeguarding Sunwater's people, information, physical assets and infrastructure through proactive risk management.

Social

Sunwater takes social responsibility seriously. In planning and delivering its services, Sunwater seeks to act in the best interests of its people, customers and the communities in which it operates.

Sunwater is committed to engaging with its stakeholders in meaningful ways that:

- drive customer-focused decision-making
- foster informed and engaged conversations
- build respectful community partnerships.

Sunwater's approach is guided by its organisational purpose, strategy and values. It aligns with a range of public interest regulatory regimes and considers the recommendations in the Queensland Government Sponsorship Policy framework.

To ensure Sunwater fulfils its social responsibilities, efforts are focused on:

- Social diversity and inclusion
 - A diversity and inclusion strategy and action plan focused on:
 - increasing representation and creating employment and development opportunities for First Nations peoples
 - advancing gender equity by supporting the inclusion and leadership of women in science, technology, engineering and mathematics
 - building a workplace where all individuals feel valued, respected and inspired to perform at their best.
- Health and wellbeing
 - Well established health, safety and wellness policies and systems.
 - Training and tools deployed to support mental health.
 - Embedded pre-employment and periodic health assessments.
- Human rights
 - Human rights and modern slavery training and awareness.
 - Human rights and modern slavery risk assessments embedded in relevant Sunwater procedures and processes.
- Public safety engagement and communication program
 - An annual public safety communication and engagement plan to support emergency preparedness, wet season awareness and safe interaction with Sunwater assets.
- First Nations recognition
 - First Nations Policy and Commitment Statement.
 - A First Nations recognition, engagement and participation strategy, comprising a range of initiatives to operationalise the statement.
 - Regular provision of full-day cultural awareness training workshops to build internal capability.
- Social licence and community engagement
 - Engagement with impacted stakeholders regarding Sunwater projects, operational activities and decisions.
 - Outreach activities including dam open days and school education programs.

- Product and customer
 - Water Trading Code of Conduct.
 - Service and Performance Plans for each irrigation service contract area.
 - Well established customer advisory committees.
 - Hardship policy to consider the broader financial capacity issues of customers.
- Procurement
 - Focus on seeking opportunities to engage First Nations and local suppliers to support the Queensland economy.
- Commercial productivity uplift
 - Delivery of enhanced evidence-backed outcomes through a reinvigorated procurement lifecycle incorporating new process, system configuration and analytics.

Governance

Strong corporate governance helps Sunwater deliver water for prosperity. Sunwater continues to evolve its governance framework to enhance the operational efficiency of its assets and business and meet the needs of its stakeholders.

Our principles

Sunwater's corporate governance framework is underpinned by its values, principles of ethical conduct and behavioural expectations. Sunwater is committed to best practice corporate governance to ensure accountability and transparency for its stakeholders. Its corporate governance practices and frameworks comply with legislative requirements, including the GOC Act, the *Financial Accountability Act 2009* (Qld) and the Queensland Government's *Corporate Governance Guidelines for Government Owned Corporations*.

The Sunwater Board is committed to the highest ethical and governance standards. It regularly reviews Sunwater's governance framework to ensure internal policies, practices and guidelines are aligned with legislation and GOC policy. To ensure best practice in corporate governance, Sunwater aligns where possible to the ASX Corporate Governance Principles and Recommendations. It regularly monitors, reports on and discloses its practices in line with governance requirements.

This section of the report demonstrates how Sunwater aligns its governance practices to the principles in the Corporate Governance Guidelines for Government Owned Corporations.

Corporate governance documents are available at sunwater.com.au/about/publicationscheme.

Principle 1: Foundations of management and oversight

The Sunwater Board Charter outlines the roles and responsibilities of the Board and sets out the framework for effective governance and oversight and the strategic direction for Sunwater. The Board Charter supports directors and executives in understanding their governance responsibilities. In addition to the Board Charter, the Delegation of Authority Procedure provides the framework for decision-making and identifies matters that are reserved for the Board and those that are delegated to the Sunwater CEO and through the CEO to the ELT.

The Board has established four committees to help the Board fulfil the oversight, responsibility and performance of its functions in key areas in accordance with the Committee Charters, which are available online. The board committee structure is reviewed annually by the Board to ensure it aligns to Sunwater's corporate strategy and business functions and has appropriate governance oversight.

In 2025–26, there were four committees:

- Audit and Risk Committee
- Safety, People and Environment Committee
- Project and Investment Committee
- Irrigators and Water Customers Committee (established 22 September 2025).

Regular board meetings focus on corporate culture, achieving strategic objectives, managing risk and monitoring operational and financial performance. There is a comprehensive, tailored induction process for new non-executive directors. Professional development opportunities for board members to develop and maintain the skills and knowledge required to fulfil their role and understand the Sunwater business are provided through a combination of internal and external briefings, workshops, internal education sessions and site visits. Sunwater encourages its directors to interact with customers and employees.

The Sunwater Board is committed to regional Queensland, hosting two meetings per year outside Brisbane and taking up opportunities to visit Sunwater sites and customers.

Sunwater CEO and senior executive responsibilities are well defined and clearly delineated through documented delegations and position descriptions. For the CEO and senior executives:

- KPIs are set and approved annually by the Board, and are tailored for each role and aligned to strategic goals and the SCI
- regular performance feedback is provided during the year. There are six- and 12-monthly performance reviews, in which the CEO and senior executives provide evidence and commentary of their success in achieving agreed KPIs
- remuneration is determined by the Board in accordance with prescribed principles for GOCs in the Chief and Senior Executive Employment Arrangements
- the Board has determined to cease at-risk performance payments for the CEO and senior executives.

Principle 2: Structure the Board to add value

The Chair and members of the Board are appointed by the Governor-in-Council under the GOC Act as independent non-executive directors.

Procedures for managing and disclosing all actual, potential or perceived conflicts of interest and assessing the independent judgement of directors are documented.

Directors must disclose any material relationships that could interfere with their independence as they occur and are managed accordingly. Declaration of conflicts of interest is a formal agenda item at all board and committee meetings.

The Board assesses the materiality on a case-by-case basis and manages its conflicts of interest through the implementation of the following processes and initiatives.

- A register of disclosures and interests is included in board papers at each meeting, with the Chair leading a dedicated agenda item that ensures there are clear expectations.
- All conflict of interest management plans for board members are reviewed by the Board during the directors' and executives' disclosure and conflict agenda item.
- A conflict of interest management options flow chart, based on the Queensland Crime and Corruption Commission (CCC) and New South Wales Independent Commission Against Corruption joint publication, *Managing Conflicts of Interest in the Public Sector: Toolkit*, is used to assist with the development of conflict of interest management plans.

- Prior to the release of board papers, an administrative review is undertaken of the register of disclosures and interests, and matters identified are assessed.
- Annual training is embedded into directors' professional development timetable.
- The Directors' and Executives' Conflict of Interest Procedure provides for scenarios where a potential or perceived conflict of interest is determined not to be a conflict.

The Board Performance Evaluation Procedure requires the Board to undertake an annual evaluation of the performance of the Board, individual directors, the Chair and board committees, with an independent assessment undertaken at least every three years. An independent board performance review was undertaken in June 2026.

The outcome of the evaluation is documented in the board goals and associated measures for tracking, so areas for improvement can be raised during the evaluation process. The outcome of the board evaluation is reported to shareholding Ministers.

All directors must maintain their skills and carry out professional development to enable them to meet their responsibilities. The Company Secretary assists in organising professional development opportunities for the Board on a regular basis.

The Board is required to have an appropriate size, composition, skill and commitment to enable it to discharge its duties effectively. An annual board skills assessment is undertaken to consider, individually and collectively, the directors' level of skills, knowledge and experience that enable the Board to discharge its roles and responsibilities. The Board may seek to appoint independent advisors to the Board when there are skill gaps.

As part of the Board's commitment to continuously improve its governance practices, feedback on the Board's performance is also provided by a director after each meeting and suggestions for improvement are noted. Details of directors' terms of office, experience, expertise and remuneration are outlined on page 94 of this report. Details of directors' attendance at board and committee meetings are outlined on page 41 of this report.

Non-executive directors are entitled to advice at Sunwater's cost.

Principle 3: Ethical and responsible decision-making

Sunwater holds all directors and employees to the highest standards of ethical behaviour and is committed to corporate practices that recognise the interests of employees, customers and the community, as well as corporate social responsibility obligations.

Sunwater's Code of Conduct and the Board Directors' Code of Conduct outline the practices needed to maintain stakeholder, industry and community confidence in the behaviour of its people. A Trading in Securities Policy also applies where employees or contractors may have access to inside information about securities, or where dealings in securities may create a conflict of interest.

Sunwater's CEO is legally obliged to notify the CCC if they reasonably suspect that a complaint involves, or may involve, corruption under the *Crime and Corruption Act 2001* (Qld).

Sunwater's Fraud and Corrupt Conduct, Whistleblower and Public Interest Disclosure policies and procedures outline how complaints of alleged impropriety and corrupt conduct are received, evaluated, reported and investigated. Sunwater also has complaints policies around alleged CEO, Chair and director corrupt conduct.

Sunwater has partnered with an independent service provider that provides a comprehensive, confidential reporting system to help managers and employees address fraud, abuse and other misconduct in the workplace. The service provider allows independent telephone and online disclosure reporting for employees and third parties, anonymous reporting of allegations of unethical behaviour, misconduct and fraud via the Sunwater Whistleblower Hotline or an online portal on Sunwater's website.

Relevant policies and procedures are available at sunwater.com.au/about/publicationscheme.

Principle 4: Safeguarding integrity in financial reporting

The Audit and Risk Committee helps the Board fulfil its oversight responsibility of Sunwater's financial integrity and financial reporting responsibilities by:

- reviewing financial information presented by management
- overseeing the quality of audits conducted by internal and external auditors
- assessing the adequacy of accounting policies
- assessing the effectiveness of control systems
- monitoring significant business transactions and processes, including capital structure and taxation
- monitoring the effectiveness of Sunwater's sustainability approach, framework and strategies.

The CEO and CFO certify the accuracy of Sunwater's financial statements to the Board each financial year. They have confirmed in writing that the 2025–26 Financial Statements present a true and fair view and are in accordance with accounting standards.

Sunwater's auditor is the Auditor-General of Queensland. The Audit and Risk Committee has four independent non-executive directors; their names, relevant skills, experience and expertise along with meetings and attendance in 2025–26 are on pages 43–47 of this report.

Principle 5: Timely and balanced disclosures

Sunwater has a Shareholder Communication and Disclosure Policy that captures disclosure requirements under the GOC Act, *Corporations Act 2001* (Cth), *Financial Administration and Audit Act 1977* (Qld), and other government policies and guidelines.

The policy also sets out clear accountabilities for making timely, accurate, transparent and balanced disclosures.

The Board and senior executives are required to report extensively to shareholding Ministers. Continued standing arrangements for reporting are described in Principle 6.

Sunwater will notify shareholding Ministers of any breaches of its Code of Conduct, Conflict of Interest Policy and Securities Trading Policy by board members, the CEO or senior executives.

To ensure Sunwater meets its disclosure requirements and obligations under the *Right to Information Act 2009* (Qld), key information from stakeholders is regularly assessed and a publication scheme is maintained on the website.

Principle 6: Respect shareholders' rights

Sunwater is committed to ensuring effective communication with its shareholding Ministers. As required by the GOC Act, shareholding Ministers are advised promptly of any issue likely to have a significant financial, operating, social or environmental impact on the business.

Shareholding Minister approvals are sought as appropriate under legislation and shareholder policy guidelines. Sunwater aims to build trust through clear, responsive communication that manages expectations, early engagement and a range of communication channels.

Sunwater's strategy is to provide shareholding Ministers with accurate and timely information so they can make informed assessments of its operations and performance. Regular communications with shareholding Ministers include:

- SCI, Corporate Plan and quarterly reports. The SCI and Corporate Plan provide a transparent set of agreed performance criteria and strategic objectives on which Sunwater reports via the quarterly reports. The SCI (with commercially sensitive information redacted) is tabled in Parliament and published on Sunwater's website
- an annual report, which is prepared and issued to shareholders and published on Sunwater's website
- regular briefings to shareholding Ministers and their representatives.

Sunwater provides timely information to shareholding Ministers on any significant matter impacting its ability to achieve the objectives of the SCI or Corporate Plan through submissions and briefing notes.

The Shareholder and Communications Disclosure Policy is available at sunwater.com.au/about/publicationscheme.

Principle 7: Recognise and manage risk

Effective and appropriate risk management is a key element of building and protecting value, achieving Sunwater's strategic goals and objectives, and supporting good corporate governance. Through a system of oversight and management controls, the Board ensures Sunwater understands and manages its risks across all levels of the organisation.

A rigorous governance model has been put in place to enable oversight of the management and monitoring of changes to Sunwater's strategic and operational risk profile throughout the year. This means risks are properly understood and appropriately managed.

Sunwater's Board, with advice from the senior executive, sets the risk appetite. Monitoring and reporting on enterprise risks is done through the CEO's monthly report. The Board is updated on the material business risks monthly, including mitigation plans and actions.

The Audit and Risk Committee is responsible for oversight of Sunwater's risk management framework and monitors the management of risks in accordance with the framework. This includes quarterly reporting on risk performance, conformance with the risk appetite statement and mitigation strategies.

To assist with its responsibilities in relation to risk management of cyber and ICT risks, the Board has engaged an independent advisor to the Board and its committees with expertise in cybersecurity risks and governance, and significant information technology projects.

A cyber, information quality and security report is a standard agenda item for the Audit and Risk Committee. Management updates the committee on key cybersecurity risks and mitigants (such as vulnerability management and supply chain risks), progress of cyber programs, resourcing, compliance to Essential 8, data management and management of personally identifiable information program, and progress on the closure of audit action items from the Queensland Audit Office and internal audits, from annual penetration tests or other audits.

The Safety, People and Environment Committee is responsible for supporting the Board in oversight of Sunwater's risk relating to its people, including their health and safety, and management of the environment.

The Project and Investment Committee is responsible for assisting the Board to discharge its responsibilities with oversight of material risk in relation to strategic projects and portfolios.

In September 2025, the Board formed the Irrigators and Water Customers Committee to enhance the organisation's focus on its customers. A key responsibility for the committee is supporting the Board with its oversight of key risks and issues in relation to Sunwater's customers.

Sunwater continues to focus on its program of work to uplift its risk and compliance maturity through the Enterprise Risk Compliance and Assurance Framework project.

Sunwater does not tolerate fraud or corruption, and all instances are promptly reported and investigated. The organisation is committed to preventing fraud within and against Sunwater and has implemented policies and procedures to address the risk, including:

- staff responsibilities around identifying and preventing fraud
- responsibility for investigation once fraud has been identified
- processes for reporting on fraud-related matters to management
- reporting and recording processes to be followed to manage and finalise allegations of fraud
- periodic assessments of the risk of fraud within its business operations
- fraud awareness training for Sunwater's people.

Principle 8: Remunerate fairly and responsibly

The Safety, People and Environment Committee meets at least four times a year to assist the Board with matters including organisational culture, CEO succession, executive appointments and performance, staff remuneration and employee relations.

The committee considers and recommends remuneration rates and terms of employment for the CEO and senior executives and is directly involved in performance planning and review processes. It also oversees the Sunwater Enterprise Agreement (implementation and revisions), organisational culture and capability.

Sunwater's remuneration strategy is assessed using community and industry standards and other external information. Information about committee members, meetings held, and attendance is on page 41 of this report.

Remuneration: Directors and senior executives

Remuneration of Board directors is determined by the shareholding Ministers and does not include performance-based remuneration.

Remuneration in Sunwater is overseen by the Board's Safety, People and Environment Committee. The Board sets remuneration levels for the CEO and senior executives in line with the Government Owned Corporations Chief and Senior Executive Employment Arrangements and external independent advice on position evaluation.

The Board has determined to cease performance-based payments. On 26 August 2025, the Sunwater Board at that time approved entitlements to the performance-based payment in 2025–26 for the 2024–25 financial year, which is included in the executive remuneration summaries on pages 95 to 96.

Board and senior executive remuneration are listed in the Notes to the Financial Statements on pages 94 to 96.

Remuneration: staff

Remuneration for the majority of Sunwater staff is determined by the Sunwater Enterprise Agreement in accordance with the Queensland Government-approved bargaining framework. Further information is on page 60 of this report.

Remuneration for employees under common law contracts is based on the median salary of each evaluated position and the employee's individual performance. Sunwater does not have a performance payment scheme for employees.

Subsidiary reporting

Sunwater's subsidiaries, Burnett Water Pty Ltd, North West Queensland Water Pipeline Pty Ltd and Eungella Water Pipeline Pty Ltd are small proprietary companies that are not required to prepare separate special purpose financial statements.

The subsidiaries entered a Deed of Cross Guarantee with Sunwater Limited in line with *ASIC Corporations (Wholly-Owned Companies) Instrument 2016/785* and are not required to prepare and lodge a separate audited financial report and director's report. For reporting purposes, the subsidiaries are consolidated into Sunwater's Financial Report.

Government directions and notifications

- Revocation of Ethical Supplier Mandate

Sustainable practices

Sunwater compliance program

Sunwater is committed to delivering its strategic and operational objectives in accordance with legislation and good governance.

The organisation has an integrated risk, compliance and assurance policy and supporting documents that identify key roles and responsibilities for managing Sunwater's compliance obligations.

Central to this is Sunwater's Legal Legislative Compliance Framework which enables it to identify, assess and implement changing legislative obligations. It is one of many tools used to manage Sunwater's compliance obligations.

Annual and ad hoc updates to Sunwater's insurers ensure compliance with insurance policy disclosure requirements.

Referable dam safety

Sunwater has a comprehensive Dam Safety Management Program in place that:

- meets or exceeds guidelines set by the dam safety regulator (DLGWV)
- monitors dam safety as required by the *Water Supply (Safety and Reliability) Act 2008* (Qld).

Sunwater is implementing a dam improvement program in response to Queensland Government regulatory guidelines.

Financial management

Sunwater complies with the relevant requirements of the *Financial Accountability Act 2009* (Qld), *Corporations Act 2001* (Cth) and the GOC Act.

Right to information

A [publication scheme](#) and [disclosure log](#) are maintained on the Sunwater website in compliance with the *Right to Information Act 2009* (Qld).

Modern slavery and human rights

Sunwater is committed to working with its people and business partners to ensure it has a positive impact on eliminating modern slavery practices in all forms within the local and global community.

Sunwater respects human rights and embeds these considerations into its decision-making process under the *Human Rights Act 2019* (Qld).

Sunwater continues to develop and implement guidance material, employee awareness and updates to processes and procedures about modern slavery and human rights, including in relation to the *Modern Slavery Act 2018* (Cth) and *Human Rights Act 2019* (Qld). Two human rights complaints were received during 2025–26; neither was substantiated.

Internal audit

Internal audit is a key part of Sunwater's corporate governance framework. The Audit and Risk Committee defines the internal auditor's scope of work through the Internal Audit Charter and risk-based annual plan. Internal audit is an independent function that assists the Board and management to effectively discharge their responsibilities. In 2025–26, Sunwater's internal audits were performed via a co-source model between internal resources and external accounting firms and, in some more technical cases, by independent external firms.

Once completed, audit reports are submitted to the Audit and Risk Committee for consideration and discussion.

The Audit and Risk Committee also monitors the implementation of agreed management actions arising from audits.

Infrastructure maintained to reflect customer requirements

Sunwater has fit-for-purpose asset management plans, strategies and standards to ensure all infrastructure is maintained, repaired, refurbished and enhanced to standards in line with regulatory and legislative requirements.

Sunwater regularly engages with customers and seeks feedback on operations and infrastructure maintenance through customer engagement forums and Service and Performance Plans.

Sunwater reviews and adjusts planned maintenance expenditure to ensure service levels are maintained, while costs incurred are prudent and efficient.

Sunwater has accreditation in Quality Environment AS/NZS 14001 and aligns with ISO 45001 standards (previously Safety AS/NZS 4801) and ISO 9001 Quality Management standards, which provide the framework within which it implements infrastructure management and maintenance.

Insurance renewal program

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

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

Governance structure

Hon Ros Bates MP, Minister for Finance, Trade, Employment and Training

Hon Ann Leahy MP, Minister for Local Government and Water and Minister for Fire, Disaster Recovery and Volunteers

accountable

Sunwater Board

The Sunwater Board is responsible for ensuring that Sunwater achieves its objectives ethically, responsibly and within its legislative and regulatory obligations. The Board is accountable to shareholding Ministers for the attainment of Sunwater's purpose and for ensuring the ongoing performance and sustainability of the company.

Chair	Director	Director	Director	Director	Director	Director
Jeff Seeney	John Cotter	Marjorie Daley	John Davis	Gail Jukes	Katy Steele	Dr Kayleen Walsh

establishes

Committees

Audit and Risk

Assists the Board with oversight of quality, adequacy, and integrity of Sunwater's finance, audit (internal and external) and associated assurance practices and oversees all categories of risk, the risk appetite and an enterprise risk management framework that supports well planned and resilient business operations.

Safety People and Environment

Assists the Board to create a positive workplace culture that lives values, takes care of people, remunerates its people fairly and transparently, considers the environment and sustainability and puts customers at the centre of its decisions.

Project and Investment

Assists the Board with oversight for the way in which Sunwater achieves its objectives related to asset management, significant project delivery and end-to-end investment management in line with its corporate strategy.

Irrigators and Water Customers

Assists the Board to provide objective overview and oversight across the Group to fulfil Sunwater's commitment to place irrigators and water customers at the centre of its decisions.

Internal audit | External audit

appoints

Chief Executive Officer

appoints

Executive Leadership Team

Chief Financial Officer	Executive General Manager	Chief People Officer	Executive General Manager	Executive General Manager	Chief Development Officer
Corporate Services	Operations and Customers	Integrated Services	Corporate Affairs	Engineering and Asset Management	Infrastructure Development and Delivery

Our performance

Non-financial performance indicators

	Actual 2025–26	Target 2025–26	Commentary
All Injury Frequency Rate (AIFR) ¹	7.2	<45	The injury rate has fallen steadily over the past 12 months with significantly fewer injuries than the previous 12-month period. The rate continues to be well below budget.
Total Recordable Injury Frequency Rate (TRIFR) ¹	1.8	<5	There has been continued improvement, with no recordable injuries sustained since October 2025. The current 12-month rolling injury rate has dropped steadily and is well below budget.
Lost Time Injury Frequency Rate (LTIFR) ¹	1.2	<1	There have been no lost time injuries since October 2025. The LTIFR did not meet the target as there were two lost time injuries for the year. More information on Sunwater's approach to safety is on page 13.
Compliance with environmental standards and laws	4	No material breaches	On 25 February 2026, Sunwater received a warning notice from the Department of Climate Change, Energy, the Environment and Water (DCCEEW) for the Woleebee Creek to Glebe Pipeline. It found Sunwater had failed to secure the proposed offset area and implement the Biodiversity Offsets Strategy within 12 months of the commencement of the pipeline project. On 11 May 2026, Sunwater received a breach notice from DCCEEW associated with the Lower Fitzroy River Infrastructure Project. It responded on 21 May 26. The outcome was positive, giving Sunwater the opportunity to update approval requirements and management plans so they are practical and achievable.
Employee engagement	73%	>70%	The employee engagement score is within target range.
Full-time equivalent (FTE) ²	743	814	Actual employee FTE closed below the end-of-year target, reflecting strengthened recruitment approval governance requirements.
Customer satisfaction ³	35.39	>42	There has been a 9.38 point decrease in overall satisfaction compared with the TouchPoint survey in 2025. More information on Sunwater's customer focus is on page 7.
Percentage of preventative maintenance work orders completed to plan	80.2%	>80%	
Number of asset failures resulting in loss of supply to customers that breach service standards or contractual obligations	No material failures	No material failures	

1. Injuries per million hours worked.

2. As at 30 June 2026. This includes directly engaged workforce (FTE) plus vacant position count and planned new positions. Vacant and new positions (20) have been assumed at 1 FTE. This figure does not include consideration of a vacancy rate which has been applied as a percentage reduction to employee costs. It also excludes labour hire and contractors.

3. Sunwater is targeting a 'net promoter score' of greater than 42. The 'net promoter score' provides a snapshot of Sunwater's overall customer experience; if customers are more likely to recommend the business, that points to a high level of customer satisfaction and a positive customer journey.

Financial performance indicators

	Unit	Actual 2025–26	Budget 2025–26	Commentary
Return on average contributed equity	%	(12.3)	(13.4)	The favourable variance is due to lower net loss after tax (NLAT) of \$67.9 million compared to the budget of \$70.6 million.
Earnings before interest, tax, depreciation, amortisation and impairment (EBITDA)	\$'000	171,181	143,984	EBITDA is \$27.2 million above budget. Although operating revenue was lower than budget, it was offset by lower operating cost across operations, ICT and development projects. Favourable interest revenue of \$13 million also contributed.
Net profit after tax (NPAT)	\$'000	(67,916)	(70,620)	NLAT is \$2.7 million lower than budget. Variances are explained above together with favourable impairment charges, primarily due to lower spending on major capital projects.
Current ratio	Ratio	3.9	3.0	Favourable current ratio reflects higher advance facility cash levels.
EBITDA interest coverage	Times	9.1	7.6	Interest charges are largely aligned to budget; the favourable variance is driven by higher EBITDA.
Distribution yield	%	–	0.0	No dividends provided in 2025–26 due to NLAT position.
Distribution cash coverage	Times	–	0.0	No distribution expected.
Funds from operations on net debt	%	47.0	54.2	Net debt is forecast to be favourable to budget as equity cash is tied up in advance facilities until expenditure is incurred.
Return on average assets (excluding assets under construction)	%	11.4	6.4	EBIT (excluding impairment) is favourable to budget, providing a better return on average assets.
Asset maintenance (operating expense)	\$'000	54,493	63,191	The portfolio program was underspent over the year, reflected in fewer contractors and consultants.
Asset renewals (operating expense)	\$'000	38,079	53,107	Lower expenditure on planned corrective maintenance over the year.
Value Improvement Program ¹	\$'000	3,110	2,550	Annual targets were surpassed using productivity initiatives only.

1. Enterprise Agreement productivity target.

Sponsorship, advertising, corporate entertainment, donations

	Actual 2025–26	Budget 2025–26	Commentary
Sponsorships			
Regional sponsorships	9,091	19,364	
Corporate sponsorships	48,432	21,027	Processes have been refined to prevent overspend going forward.
Other (total) sponsorships below \$5,000	29,232	63,972	
TOTAL (1)	106,755	104,363	
Corporate entertainment¹			
Office end-of-year celebrations	20,797	27,579	
Employee (value improvement) awards ceremony	2,198	5,037	
Other (total of meetings and events below \$5,000)	15,780	22,500	
TOTAL (2)	38,775	55,116	
Advertising			
Wet season advertising campaign ²	103,011	108,000	
Public safety advertising campaign ³	75,133	90,000	
Other (total) below \$5,000	291	0	
TOTAL (3)	178,435	198,000	
Donations			
Donations over \$5,000 ⁴	4,471	40,000	Fewer laptops were donated than expected during the financial year.
Other (total) below \$5,000	0	0	
TOTAL (4)	4,471	40,000	
TOTAL (1) + (2) + (3) + (4)	328,437	397,479	

1. All corporate entertainment is required to have due regard to cost and business benefits for Sunwater and the State.
2. Annual advertising budget to disseminate emergency preparedness messaging for downstream communities.
3. Biennial campaign focused on a specific public safety issue that Sunwater wishes to address with the community.
4. Value of laptop donations to a charity at end of life.

	Actual 2025–26	Budget 2025–26	Commentary
Corporate entertainment under \$5,000			
Dam events	4,500	11,000	
Industry meetings and functions	4,451	5,000	
Employee functions	5,277	3,500	Sunwater has historically recognised employee retirements and significant service milestones through modest celebratory dinners. The level of expenditure in this category varies depending on the number of retirement and recognition events held during the year. Sunwater is implementing revised procedures and this practice has been discontinued going forward.
Other	1,552	3,000	
TOTAL	15,780	22,500	

Financial Report for the year ended 30 June 2026

Sunwater Limited and its subsidiaries

ACN 131 034 985

Directors' Report

The Board of Directors of Sunwater Limited and its subsidiaries (collectively the Group) is pleased to present their report together with the financial report of the Group for the financial year ended 30 June 2026 and the Independent Auditor's Report thereon.

Directors

The name of directors in office during all or part of the financial year are:

Director name	Date appointed	Date ceased
Jeff Seeney (Chair)	28 August 2025	n/a
John Cotter	28 August 2025	n/a
John Davis	28 August 2025	n/a
Katy Steele	28 August 2025	n/a
Kayleen Walsh	28 August 2025	n/a
Marjorie Daley	1 October 2025	n/a
Gail Jukes	1 October 2023	n/a
Lisa Caffery (Chair)	1 October 2021	28 August 2025
Stuart Armitage	17 June 2021	28 August 2025
Leeha James	1 October 2021	28 August 2025
David Stewart	3 December 2015	28 August 2025
Jane Williams	1 October 2020	28 August 2025

Further information about directors' qualifications, experience, and terms of appointment is on pages 43 to 47 of this report.

Company secretaries

The following people were secretaries to Sunwater Limited during the financial year.

Julie Tealby **BBus CPA FGIA FCIS GAICD**

Julie was appointed Company Secretary on 30 January 2021; she was previously Alternate Secretary from 22 May 2018. Julie is an experienced senior executive and company secretary, skilled in corporate governance, financial services, risk management, performance management, internal audit and business process improvement. Julie has held previous company secretary roles for ASX listed companies and non-executive director roles in the not-for profit area. She is currently a director and chair of the Governance Committee for a Brisbane private girl's college.

Brie Weatherstone **LLB BCom (Finance) MBA**

Brie was appointed Alternate Secretary on 23 May 2023. Brie is the General Counsel of Sunwater with oversight of legal, insurance, property, risk and resilience functions and has been a member of the Sunwater team since 2015. Brie is an experienced executive and legal practitioner with top tier private practice and in-house experience at two Queensland water entities. Brie has extensive experience in areas of law including Australian and State government advisory, corporate and commercial, property, construction, resources and infrastructure, and commercial disputes.

Registered office

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

Principal activities

The Group owns and operates bulk water supply and distribution infrastructure throughout regional Queensland and provides water-related engineering and facilities management services. It also engages in design and construction of bulk water supply and distribution infrastructure.

Water is supplied to irrigators, mining companies, industrial companies, power stations, water boards and local governments.

Operating and financial review

The Group's consolidated loss after tax is \$67.92 million (2025: Profit \$1.62 million). The reduced profitability is largely impacted by asset impairments related to dam safety investments and expected asset lives and non-recurring water allocation sales in 2026.

Revenue

The Group's total revenue for the year is \$417.83 million (2025: \$469.30 million). Revenue has reduced from the previous year due to the elevated level of water allocation sales in 2025 not re-occurring in 2026.

Expenditure

The Group has reduced its operating expenses by seven per cent year on year at \$152.46 million (2025: \$163.53 million), reflecting lower spend in relation to contracted services and materials. The prior year benefited from a \$6.6 million net release of the Rookwood Weir Project obligations provision.

Depreciation, amortisation and impairments for the year of \$220.27 million (2025: \$196.76 million) continue to be a significant expense due to the Group's substantial asset infrastructure investments primarily DIP, advancing the Paradise Dam Project and other significant projects.

The finance costs for the year of \$18.79 million (2025: \$17.23 million) include interest expense of \$17.82 million (2025: \$16.59 million) on the Group's debt held with Queensland Treasury Corporation (QTC) and interest paid on finance lease obligations.

Financial position

The primary assets included in the Group's total asset base consist of dams, weirs, distribution networks and water transportation pipelines, which are carried at cost less accumulated depreciation and impairment.

The Group delivered a capital works program of \$160.28 million (2025: \$168.95 million), which included enabling works at Paradise Dam, progressing the Barlil and Cooranga weir projects and multiple infrastructure projects to provide water security to customers.

The Group's interest-bearing liabilities are \$369.27 million (2025: \$369.18 million). The Group carries other interest-bearing liabilities in the form of lease finance amounting to \$24.70 million (2025: \$24.63 million).

No drawdown was required from the State Borrowing Program facility during the year with the Group funding capital expenditure through available funds and the receipt of equity contributions from State and Federal governments.

The Group received \$47.77 million of equity in the financial year (2025: \$141.98 million).

Dividends

The Group's dividend policy is to pay 100 per cent of net profit after tax, net of adjustments, to its shareholders consistent with Queensland Government's expectations.

In 2026, the Sunwater Board recommended a first and final dividend of \$nil (2025 - \$nil). No dividend has been provided for this financial year.

Significant changes in the state of affairs

Effective from 28 August 2025, five new directors were appointed to the Board of Sunwater, including a new Chair, and five directors ceased their directorship. An additional director was appointed to the Board on 1 October 2025. Current Board membership and biographies are as disclosed on pages 43 to 45.

In May 2026, CEO Glenn Stockton ceased employment after almost six years with the organisation. Chief Financial Officer Erin Strang was Acting CEO until 8 June 2026, when David Hourigan was appointed Interim CEO.

There have been no other significant changes to the Group's state of affairs to the end of the 2026 financial year.

Events since the end of the financial year

No matter or circumstance has arisen since the end of the financial year significantly affecting the Group's operations, results or statement of financial position that would require adjustment in the financial statements or disclosure under AASB110 *Events after the Reporting Period*.

Likely developments and expected results of operations

As requested by the State, Sunwater is advancing planning activities towards the construction of two new weirs at Barlil in the South Burnett region and Cooranga in the North Burnett region to provide increased water security and reliability to irrigation customers.

Sunwater is continuing to work on identifying an appropriate solution for Paradise Dam, in accordance with Queensland Guidelines on Safety Assessments for Referable Dams, and to work on its wider dam safety management program.

These activities are expected to reduce Sunwater's profits until complete.

Environmental regulation and performance

The Group's environmental obligations are regulated under Federal, State and local government laws.

The Group was not aware of any significant environmental incidents or material regulatory notices during the financial year.

Sunwater maintains a ISO14001 certified EMS, which was re-certified by Compass Assurance. The EMS includes a comprehensive Environmental Legal Obligations Register that links environmental processes to relevant legislation. Monthly health, safety and environment reports are tabled to the Board highlighting any environmental incidents or legislative changes.

The *National Greenhouse Gas and Energy Reporting Act 2007* (NGER Act) requires entities within the Group to report annual greenhouse gas emissions and energy use. Reports are submitted to the Clean Energy Regulator and based on data gathered from the Group's information systems.

Mandatory climate reporting came into effect from 1 January 2025 with the adoption of the Australian Sustainability Reporting Standard *AASB2 Climate-related Disclosures*. Aligned to the requirements of that standard, the Group has adopted the provisions required for a Tier 1 entity. The Group's Sustainability Report provides the climate-related financial disclosures and the Financial Report has been prepared with consideration of climate-related risks for the year ended 30 June 2026.

Insurance of directors and officers

During the financial year, the Group paid a premium of \$0.38 million (excluding GST) to insure the directors, company secretary and executive officers of Sunwater and its wholly owned subsidiaries.

This insurance was for legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the directors and officers in their capacity as officers of Sunwater, and any other payments arising from liabilities from such proceedings.

This does not include liabilities incurred by directors or officers arising from:

- conduct involving a wilful breach of duty
- the improper use of their positions
- the use of information to gain advantage for themselves or someone else or to cause detriment to Sunwater.

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

Relief from financial reports for wholly owned subsidiaries

Sunwater and its wholly owned subsidiaries are parties to *ASIC Corporations' (wholly owned companies) Instrument 2016/785* which grants relief from reporting to its wholly owned subsidiaries. Under the *Corporations Act 2001* (Cth), the following subsidiaries are not required to prepare, audit and lodge separate financial reports:

- Eungella Water Pipeline Pty Ltd
- North West Queensland Water Pipeline Pty Ltd
- Burnett Water Pty Ltd.

Directors' shareholding

No directors held any beneficial interest in the shares of the Group. All issued shares are held by two shareholding Ministers on behalf of the State of Queensland.

Meetings of directors

The number of directors' meetings (including meetings of committees of the Board) and the number of meetings attended by each director for the year ended 30 June 2026 are:

Director	Board meeting		Audit & Risk Committee meetings		Safety, People & Environment Committee meetings		Project & Investment Committee meetings		Irrigation & Water Customers Committee meetings	
	A	B	A	B	A	B	A	B	A	B
Jeff Seeney	9	9	3	3	-	-	4	4	4	4
John Cotter	7	9	-	-	-	-	4	4	3	4
Marjorie Daley	8	8	3	3	2	3	2	3	-	-
John Davis	8	9	-	-	-	-	4	4	-	-
Gail Jukes	9	11	4	4	4	4	1	1	-	-
Katy Steele	8	9	-	-	4	4	-	-	-	-
Kayleen Walsh	8	9	3	3	4	4	-	-	4	4
Lisa Caffery	2	2	1	1	1	1	1	1	-	-
Stuart Armitage	1	2	1	1	-	-	-	-	-	-
Leeha James	2	2	-	-	1	1	-	-	-	-
David Stewart	2	2	1	1	-	-	1	1	-	-
Jane Williams	2	2	-	-	0	1	-	-	-	-

A – number of meetings attended as a member

B – number of meetings held during the year

Auditor's Independence Declaration

The Auditor-General of Queensland continues in office in accordance with section 30 of the *Auditor-General Act 2009* (Qld). No non-audit services are provided to the Group by the Auditor-General. Further information is set out in note 21 to the financial statements.

A copy of the Auditor's Independence Declaration is included on page 48 of this financial report as required under section 307C of the *Corporations Act 2001* (Cth) and forms part of the Directors' Report.

Rounding of amounts

The amounts contained in this report and in the consolidated financial statements have been rounded to the nearest thousand dollars unless otherwise stated (where rounding is applicable) under the option available to the Group under the *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*.

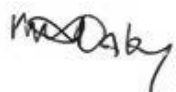
Signed in accordance with a resolution of the directors made pursuant to s.298(2) of the *Corporations Act 2001* (Cth):



Jeff Seeney

Chair

27 August 2026



Marjorie Daley

Director

27 August 2026

Sunwater is governed by a Board of seven directors

Jeff Seeney, Chair – non-executive MBA GAICD

Appointment	- Appointed 28 August 2025 - Term of appointment to 31 May 2028
Experience and expertise	- More than 20 years of public sector experience, including service as Queensland's Deputy Premier and Minister for State Development, Infrastructure and Planning. - Former irrigator, Deputy Mayor and regional MP, playing a key role in significant water industry reforms.
Other current directorships	- CS Energy (appointed 19 December 2024) - JSA Strategies Pty Ltd
Former directorships in past three years	Nil
Special responsibilities	- Chair of Audit and Risk Committee (22 September 2025 to 31 December 2025) - Member of Audit and Risk Committee (1 January 2026) - Member of Project and Investment Committee (22 September 2025) - Member of Irrigators and Water Customers Committee (22 September 2025)

John Cotter, Deputy Chair – non-executive BRTD CPP DipPM MApp Finance GAICD

Appointment	- Appointed 28 August 2025 - Term of appointment to 31 May 2028
Experience and expertise	Senior executive and non-executive director with over 20 years' experience in strategy, finance, highly regulated industries and governance across infrastructure, resources and energy.
Other current directorships	- Director of Burnett Water Pty Ltd (22 September 2025) - Director of North West Queensland Water Pipeline Pty Ltd (22 September 2025) - Director of Initiative Capital Pty Ltd (Group of Companies) - Executive Chair and MD of North West Phosphate Ltd (Group of Companies) - Royal National Agricultural & Industrial Association (RNA) Councillor
Former directorships in past three years	Nil
Special responsibilities	- Chair of Project and Investment Committee (22 September 2025) - Member of Irrigators and Water Customers Committee (22 September 2025)

John Davis, Director – non-executive
BEng (Civil), MBA, MAICD

Appointment	- Appointed 28 August 2025 - Term of appointment to 31 May 2028
Experience and expertise	- Engineer with 45 years' experience in the infrastructure delivery and contract services sector. 25 years' experience advising government agencies and corporations on major water sector projects across Australia and Hong Kong.
Other current directorships	- Director of Burnett Water Pty Ltd (22 September 2025) - Director of Eungella Water Pipeline Pty Ltd (22 September 2025) - Director of North West Queensland Water Pipeline Pty Ltd (22 September 2025) - Director of IDSM Pty Ltd - Director of Fernfill Pty Ltd
Former directorships in past three years	Nil
Special responsibilities	Member of Project and Investment Committee (22 September 2025)

Marjorie Daley, Director – non-executive
BA (History) LLB (Hons)

Appointment	- Appointed 1 October 2025 - Term of appointment to 31 May 2029
Experience and expertise	Practising lawyer since the early 2000s, with expertise in commercial litigation.
Other current directorships	- Director of Starbuck Eve Pty Ltd - Director of New Chambers Pty Ltd - Director of Legal Aid Queensland (appointed 3 February 2026)
Former directorships in past three years	Nil
Special responsibilities	- Chair of Audit and Risk Committee (1 January 2026) - Member of Project and Investment Committee (27 October 2025) - Member of Safety, People and Environment Committee (27 October 2025)

Gail Jukes, Director – non-executive
BCom FCPA AICD

Appointment	- Appointed 1 October 2023 - Term of appointment to 30 September 2026
Experience and expertise	Over 20 years of senior finance experience from various industries including local government, higher education, infrastructure and resources.
Other current directorships	- Director of Uniseed Management Pty Ltd - Director of UIIT Pty Ltd - Director of UQ Residence Ltd
Former directorships in past three years	- Director of West Moreton Health and Hospital Services (ceased 31 March 2026) - Director of Economic Development Queensland (ceased 30 June 2026)
Special responsibilities	- Chair of Audit and Risk Committee (ceased 21 September 2025) - Member of Project and Investment Committee (ceased 21 September 2025) - Member of Audit and Risk Committee (22 September 2025) - Member of Safety, People and Environment Committee (22 September 2025)

Katy Steele, Director – non-executive
BEnvMan (Hons) LLB

Appointment	- Appointed 28 August 2025 - Term of appointment to 31 May 2028
Experience and expertise	20 years' experience working in the resources sector, including environmental management, risk management, regulatory strategy, stakeholder engagement and delivery of complex environmental approvals.
Other current directorships	Director of Eungella Water Pipeline Pty Ltd (22 September 2025)
Former directorships in past three years	Nil
Special responsibilities	Chair of Safety, People and Environment Committee (22 September 2025)

Dr Kayleen Walsh, Director – non-executive
PhD UTS BSc (Hons) UNSW AICD Cert IV TAA Cert IV WHS

Appointment	- Appointed 28 August 2025 - Term of appointment to 31 May 2028
Experience and expertise	Extensive experience in business management, irrigated agriculture and subsurface water engineering across Australia and internationally.
Other current directorships	- Director of WB Agriculture - Director of WB Ag Pty Ltd
Former directorships in past three years	- Director of Burdekin Cane Audit Services - Chair of Water Committee for Queensland Cane Agricultural Renewables
Special responsibilities	- Chair of Irrigators and Water Customers Committee (22 September 2025) - Member of Audit and Risk Committee (22 September 2025) - Member of Safety, People and Environment Committee (22 September 2025)

Former directors' biographies (to 28 August 2025)

Dr Lisa Caffery, Chair – non-executive
BA (QLD) GCBU (USQ) MPRL (USQ) PhD (CQU) GAICD

Appointment	- Appointed 1 October 2021 - Term of appointment to 28 August 2025
Experience and expertise	Founder and principal of a regionally based environmental, social and governance (ESG) advisory firm on stakeholder relations, performance management and social research with extensive governance expertise across a broad range of areas including resources, healthcare, government, social enterprise and the not-for-profit sectors.
Other directorships as at 28 August 2025	- Director of Central Highlands Community Services Ltd (not for profit) - Director of Central Highlands Science Centre Inc (not for profit) - Director of Aura Services Pty Ltd - Director of Caffery Group Pty Ltd - Director of Mater Misericordiae Limited
Former directorships in past three years	Deputy Chair of Central Queensland Hospital and Health Service Board (statutory authority)
Special responsibilities	- Member of Audit and Risk Committee - Member of Safety, People and Environment Committee - Member of Project and Investment Committee

Stuart Armitage, Director – non-executive

Appointment	- Appointed 17 June 2021 - Reappointed 1 June 2024 - Term of appointment to 28 August 2025
Experience and expertise	- Darling Downs irrigation farmer, involved in various leadership positions across rural and agricultural industries including four years as President of Queensland Farmers' Federation. - Awarded the Peter Kenny Medal in 2020 for ongoing contribution to improving and developing sustainable outcomes within the Queensland agriculture sector.
Other directorships as at 28 August 2025	- Chair of Are you bogged mate? Limited (not for profit) - Director of Food Leaders Australia – Toowoomba and Surat Basin Enterprise Limited (not for profit)
Former directorships in past three years	- Director of Cotton Australia Limited - Director of GasFields Commission Queensland (statutory body)
Special responsibilities	Member of the Audit and Risk Committee

Leeha James, Director – non-executive BA (Hons) LLB

Appointment	- Appointed 1 October 2021 - Reappointed 1 June 2024 - Term of appointment to 28 August 2025
Experience and expertise	Lawyer specialising in workplace health and safety, litigation and compensation law.
Other directorships as at 28 August 2025	Director of James Law Pty Ltd
Former directorships in past three years	Nil
Special responsibilities	Chair of the Safety, People and Environment Committee

David Stewart, Director – non-executive BE(Hons) FIEAust CPEng NER APEC Engineer RPEQ GAICD

Appointment	- Appointed 3 December 2015 - Reappointed 1 October 2018 - Reappointed 1 October 2021 - Term of appointment to 28 August 2025
Experience and expertise	- Civil engineer with experience in Australia and internationally, specialising in large dams, water supply, irrigation and other infrastructure projects. - Recognised by Engineers Australia in 2009 as one of Australia's 100 most Influential engineers, has been awarded the River Murray Water Medal by the Murray Darling Basin Authority, and is an Honorary Life Member of ANCOLD.
Other directorships as at 28 August 2025	- Director of Australian Dams & Water Consultants Pty Ltd - Director of Eungella Water Pipeline Pty Ltd - Director of North West Queensland Water Pipeline Pty Ltd
Former directorships in past three years	Nil
Special responsibilities	- Chair of the Project and Investment Committee - Member of the Audit and Risk Committee

**Jane Williams, Director – non-executive
AICD**

Appointment	• Appointed 1 October 2020 • Reappointed 1 October 2023 • Term of appointment to 28 August 2025
Experience and expertise	• Experience working in rural and regional Queensland, with qualifications and long-term experience in serving and leading boards.
Other directorships as at 28 August 2025	• Chair of Central West Hospital and Health Service (statutory authority) • Director of CheckUP Australia Limited (not for profit) • Director of Health Workforce Qld Limited (not for profit) • Director of Health and Wellbeing Qld (statutory body) • Director of Royal Flying Doctor Service Ltd • Director of Burnett Water Pty Ltd
Former directorships in past three years	• Director of RFDS Foundation Limited
Special responsibilities	• Member of the Safety, People and Environment Committee

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Sunwater Limited

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

Independence declaration

As lead auditor for the audit of Sunwater Limited's financial report for the year ended 30 June 2026, I declare that, to the best of my knowledge and belief, there have been:

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

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



Lisa Fraser
as delegate of the Auditor-General

26 August 2026

Queensland Audit Office
Brisbane

General information

These financial statements are consolidated financial statements for the Group consisting of Sunwater Limited and its subsidiaries. A list of subsidiaries is included in note 17.

The financial statements are presented in Australian dollars.

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

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

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

Sunwater Limited Group

Financial Statements 2025–26

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2026

		2026	2025
	<i>Notes</i>	\$'000	\$'000
Revenue from contracts with customers	1	397,160	452,546
Other income	2	20,674	16,754
Total revenue and other income		417,834	469,300
Expenses			
Operating expenditure	3A	(152,458)	(163,532)
Employee benefits	3B	(94,136)	(90,092)
Depreciation and amortisation	10,11,12	(48,176)	(46,394)
Impairment of assets	10,11	(172,098)	(150,372)
Loss on disposal of assets		(85)	(56)
Operating profit		(49,119)	18,854
Finance costs		(18,797)	(17,230)
Profit before income tax		(67,916)	1,624
Income tax credit	4	-	-
Profit for the year		(67,916)	1,624
Other comprehensive income		-	-
Total comprehensive income for the year		(67,916)	1,624

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

Consolidated Statement of Financial Position

as at 30 June 2026

		2026	2025
	Notes	\$'000	\$'000
ASSETS			
Current assets			
Cash and cash equivalents	5	44,833	62,514
Trade and other receivables	6	402,944	364,589
Inventories		4,992	4,259
Total current assets		452,769	431,362
Non-current assets			
Property, plant and equipment	10	573,115	622,881
Right-of-use assets	12	21,101	20,632
Intangible assets	11	33,913	47,512
Total non-current assets		628,129	691,025
Total assets		1,080,898	1,122,387
LIABILITIES			
Current liabilities			
Trade and other payables	7	37,645	45,570
Provisions	14	25,587	24,734
Lease liabilities	12	7,992	6,788
Other current liabilities	13	43,779	42,159
Total current liabilities		115,003	119,251
Non-current liabilities			
Provisions	14	1,975	1,903
Borrowings	8	369,273	369,184
Lease liabilities	12	16,706	17,838
Other non-current liabilities	13	156,778	172,900
Total non-current liabilities		544,732	561,825
Total liabilities		659,735	681,076
Net assets		421,163	441,311
EQUITY			
Contributed equity	16	578,205	530,437
Retained earnings		(157,042)	(89,126)
Total equity		421,163	441,311

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

Consolidated Statement of Changes in Equity

for the year ended 30 June 2026

		Contributed equity	Retained earnings	Total equity
	<i>Notes</i>	\$'000	\$'000	\$'000
Balance at 1 July 2024		388,454	(90,750)	297,704
Total comprehensive income for the year		-	1,624	1,624
Transactions with owners in their capacity as owners:				
Equity funding	16	141,983	-	141,983
Dividends provided for or paid	15	-	-	-
Balance at 30 June 2025		530,437	(89,126)	441,311
Total comprehensive income for the year		-	(67,916)	(67,916)
Transactions with owners in their capacity as owners:				
Equity funding	16	47,768	-	47,768
Dividends provided for or paid	15	-	-	-
Balances at 30 June 2026		578,205	(157,042)	421,163

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

Consolidated Statement of Cash Flows

for the year ended 30 June 2026

		2026	2025
	Notes	\$'000	\$'000
Operating activities			
Receipts from customers		404,901	436,608
Payments to suppliers and employees		(283,845)	(287,866)
Net receipts		121,056	148,742
Government grants		2,816	8,439
Community service obligations (CSOs) received		21,508	24,734
Interest received		163	81
GST recovered		10,194	13,900
Net cash from operating activities	5	155,737	195,896
Investing activities			
Payments (to)/from advance facility	6	(52,270)	(149,581)
Payments for property, plant and equipment	10	(160,279)	(168,956)
Interest received		17,192	14,379
Proceeds from sale of property, plant and equipment	10	13	11
Net cash used in investing activities		(195,344)	(304,147)
Financing activities			
Equity funding	16	47,768	141,983
Dividends paid		-	(10,838)
Interest paid	8	(16,338)	(15,199)
Principal elements of lease payments	12	(8,108)	(7,142)
Interest paid on leasing liabilities	12	(1,485)	(1,392)
Net movement to borrowings	8	89	65
Net cash from financing activities		21,926	107,477
Net increase in cash and cash equivalents		(17,681)	(774)
Cash and cash equivalents at 1 July 2025		62,514	63,288
Cash and cash equivalents 30 June 2026	5	44,833	62,514

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

Notes to Financial Statements for the year ended 30 June 2026

Basis of preparation

Sunwater Limited is a company incorporated and domiciled in Australia and is a for-profit entity for the purposes of preparing the financial statements. The financial statements are for the consolidated Group consisting of Sunwater Limited (the Company) and its subsidiaries and together are referred to as the Group or Sunwater.

Statement of compliance

The financial statements are general purpose financial statements, which:

- have been prepared in accordance with the requirements of the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB), the *Corporations Act 2001* (Cth) and the provisions of the *Government Owned Corporations Act 1993* (Qld)
- have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value
- are presented in Australian dollars, with all amounts in the financial report being rounded off in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* to the nearest thousand dollars, unless otherwise indicated
- comparative information reflects the audited 2024-25 financial statements
- adopt all new and amended accounting standards and interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or after 1 July 2025 except for if there is a practical impediment, in which case management provide further disclosure.

Going concern

Having reviewed the information available to them and made any enquiries that were necessary, the directors are of the opinion that the business has sufficient resources to continue to trade. The financial statements have been prepared on a going concern basis. The Board considers the going concern basis to be appropriate as there is a reasonable expectation that Sunwater will be able to pay its debts as and when they fall due.

Further, it is expected that the business will remain a going concern for at least 12 months from the signing of the financial statements.

Other accounting policies

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

Critical accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgement, estimates and assumptions on historical experience and other factors, including expectations of future events that management believes to be reasonable under the circumstances.

The resulting accounting judgements will seldom equal the actual results. The judgements and estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed in the respective notes and include:

- Recovery of deferred tax assets – refer note 4

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised.

- Key assumptions in impairment testing – refer note 10

Assumptions and estimates inform the valuation of the recoverable amount of a cash-generating unit (CGU). This requires forward looking estimates of future cash flows with assumptions on revenue growth, operational and capital costs and risks not recognised in those cash flows based on the Board-approved annual Statement of Corporate Intent and Corporate Plan.

Due to the inherent uncertainty in future cash flows management places significant focus on reviewing estimates of cash flows and assumptions and engages external consultants to independently review the impairment model calculation integrity and provide an appropriate weighted average cost of capital rate.

- Estimates of asset useful lives; depreciation and amortisation – refer note 10

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful life may change significantly because of technological obsolescence, climatic conditions or assessment of contractual life. Many of the Group's water infrastructure assets have long design lives.

- Indefinite lives of intangible assets – refer note 11

In determining that water allocations have an indefinite life, Sunwater has assumed that the current Resource Operating Licence conditions will continue, although notes that the plans and associated conditions may be reviewed and changed by the Queensland Government.

- Lease terms and extension options in right of use assets – refer note 12

The determination of lease term requires management judgement regarding when extension options are reasonably certain to be exercised. Each property lease is assessed individually to assess the reasonable certainty of exercising extension options. Property leases are discounted using Sunwater's incremental borrowing rate and light fleet vehicles are discounted using the rate implicit in the lease.

- Recognition of provisions – refer note 14

Provisions are inherently uncertain as they are by nature estimates relating to a present obligation resulting from a past event where there may be multiple possible outcomes for the timing or value of outflows of cash. Management reviews all information that is available and applies judgement based on experience and expected outcomes to determine the quantum of any provision to be recognised. The matter is disclosed as a contingent liability if the likelihood of an outflow of cash does not meet the probable threshold.

Effect of climate change on financial statements

Climate-related risks and opportunities have been considered in the preparation of the Group's Consolidated Statement of Financial Position, including the assessment of going concern, impairment testing, useful lives of assets, provisions and other accounting estimates and judgements. These assessments have been informed by the climate-related risk and opportunity assessment disclosed in the Group's Sustainability Report.

Climate-related disclosures included in the Group's Sustainability Report contain assumptions, estimates and judgements regarding potential physical and transition risks. The nature, scale and timing of future climate-related impacts remain uncertain and may change over time in response to evolving climate science, policy settings and market conditions. Key assumptions and judgements for preparation of climate-related metrics are outlined in the Notes to the Sustainability Report for the year ended 30 June

2026. No material climate-related financial impacts or adjustments arose in the preparation of the 2025–26 financial statements.

Management has considered the effect of climate change on the following key areas of the Group's financial statements for 2025–26.

- Going concern

Management considers all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. Climate-related matters do not create material uncertainties related to events or conditions that cast doubt on the Group's ability to continue as a going concern. Climate-related risks are considered through the Group's risk management, strategic planning and asset management processes and are not considered to create material uncertainty regarding the Group's ability to continue as a going concern.

- Trade receivables loss provision – refer note 6

Climate-related risks and opportunities in the Group's Sustainability Report represent a possible change in revenue and customer composition due to potentially extended droughts, extreme rainfall events, and climate transition-related shifts in the industrial customer base.

These risks may impact a customer's capacity to pay. The Group monitors its expected credit loss model on a quarterly basis and customer collection activity on a regular basis.

At 30 June 2026, there is no evidence of a significant change in customer collections that translates to climate-related risk impacting the expected credit loss provision.

- Impairment of property, plant and equipment – refer note 10

The Group uses a valuation model to estimate the recoverable amounts of CGUs which include forward looking estimates of future cash flows. These considerations informed key assumptions used in impairment testing, including assumptions relating to future demand profiles, anticipated costs and the cost of capital. Consistent with this assessment, the discount rates applied in impairment testing include consideration of climate-related uncertainty and risk where relevant.

- Recognition of provisions – refer note 14

The Group is aligned with Queensland Government policy, including the State's commitment to net zero emissions by 2050. The Group's primary focus is the safe, reliable and efficient delivery of affordable and sustainable water through its resilient and reliable infrastructure.

Management considered whether climate-related matters give rise to a present obligation requiring recognition of a provision at 30 June 2026. Based on Queensland Government policy, current legislation, contractual commitments and approved obligations, no material climate-related provisions were required to be recognised.

The Group has concluded that no material climate-related financial impacts arose in the preparation of the 2025–26 financial statements. Climate-related risks and opportunities are not expected to materially affect the Group within the current five-year corporate planning cycle based on information available at the reporting date.

Section 1: Profit or loss information

Note 1: Revenue

Accounting policy

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

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

Table 1.1. Revenue for major business activities

Revenue from customers	Performance obligations	Revenue recognition
Industrial water distribution services	Transportation of water from Sunwater's water sources along a pipeline to a customer's off-take.	Recognised over time as water is delivered.
Irrigation water distribution services	Delivery of water through water supply scheme assets to a customer's off-take.	Recognised when water is delivered to the customer.
Urban water distribution services	Reservation and supply of water to customers for urban needs – especially regional councils.	Recognised over time as the water is made available to the customer.
Drainage	Fixed fee for capital infrastructure and maintenance of drainage systems to remove excess water.	Recognised over time as the customer simultaneously receives and consumes benefits.
Water allocations	Water allocations are saleable/tradeable rights that may be granted by the Crown free of charge in a Resource Operations Plan under the <i>Water Act 2000</i> (Qld). Water allocations are an entitlement to a share of available water from Sunwater's sources and the authority to take water from a catchment.	Permanent allocation sales are recognised at contract completion when final payment is received. Leased or term allocations are recognised over the water year evenly as the water is made available. All other water allocations granted free of charge are recognised, when granted, at fair value which is nominal cost (\$1).
Consulting and facilities management	Providing operations and maintenance or consultancy services as a service provider to third party water assets.	Recognised as the customer receives the services provided or can benefit from the work completed to date.
CSOs	As these are subsidies from the Queensland Government, no conditions (apart from normal commercial considerations in maintaining water deliveries) are required to be met.	Recognised evenly over the periods to which the subsidy relates
Grants	Sunwater receives grants for a specific purpose or activity.	Grant income is recognised on a systematic basis over time or at a point in time dependent on the pattern of costs incurred.

	2026	2025
Revenue from contracts with customers	\$'000	\$'000
Industrial water distribution services	257,595	246,610
Irrigation water distribution services ⁽¹⁾	68,354	49,460
Urban water distribution services	18,233	16,817
Drainage	1,315	1,088
Water allocations revenue	25,279	100,393
Consulting and facilities services revenue	4,039	7,433
Grants	2,816	8,439
Community service obligation – irrigation	12,354	15,257
Community service obligation – urban (Cloncurry)	7,175	7,049
Total revenue from contracts with customers	397,160	452,546

(1) Irrigation revenue is earned based on the tariffs set by the Queensland Government and irrigation customer water usage. Tariffs for some water supply schemes are set below the level necessary to recover the cost of supplying water to irrigators. Queensland Government funding is provided to Sunwater via a community service obligation to offset reduced revenue.

Table 1.2. Disaggregation of revenue by contracts with customers

	Industrial customers	Irrigation customers	Urban water	Drainage	Water allocations	Consulting and facilities services revenue	Government (Rookwood Weir, grants and CSOs)	Total
2026								
Timing of recognition	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At a point in time	54,944	14,150	3,823	-	3,147	4,039	-	80,103
Over time	202,651	54,204	14,410	1,315	22,132	-	22,345	317,057
Total	257,595	68,354	18,233	1,315	25,279	4,039	22,345	397,160
Number of customer accounts/contracts	690	4,380	149	115	78	15	3	5,430
2025								
At a point in time	49,618	5,735	2,877	-	78,792	7,433	-	144,455
Over time	196,992	43,725	13,940	1,088	21,601	-	30,745	308,091
Total	246,610	49,460	16,817	1,088	100,393	7,433	30,745	452,546
Number of customer accounts/contracts	651	4,349	150	119	90	40	3	5,402

Note 2: Other income

	2026	2025
	\$'000	\$'000
Interest income	18,338	15,004
Rent received	69	78
Gain on disposal of non-current assets	13	11
Fees and other income	2,254	1,661
Total other income	20,674	16,754

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

Note 3: Expenses

A. Operating expenditure

	2026	2025
	\$'000	\$'000
Contracted services	69,017	74,765
Electricity	30,144	30,503
Insurance	12,845	13,698
Materials, plant hire and fleet	12,171	14,447
Legal services	360	1,755
Telephone and data lines	1,323	1,350
Travel and accommodation	4,366	4,890
Rates and land tax	3,661	3,059
ICT equipment and software	14,260	10,953
Corporate and administrative expenses	4,311	8,112
Total operating expenditure	152,458	163,532

Contracted services are external contractors engaged to perform works on specific projects or engaged to deliver professional or engineering advice and services. The line item additionally includes the accounting for movements in contractual provisions for the financial year included within provisions (refer note 14).

B. Employee benefits

	2026	2025
	\$'000	\$'000
Salaries and allowances	63,919	61,445
Annual leave, banked time and time off in lieu (TOIL)	8,666	8,128
Long service leave expenses	2,256	2,110
Employer superannuation contributions	11,358	10,538
<i>Employee-related expenses</i>		
Workers' compensation premium	239	219
Payroll tax	5,732	5,241
Other employee-related expenses	1,966	2,411
Total employee benefits	94,136	90,092

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

Annual leave, banked time and TOIL

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

Long service leave

Sunwater is levied under the Queensland Public Sector's long service leave scheme at rates determined by actuarial assessment. Levies are recognised as payables during the reporting year and are paid quarterly to the long service leave scheme. Amounts paid to employees for long service leave are claimed from the scheme as and when leave is taken.

Sick leave

Sick leave is non-vesting and no expense is recognised.

Superannuation

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

Note 4: Income tax

Accounting policy

(a) Current tax - income tax equivalents

The Group is exempt from income tax under section 24AM of the *Income Tax Assessment Act 1997* (Cth). However, under the *Government Owned Corporations Act 1993* (Qld) and the *National Tax Equivalents Regime*, the Group is required to make payments to the Queensland Government, equivalent to the amount of any Commonwealth income tax for which an exemption is received.

The income tax equivalent expense (referred to as income tax expense) for the period is the tax payable on the current period's taxable income based on the Australian corporate income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses.

Deferred income tax using the liability method is provided in full on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction does not affect accounting or taxable profit or loss.

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

(b) Deferred tax balances

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

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

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and tax offsets, to the extent that it is probable that future taxable profits will be available against which they can be utilised.

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

Management assesses the recoverability of unused tax losses by reference to Board-approved future business forecasts and projected taxable income in accordance with Australian Income Tax Legislation.

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

(c) Investment allowances and similar tax incentives

Entities within the Group may be entitled to claim special tax deductions for investments in qualifying assets or for qualifying expenditure e.g. accelerated capital expenditure deductions as Sunwater is an Irrigation Water Provider in accordance with section 40-515 of the *Income Tax Assessment Act 1997* (Cth), the Research and Development Tax Incentive regime or other investment allowances. The Group accounts for such allowances as tax credits, which means that the allowance reduces current tax expenses.

(d) Tax consolidation legislation

Sunwater Limited and its wholly owned Australian-controlled subsidiaries are subject to tax consolidation legislation.

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

The Group has also entered into a tax funding agreement under which the wholly owned entities fully compensate Sunwater Limited for any current tax payable and are compensated by Sunwater Limited for any current tax receivable and deferred tax assets for unused tax losses or tax credits transferred to Sunwater Limited under the legislation.

The funding amounts are determined by reference to the amounts recognised in the wholly owned entities' financial statements. The amounts receivable/payable under the tax funding agreement are due on payment by Sunwater of those liabilities and are subject to Sunwater parent entity providing to the wholly owned entities satisfactory evidence of that payment. The wholly owned entities will promptly pay Sunwater the contribution amount and Sunwater will promptly pay to the relevant wholly owned entities the amounts receivable by them under the funding arrangement.

(e) Goods and Services Tax (GST)

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

Receivables and payables are stated inclusive of GST receivable or payable. The net GST recoverable from, or payable to, the ATO is included with other receivables or payables in the Consolidated Statement of Financial Position. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows.

Key estimates and judgements

Recovery of deferred tax assets

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised.

Management assesses the recoverability of unused tax losses by reference to Board-approved future business forecasts and projected taxable income in accordance with Australian income tax legislation.

(i) Reconciliation of income tax expense

	2026 \$'000	2025 \$'000
Profit before income tax	(67,916)	1,624
Tax expense (benefit) at the Australian rate of 30% (2025:30%)	(20,375)	487
Non-deductible entertainment	6	11
Sundry items	(121)	7
Luxury vehicle lease adjustment	24	-
De-recognition of temporary differences	20,466	(505)
Income tax expense	-	-
Deferred tax	-	-
Current tax	-	-
Income tax expense	-	-

(ii) Movement in deferred tax balances

	Net balance at 1 July	Adjustments	Charged to Income Statement	Net balance at 30 June	Deferred tax asset (DTA)	Deferred tax liability (DTL)
2026	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Employee benefits	2,345	-	229	2,574	2,574	-
Property, plant and equipment	42,322	-	16,780	59,102	59,102	-
Provisions	5,908	-	48	5,956	5,956	-
Leases	1,198	-	(119)	1,079	1,079	-
Unearned income	11,794	-	-	11,794	11,794	-
Accrued income	-	-	(483)	(483)	-	(483)
Other	(1,927)	-	(1,118)	(3,045)	(953)	(2,092)
Tax losses	13,002	-	4,393	17,396	17,396	-
Deferred tax assets/(liabilities) before set off	74,642	-	19,730	94,373	96,948	(2,575)
Set off DTL against DTA					(2,575)	2,575
De-recognition	(74,642)	-	(19,730)	(94,373)	(94,373)	
Net tax assets	-		-	-	-	-

	Net balance at 1 July	Adjustments*	Adjusted Net Balance at 1 July	Charged to Income Statement	Net balance at 30 June	Deferred tax asset (DTA)	Deferred tax liability (DTL)
2025	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Employee benefits	2,322	-	2,322	23	2,345	2,345	-
Property, plant and equipment	32,873	-	32,873	9,449	42,322	42,322	-
Provisions	5,417	-	5,417	491	5,908	5,908	-
Leases	1,255	-	1,255	(57)	1,198	1,198	-
Unearned income	-	11,919	11,919	(125)	11,794	11,794	-
Other	14,921	(11,919)	3,002	(4,929)	(1,927)	147	(2,074)
Tax losses	18,414	-	18,414	(5,412)	13,002	13,002	-
Deferred tax assets/(liabilities) before set off	75,202	-	75,202	(560)	74,642	76,716	(2,074)
Set off DTL against DTA						(2,074)	2,074
De-recognition	(75,202)	-	(75,202)	560	(74,642)	(74,642)	
Net tax assets	-	-	-	-	-	-	-

*Adjustment to opening balance primarily relate to amendments to be lodged to prior year returns in respect of unclaimed irrigation water provider deductions.

(iv) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following unused tax losses as it is not considered probable that future taxable profits will be available against which the Sunwater Tax Consolidated Group can utilise the benefits.

	2026 \$'000	2026 \$'000	2025 \$'000	2025 \$'000
	Gross amount	Tax effect	Gross amount	Tax effect
Deductible temporary differences	256,589	76,977	205,466	61,640
Unused tax losses	57,987	17,396	43,342	13,002
	314,576	94,373	248,808	74,642

Unused tax losses can be recovered against future taxable income and can be carried forward indefinitely.

Section 2: Financial assets and financial liabilities

Note 5: Cash and cash equivalents

Accounting policy

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

Risk exposure

Information about the Group's exposure to credit risk is detailed in note 9.

	2026	2025
	\$'000	\$'000
Cash at bank	15,677	33,736
Cash held as security	29,156	28,778
Cash at bank and on deposit	44,833	62,514

Sunwater holds cash surplus to operations in the Queensland Government's cash pooling arrangement, the GOC Advance Facility (refer note 6), which at 30 June 2026 held \$374.84 million (2025 - \$322.58 million).

Cash held as security is subject to repayment on call by customers on completion of their contract and subject to meeting the obligations under their respective agreements (refer note 13) and therefore is not available for general use by the Group.

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

		2026	2025
	Notes	\$'000	\$'000
(Loss)/profit for the year		(67,916)	1,624
Depreciation and amortisation	10,11,12	48,176	46,394
Impairment of assets	10,11	172,098	150,372
Bad and doubtful debts	6,9	(82)	(28)
Net loss/(gain) on disposal of non-current assets		72	45
Interest received		(18,175)	(14,925)
Interest paid		16,338	15,199
Interest on lease liabilities	12	1,485	1,392
Change in assets and liabilities:			
(Increase)/decrease in inventories		(734)	245
(Increase)/decrease in deferred tax assets	4	(501)	25,763
Decrease/(increase) in receivables and other assets		16,919	(9,762)
(Decrease)/increase in trade and other payables		(9,460)	13,377
Increase/(decrease) in provisions		925	(5,000)
(Decrease) in deferred revenue		(3,909)	(3,037)
Increase/(decrease) in deferred tax liabilities	4	501	(25,763)
Net cash inflow from operating activities		155,737	195,896

Note 6: Trade and other receivables

Accounting policy

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

	2026	2025
	\$'000	\$'000
Trade receivables		
Trade receivables	7,258	9,322
Accrued revenue	15,504	27,843
Expected credit loss provision	(650)	(732)
	22,112	36,433
Other receivables		
Advance facility	374,842	322,576
GST receivable*	2,706	3,225
Prepayments	3,284	2,355
	380,832	328,156
Trade and other receivables	402,944	364,589

*GST receivable is shown net of GST payable balances.

Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business and generally have credit terms ranging from seven to 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Accrued revenue

Accrued revenue reflects water delivered but not invoiced and costs recoverable from customers.

Expected credit loss provision

The Group applies the simplified approach to providing for expected credit losses prescribed by AASB 9 *Financial Instruments*, which requires the use of the lifetime expected loss provision for all trade receivables within the scope of AAS15 *Revenue from contracts with customers*. The simplified approach uses an expected loss allowance for all trade receivables and contract assets and liabilities. Where there is a specific risk, the Group has reviewed the possible outcomes and applied an expected value to the likely credit position.

To measure the expected credit loss, trade receivables, contract assets and liabilities have been grouped based on shared credit risk characteristics and the days past due. The contract assets and liabilities relate to unbilled or in advance work and have substantially the same risk characteristics as the trade receivables for the same types of contracts (refer to note 9).

Movements in the allowance for expected credit loss are set out below.

	2026 \$'000	2025 \$'000
At 1 July	732	760
Allowances (reduced)/added	(82)	(28)
Carrying amount at 30 June	650	732

An improvement in customer balances greater than 180 days and lower bad debts have led to a reduction in the expected loss allowance in 2026 (refer note 9).

Foreign exchange and interest rate risk

Information about the Group's exposure to foreign currency risk and interest rate risk relating to trade and other receivables is detailed in note 9.

Fair value and credit risk

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

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables. For more information on the Group's risk management policies, refer to note 9.

Advance facility

Under the Queensland Government's cash pooling arrangement, GOCs advance surplus cash to QTC. QTC pays interest on these advances at the QTC Cash Fund rate which averaged 4.40 per cent in 2026 (2025: 4.88 per cent).

There are limitations on the use of these funds where they have been provided to Sunwater for a specified purpose.

The facilities hold cash advanced by Sunwater amounting to \$374.84 million, net cash of \$52.27 million was advanced to the facilities (2025 – \$149.58 million advanced). Cash held includes \$108.22 million held for a specified purpose (2025 – \$157.88 million). These facilities can be drawn upon as required or as per agreements in place. Notification periods of 24 to 48 hours are generally required to access the advances.

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

Note 7: Trade and other payables

Accounting policy

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

	2026 \$'000	2025 \$'000
Trade payables	8,163	11,169
Expense accruals	27,267	30,269
Other payables	2,215	4,132
	37,645	45,570

Expense accruals represent unbilled goods and services provided to the Group up to 30 June 2026 across operating costs, electricity and major capital projects.

Note 8: Borrowings

Accounting policy

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost, using the effective interest rate method.

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

Finance costs for the construction of any qualifying asset are capitalised during the time required to complete and prepare the asset for its intended use. Interest and finance costs of \$nil were capitalised in the year ending 30 June 2026 (2025 – \$nil capitalised). Other borrowing costs are expensed.

	2026 \$'000	2025 \$'000
Unsecured		
QTC loan	369,273	369,184
	369,273	369,184
Represented by:		
Current	-	-
Non-current	369,273	369,184
	369,273	369,184

Financing arrangements

The loans from QTC are interest bearing. Sunwater's non-current borrowings have no fixed repayment date. The terms of the loan facilities are reviewed with QTC annually. \$nil was drawn during the year (2025 - \$nil).

The Group monitors capital through agreed financial covenants (EBITDA debt service coverage ratio and total debt to total capital ratio).

The Group has a rolling \$150 million working capital facility with QTC. This facility is repayable on demand and operates as an overdraft that is used to cover temporary funding shortfalls. The facility was undrawn as at 30 June 2026 (2025 - undrawn).

The carrying amount of debt is amortised cost, fair value is based on prevailing interest rates and market conditions. The Group repays borrowings in accordance with the requirements of the relevant agreement and no adjustment to fair value is needed. On de-recognition of the debt any difference between the carrying value and the settlement value is included in finance costs in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Fair value

	2026		2025	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$'000	\$'000	\$'000	\$'000
Borrowings	369,273	350,207	369,184	356,676

Changes in liabilities arising from financing activities

The amounts disclosed in the Consolidated Statement of Cash Flows under Financing Activities relate to cash payments arising from the Group's long-term borrowing with QTC. This may be different to the income statement charge due to accrued interest.

Note 9: Financial risk management

The Group's activities may, at certain times, expose it to a variety of financial risks, including market (currency risk, interest rate risk and price risk), credit and liquidity risks.

The Group uses different methods to measure the different types of risk to which it may be exposed.

Risk	Exposure arising from	Measurement	Management
Market risk – foreign exchange risk	Sourcing plant and equipment and services from overseas Future commercial transactions	Cash flow forecasting Sensitivity analysis	Foreign currency forwards QTC FX platform Procurement sourced predominantly in Australia
Market risk – interest rate	Long-term borrowing rates	Sensitivity analysis	Board-endorsed risk management and policies Loan duration target managed by QTC
Market risk – price risk	Vulnerability to fluctuations in market conditions Geopolitical global events	Sensitivity analysis	Market risk impact assessments Monitoring and reporting
Credit risk	Cash and cash equivalents, derivative financial instruments, deposits with financial institutions and receivables from customers	Counterparty credit risk analysis Customer ageing analysis	Investments held with organisations with a high credit rating, no less than AA- Customer bank guarantees
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts Contract ageing analysis	Working capital facility Annual credit reviews by QTC Long-term modelling
Climate-related risk	Significant weather events	Physical and transitional risk analysis	Long-term modelling Asset design planning

Market risk

Foreign exchange risk

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

In 2026, the Group had no significant exposure to foreign exchange risk and did not enter any derivative contracts to hedge its foreign exchange risk exposure.

Price risk

The Group has exposure to price risk due to fluctuations in the prices of goods and services that it buys due to adjustments to supply chains and inflation.

The Group is also exposed to price risk due to regulated water prices. This price risk is understood and managed through the engagement in irrigation price path reviews with the Queensland Government when setting regulated pricing levels.

Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long-term borrowings and short-term investment.

The Group manages its interest rate risk in consultation with QTC in accordance with policies approved by the Board. Interest rate risk on debt is managed through QTC and focuses on a target debt duration profile. Interest rate risk on investment is managed by maintaining a short-term duration reflecting the expected use of funds through investing in cash and the advance facility.

The following interest rate sensitivity analysis on the Group's borrowings showing the estimated impact on profit and equity under +/- 100bps interest rate movements. The increase/decrease in interest cost represents the expected annualised impact of refinancing to maintain the current debt pool target duration. These refinancings involve progressively repaying shorter-term fixed rate debt and replacing it with longer-term fixed rate debt.

Financial instruments

		Interest rate risk			
2026		-1%		+1%	
	Carrying amount	Profit	Equity	Profit	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and advance facility	419,675	(4,199)	(4,199)	4,199	4,199
QTC borrowings	369,273	223	223	(191)	(191)
Overall effect on profit and equity		(3,976)	(3,976)	4,008	4,008

2025		-1%		+1%	
	Carrying amount	Profit	Equity	Profit	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and advance facility	385,090	(3,160)	(3,160)	3,160	3,160
QTC borrowings*	369,184	231	231	(196)	(196)
Overall effect on profit and equity		(2,929)	(2,929)	2,964	2,964

*Sensitivity analysis in 2025 has been restated to achieve comparability with 2026.

Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments, deposits with financial institutions and receivables from customers. Credit risk largely arises from the potential failure of counterparties to meet their obligations under contracts. Credit evaluations are carried out on all customers requiring credit over a certain amount and on all counterparties to significant contracts.

Exposure to credit risk is monitored on an ongoing basis.

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

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

Trade receivables are written off when there is no reasonable expectation of recovery. Failure to make payment within 180 days from the invoice date and failure to engage with the Group on alternative payment arrangements (among other factors) are considered indicators that there is no reasonable expectation of recovery. Balances greater than 180 days have a higher default rate applied to take account of these potential losses.

For customers with balances over 180 days that are greater than 90 per cent of the total balance due, 100 per cent expected credit loss is provided across all ageing brackets.

No provision is taken up for government customers unless there is no reasonable expectation of a full recovery.

Historic default rates are applied to the remainder of balances.

The Group has considered impacts on the expected credit losses and believes that fully providing for customers with balances greater than 90 per cent after 180 days of the total balance due provides coverage for customers struggling over an extended period. On the above basis the expected credit loss for trade receivables as at 30 June 2026 and 30 June 2025 was determined as follows:

\$'000	Current	Less than 30 days past due	31 to 60 days	61 to 90 days	91 to 180 days	More than 180 days	Total balance
Carrying value of trade receivables	5,511	498	18	67	344	1,224	7,662
Amount provided at 100%	1	12	2	3	14	617	649
Remaining carrying value of trade receivables	5,510	486	16	64	330	607	7,012
Expected credit loss rate	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%
Amount provided	1	-	-	-	-	-	1
Total provided 30 June 2026	2	12	2	3	14	617	650
Carrying value of trade receivables	7,595	308	7	30	215	1,167	9,322
Amount provided at 100%	3	10	1	2	13	699	728
Remaining carrying value of trade receivables	7,592	298	6	28	202	468	8,594
Expected credit loss rate	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%
Amount provided	-	1	-	-	1	2	4
Total provided 30 June 2025	3	11	1	2	14	701	732

In 2026, the Group had no transactions involving derivative financial instruments.

At the balance sheet date, there were no other significant concentrations of credit risk outside of QTC for recognised financial instruments. The maximum exposure to credit risk at 30 June 2026 in each class of recognised financial assets is the carrying amount of those assets shown in the following table.

Maximum exposure to credit risk

Category	Notes	2026 \$'000	2025 \$'000
Cash at bank and at call invested in Australian institutions rated AA- or higher *	5	44,833	62,514
Receivables – current	6	22,112	36,433
		66,945	98,947

*Inclusive of accrued interest

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

Liquidity risk

Liquidity risk management within the Group ensures sufficient cash is available to meet short-term and long-term financial commitments. The Group has policies in place to manage liquidity risk by monitoring forecast cash flows to ensure that sufficient cash and short-term borrowing facilities are maintained so adequate funds are always available to meet commitments.

The Group has an approved borrowing program of \$40 million, which was undrawn in the year. In 2026, the Group had a rolling working capital facility of \$150 million with QTC. This facility was not drawn on during the year (2025 – \$nil) but operates as an overdraft used to cover temporary funding shortfalls and is repayable on demand.

Additional liquidity may be provided from time to time from the Queensland State Government.

The following table sets out the liquidity risk of financial liabilities held by Sunwater and its subsidiaries. It shows the contractual maturity of financial liabilities, with calculations based on undiscounted cash flows.

2026	Carrying amount \$'000	Less than 1 year \$'000	1–5 years \$'000	Over 5 years \$'000	Total cash flows (contractual) \$'000
Payables	37,645	37,645	-	-	37,645
Borrowings*	369,273	15,223	61,347	368,147	444,717
Leases	24,698	9,194	16,950	1,091	27,235
Deposits payable	29,156	23,683	5,473	-	29,156
	460,772	85,745	83,770	369,238	538,753
2025					
Payables	45,570	45,570	-	-	45,570
Borrowings*	369,184	13,882	55,898	368,147	437,927
Leases	24,626	7,955	17,952	1,461	27,368
Deposits payable	28,778	23,305	5,473	-	28,778
	468,158	90,712	79,323	369,608	539,643

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

Section 3: Operating assets and liabilities

Note 10: Property, plant and equipment

Accounting policy

Property, plant and equipment

Items of property, plant and equipment are carried at cost or deemed cost less accumulated depreciation and impairment losses. The Group elected to exercise the option under AASB 1 *First-time adoption of Australian Accounting Standards* to adopt the fair value of an item of property, plant and equipment at its deemed cost.

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

The cost of self-constructed items includes the direct cost of construction plus incidental costs, including all those incurred in preparing the assets for use, such as engineering design fees, an appropriate proportion of directly attributable overheads and finance costs (refer note 8). The cost also includes the initial estimate of the costs of decommissioning the items and restoring the site on which they are located where such an estimate is relevant and reliable in the context of the very long design life of most assets.

All items of property, plant and equipment acquired at a cost or other value above the threshold for capitalisation are capitalised in the year of acquisition. Assets under construction are recorded at cost and are not depreciated until they are completed and ready for use; however, they are subject to impairment testing.

No threshold is applied to items in the infrastructure class of assets as these are a group of assets built to perform a distinct function for a water supply scheme. Adjustments (including repairs) or additions to existing infrastructure assets that are not enhancements or replacements do not satisfy asset recognition criteria and are expensed.

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

Depreciation

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

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

For each class of depreciable asset, the following depreciation rates and useful lives are used.

Asset class	Depreciation rate	Useful life
Land	Land is not depreciated	Indefinite
Buildings and land improvements	0.67 to 20 per cent	5 to 150 years
Plant and equipment	6.67 to 33.33 per cent	3 to 15 years
Water infrastructure	0.5 to 10 per cent	10 to 200 years

Impairment of property, plant and equipment

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment including assets under construction to determine whether there is any indication that those assets may have suffered an impairment loss. If any such indicator exists, the recoverable amount of the asset is estimated using a value-in-use (ViU) calculation to determine the extent of the impairment loss, if any. Where the individual asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs.

When a reasonable and consistent basis of allocation can be identified, corporate assets are allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Determination of CGUs

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

Circumstances that have led to the recognition and reversal of impairment losses

In assessing the ViU (recoverable amount) of the water infrastructure assets the net present value of future cash flows is determined for each CGU, requiring key estimates and assumptions to be made about the future.

The Group does not recover its full costs under the Queensland Government's regulated irrigation price path, which governs irrigation water supply revenue. This is an 'indication of impairment' of the water infrastructure assets used to generate that revenue.

DIP is a significant investment in the assets of the Group to meet *Queensland Guidelines on Safety Assessments for Referable Dams* (assets with a potential loss of life of two or more persons).

Cash flows included in the Board-approved corporate plan represent a high-level estimate of the ongoing cost of delivering DIP. Activity on structures to meet the regulatory standards are prioritised; where there is a clear commitment to the plan of delivery for an individual asset, the estimated cost is included in the ViU calculation. For all other referable assets, the Group has applied an adjustment of up to two per cent to the discount rate, to reflect the risk related to the completion of the program. Previously this was reflected through an adjustment to cash flows.

The carrying amount of corporate assets has been allocated to CGUs on a reasonable and consistent basis.

For CGUs where Sunwater provides water for irrigators, the cost of operating these schemes exceeds revenue, including CSOs, that Sunwater receives through prices set by Government. In these cases, the assets do not generate sufficient cash flows to support a carrying value and new capital investment is impaired as cost is incurred.

Significant inputs to impairment testing

The significant judgement and key estimate assumptions and inputs in the Group's discounted cash flow model are tabled below.

Input	Impact of asset valuation	Infrastructure CGUs 30 June 2026	Infrastructure CGUs 30 June 2025
Discount rate	ViU would be expected to increase as the discount rate decreases	Pre-tax WACC ranges between 6.1 per cent and 15.9 per cent	Pre-tax WACC ranges between 5.9 per cent and 14.3 per cent
Dam safety risk factor	ViU would be expected to reduce as the discount rate increases	Discount rate increased by up to 2.0 per cent to recognise potential costs of DIP. Zero per cent is applied to negative cash flows	No adjustment to discount rate, instead cash flows were adjusted
Climate change risk factor	ViU would be expected to reduce as the discount rate increases	Discount rate increased by 0.25 per cent to recognise potential costs/risks of climate change. Zero per cent is applied to negative cash flows	No adjustment to discount rate
Growth rate	ViU use would increase as growth rate increases	Long-term RBA-published CPI	Long-term RBA-published CPI
Cash-flow period	ViU may change positively or negatively based on inputs into cash flow period and calculation of terminal value	Five years (with an estimate of terminal value)	Five years (with an estimate of terminal value)
Cash flows	ViU would increase or decrease as positive cash flows are increased or reduced	Cashflows are sourced from the Board-approved five-year corporate plan and uncertain capital investment is removed	Cash-flows are sourced from the Board-approved five-year corporate plan and uncertain capital investment reduced
Regulated revenue	ViU would increase if future regulated revenue increases	QCA irrigation cost-reflective pricing including any additional discounts set by Queensland Government	QCA irrigation cost-reflective pricing including any additional discounts set by Queensland Government
CSO	ViU would increase if future CSO increases	CSO agreement to continue in perpetuity	CSO agreement to continue in perpetuity

Key estimates and judgements

Management use five-year cash flows sourced from the Board-approved corporate plan reflecting the operational and capital requirements of the business. These cash flows include significant assumptions including but not limited to revenue, expenditure, capital investment and funding. Material changes in these assumptions e.g. capital investment, may have a significant impact on the impairment outcome.

Management select a pre-tax WACC rate that reflects the funding profile and the risks related to the business, a significant change in that assumption would have an impact on the ViU. This is reflected in the sensitivity analysis following.

Where the underlying cash flows include capital investment that is materially uncertain or the full cost of a capital investment program is not known, these cash flows have not been recognised in the ViU calculation. The risk of the occurrence of such expenses is reflected as an adjustment to the rate used to discount the cash flows. For example, for CGUs with assets captured by *Queensland Guidelines on Safety Assessments for Referable Dams*, or in relation to climate exposures. The impact of an adjustment to the dam safety risk factor is indicated in the sensitivity analysis below.

The terminal value calculated using the Gordon growth model contributes a material proportion of the ViU of CGUs. The base year cash flow for use in the terminal value calculation is subject to normalisation adjustments modelling an ongoing level of maintenance expenditure that reflects average spend for the perpetual life of a CGU. Where a perpetual life is not appropriate for a CGU, a finite life has been used. A scenario where the life of a CGU asset is considered finite is where the market in which that asset is employed changes, limiting economic inflows to a finite period. Management has selected growth rates that do not exceed long-term inflation growth rates. Adjustments have been made where a lower growth rate is expected to be experienced. Lower growth rates reflect that these assets tend to have lower growth potential due to their customer base. Sensitivity analysis is provided to give an indication of the impact of changes in these assumptions.

Sensitivity analysis

Sensitivity analysis is undertaken on the impact of changes in the significant factors and key assumptions, including the discount rate on the impairment charge.

Impairment P&L impact expense/(credit) \$'000	1% increase in discount rate	1% reduction in discount rate	1% increase in growth rate	1% reduction in growth rate	1% increase dam safety risk factor	1% decrease dam safety risk factor
Consolidated Statement of Profit & Loss	(9,062)	6,607	8,092	(11,233)	8,481	(12,292)
Most sensitive CGUs						
Nogoa Mackenzie WSS	(3,416)	2,635	3,269	(4,320)	4,936	(7,157)
Burdekin Haughton WSS	(4,506)	3,235	3,545	(5,135)	3,545	(5,135)
Other CGUs	(1,140)	737	1,278	(1,778)	-	-

No other CGU is materially sensitive to movements of the discount rate (including WACC) or terminal growth rate. CGUs where the carrying value is \$nil will be sensitive to impairment if additional capital expenditure is not supported by an equivalent revenue cash flow.

Movements

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

	Land \$'000	Buildings and improvements \$'000	Plant and equipment \$'000	Water infrastructure \$'000	Work in progress \$'000	Total \$'000
At 1 July 2024						
Cost	8,950	17,211	18,108	1,678,216	261,055	1,983,540
Accumulated depreciation	-	(6,459)	(12,446)	(511,335)	-	(530,240)
Accumulated impairment	-	(2,438)	(5,662)	(539,199)	(249,379)	(796,678)
Net book amount	8,950	8,314	-	627,682	11,676	656,622
Year ended 30 June 2025						
Additions	-	-	-	-	168,954	168,954
Disposals	-	-	-	(55)	-	(55)
Transfer between classes	-	531	2,699	4,920	(23,596)	(15,446)
Assets held for distribution	-	-	-	254	-	254
Depreciation expense	-	(445)	(617)	(36,161)	-	(37,223)
Impairment (loss)	-	-	(493)	(3,872)	(145,860)	(150,225)
At 30 June 2025						
Cost	8,950	17,730	20,125	1,684,431	406,413	2,137,649
Accumulated depreciation	-	(6,892)	(12,427)	(547,938)	-	(567,257)
Accumulated impairment	-	(2,438)	(6,109)	(543,725)	(395,239)	(947,511)
Net book amount	8,950	8,400	1,589	592,768	11,174	622,881
Year ended 30 June 2026						
Additions	-	-	-	-	160,279	160,279
Disposals	-	(32)	-	(51)	-	(83)
Transfer between classes	-	5,008	1,731	13,640	(20,379)	-
Assets held for distribution	-	-	-	-	-	-
Depreciation expense	-	(1,131)	(744)	(36,135)	-	(38,010)
Impairment (loss)	-	-	(580)	(49,129)	(122,243)	(171,952)
At 30 June 2026						
Cost	8,950	22,698	21,728	1,697,748	546,314	2,297,438
Accumulated depreciation	-	(8,015)	(13,049)	(584,001)	-	(605,065)
Accumulated impairment	-	(2,438)	(6,683)	(592,655)	(517,482)	(1,119,258)
Net book amount	8,950	12,245	1,996	521,092	28,832	573,115

Work in progress (WIP)

WIP represents costs incurred on construction activities prior to capitalisation at completion. WIP is not depreciated until the asset under construction is ready for its intended use. WIP balances are assessed annually for their recoverability within CGUs.

During 2026, the Group have progressed capital water infrastructure as follows.

- Paradise Dam Project – \$71.52 million for capital enabling works and the development of a detailed business case to address dam safety requirements, to enable a decision to undertake necessary steps to ensure the asset continues to provide a safe and secure water supply and support economic growth in the region.

- The construction of two weirs – \$24.21 million of preparatory and environmental approval works as part of Queensland Government's commitment to improve reliability of water in regional areas.
- Dam Safety Management Program – \$15.96 million of capital works on the Group's referable assets, in accordance with the *Queensland Guidelines on Safety Assessments for Referable Dams*.
- Burdekin Falls Dam – In 2025, the Group re-phased works on the Burdekin Falls Dam Raising and Improvement Project to allow appropriate prioritisation of the holistic Dam Safety Management Program. During 2026, activities were performed to close outstanding work on the project amounting to \$3.06 million.

Impairment: CGUs

CGUs for which impairment losses were recognised/(reversed) during the financial year are tabled below.

	2026	2026	2026	2026	2025	2025	2025	2025
\$'000	Loss/(reversed)			Recoverable amount	Loss/(reversed)			Recoverable amount
CGU	WIP	Infra	P&E		WIP	Infra	P&E	
Paradise Dam	71,520	-	-	-	104,656	-	-	-
Burdekin Haughton WSS	3,980	448	-	5,684	38,234	698	-	-
Bundaberg WSS	1,260	593	-	-	142	1,038	-	-
Eton WSS	146	-	-	-	1,685	-	-	-
Lower Mary River WSS	3,185	147	-	-	972	163	-	-
Mareeba-Dimbulah WSS	9,027	1,256	-	-	-	842	-	-
Bowen Broken WSS	-	(522)	-	71,607	-	522	-	48,178
Callide Valley WSS	355	1,635	-	-	-	318	-	-
Chinchilla Weir WSS	74	610	-	-	-	(357)	-	703
Cunnamulla WSS	-	-	-	-	-	207	-	-
Nogoa Mackenzie WSS	-	29,487	-	11,665	-	27	-	42,026
Barker Barambah WSS	10,512	80	-	-	-	-	-	-
Boyne River & Tarong WSS	13,721	-	-	-	-	-	-	-
Awoonga Callide Pipeline	-	17,473	-	14,017	-	-	-	-
Corporate assets	-	-	580	-	-	-	493	-
Other CGU	8,463	(2,078)	-	-	171	414	-	-
Total	122,243	49,129	580		145,860	3,872	493	

Impairments identified for Paradise Dam, Burdekin Haughton WSS and Mareeba-Dimbulah WSS are due to the investment Sunwater has made in accordance with the *Queensland Guidelines on Safety Assessments for Referable Dams*.

Expected investment in a significant future dam safety project (captured in the discount rate) and a review of expected customer demand for water has resulted in the impairment in the Nogoa Mackenzie WSS.

A review of expected customer demand for water delivered through pipelines has resulted in the impairment of the infrastructure carrying value of the Awoonga Callide Pipeline.

For CGUs where revenue received is not expected to compensate Sunwater for its actual or expected investment the recoverable value does not support the carrying value, including WIP, and capitalised cost is impaired as incurred.

Due to the cost profile of some assets, which carry significant ongoing maintenance and asset management obligations, including dam safety requirements, while supporting a relatively small customer base, costs are impaired as incurred. As a result, substantial impairment expenses are recognised.

Note 11: Intangible assets

Accounting policy

Software

Software is a combination of acquired and developed software which has a finite life and is carried at cost less accumulated amortisation and impairment. Costs of developing products or systems and acquiring software and licenses that will contribute to future financial benefits through revenue generation and/or cost reduction are capitalised to software. Costs capitalised include external direct costs of materials and service, employee costs and an appropriate portion of relevant overheads.

Costs of software development include only direct costs of the development phase and are only recognised after completion of technical feasibility assessments and where the Group intends to and can use the asset.

Amortisation is calculated using the straight-line method over the estimated useful life which varies from three to 10 years.

Software as a Service (SaaS)

The purchase of cloud-based software where there is a contractual right to take possession of the software at any time within the hosting period and it is feasible to run the software on Sunwater's own hardware is treated as an intangible asset.

The purchase of cloud-based software under a hosting arrangement where there are no contractual or legal rights to the specific asset and the rights are to access the supplier's application are treated as an operating expense.

Configuration and customisation of the SaaS product which may involve significant custom coding, setting of various flags or switches, defining parameters within the application software's existing code to function in a specified way is treated as an operating expense.

Water allocations

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

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

Impairment

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

Key estimates and judgements

In determining that water allocations have an indefinite life, Sunwater has assumed that the current Resource Operating Licence conditions will continue, although notes that the plans and associated conditions may be reviewed and changed by the Queensland Government.

Movements

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

	Software	Trade names	Water allocations	Total intangible assets
	\$'000	\$'000	\$'000	\$'000
At 1 July 2024				
Cost	54,602	8	144,261	198,871
Accumulated amortisation	(39,104)	-	-	(39,104)
Accumulated impairment	(15,498)	-	(48,847)	(64,345)
Net book amount at 1 July 2024	-	8	95,414	95,422
Movements in financial year				
Additions	15,445	-	-	15,445
Disposals*	-	-	(60,991)	(60,991)
Amortisation expense	(2,218)	-	-	(2,218)
Impairment (loss)	-	-	(147)	(147)
At 30 June 2025				
Cost	70,048	8	83,270	153,326
Accumulated amortisation	(41,322)	-	-	(41,322)
Accumulated impairment	(15,498)	-	(48,994)	(64,492)
Net book amount at 30 June 2025	13,228	8	34,276	47,512
At 1 July 2025				
Cost	70,048	8	83,270	153,326
Accumulated amortisation	(41,322)	-	-	(41,322)
Accumulated impairment	(15,498)	-	(48,994)	(64,492)
Net book amount at 1 July 2025	13,228	8	34,276	47,512
Movements in financial year				
Additions	-	-	-	-
Disposals**	-	-	(11,000)	(11,000)
Amortisation expense	(2,453)	-	-	(2,453)
Impairment (loss)	-	-	(146)	(146)
At 30 June 2026				
Cost	70,048	8	72,270	142,326
Accumulated amortisation	(43,775)	-	-	(43,775)
Accumulated impairment	(15,498)	-	(49,140)	(64,638)
Net book amount at 30 June 2026	10,775	8	23,130	33,913

* During 2024-25, \$60.99 million of the Rookwood Weir water allocations were sold.

** During 2025-26, \$11.00 million of the Rookwood Weir water allocations were transferred to another government agency.

Note 12: Leases

Accounting policy

At the inception of a contract, the Group assesses whether it contains a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset.

As a lessee, the Group:

- recognises right-of-use assets and lease liabilities at the lease commencement date in the Consolidated Statement of Financial Position, initially measured at the present value of future lease commitments using the Group's incremental borrowing rate or the rate implicit within the lease
- recognises depreciation of right-of-use assets and interest on lease liabilities in the Consolidated Statement of Comprehensive Income
- separates the total amount of cash paid into the principal portion and interest in the Consolidated Statement of Cash Flows
- recognises lease incentives as part of the measurement of the right-of-use assets and lease liabilities.

The estimated useful lives of right-of-use assets are based on the non-cancellable contract life and any reasonably certain contract extensions.

The Group has separated non-lease components from the lease components of contracts and has therefore not applied the practical expedient of combining both as a single lease component. Non-lease components are accounted for in the period in which they are intended for use as stipulated by other accounting standards.

Right-of-use assets are reviewed for impairment each year.

Short-term leases of less than 12 months and leases of low-value assets (less than USD 5,000) are recognised as a lease expense on a straight-line basis.

The Group has applied the practical expedient of allocating leases into portfolios which have similar characteristics, estimates and assumptions.

The lease liability is initially measured at the present value of lease payments that are not paid to date. Lease payments to be made under reasonably certain extension options are also included in the measuring liability.

Lease payments are discounted using the Group's incremental borrowing rate, which is the borrowing interest rate applied by QTC.

Nature of leasing activities

The Group leases properties from which it operates including offices in Brisbane and the regions. Some lease contract payments increase each year by a fixed rate and others reset periodically to market rental rates.

The Group also leases light fleet vehicles, items of heavy fleet and certain items of information and communications technology plant and equipment. These leases require fixed payments over the lease terms.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised in the Consolidated Statement of Financial Position.

Right-of-use assets 30 June 2026	No of right-of-use assets leased	Range of terms	Average remaining lease term	Extension options
Brisbane office	5	5 to 10 years	2.8 years	Yes
Regional offices and premises	11	3 to 17 years	3.9 years	Yes
Light and heavy fleet	218	3 to 9 years	2 years	Modifiable
Plant and equipment	6	4 years	2.8 years	Yes

Right-of-use assets

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

	Buildings	Light and heavy fleet	Plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000
At 1 July 2024	12,479	5,962	185	18,626
Additions	3,673	5,299	30	9,002
Disposals	-	(43)	-	(43)
Depreciation expense	(3,068)	(3,776)	(109)	(6,953)
At 30 June 2025	13,084	7,442	106	20,632
Cost	27,122	17,250	372	44,744
Accumulated depreciation	(14,038)	(9,808)	(266)	(24,112)
Net book amount	13,084	7,442	106	20,632

At 1 July 2025				
Additions	683	7,420	92	8,195
Disposals	-	(13)	-	(13)
Depreciation expense	(3,134)	(4,457)	(122)	(7,713)
At 30 June 2026	10,633	10,392	76	21,101
Cost	27,805	20,082	464	48,351
Accumulated depreciation	(17,172)	(9,690)	(388)	(27,250)
Net book amount	10,633	10,392	76	21,101

Lease liabilities

Lease liabilities are presented in the Consolidated Statement of Financial Position as follows:

	2026	2025
	\$'000	\$'000
Current	7,992	6,788
Non-current	16,706	17,838
	24,698	24,626

The total cash outflow for leases during 2026 was \$9.59 million (2025 - \$8.53 million).

Lease liabilities are secured by the assets leased and represent the discounted future rental payments payable by the Group. Excepting short-term leases and leases of low value assets, each lease is reflected on the Consolidated Statement of Financial Position as a right-of-use asset and a lease liability.

Amounts recognised in the Consolidated Statement of Comprehensive Income

	2026	2025
	\$'000	\$'000
Interest on lease liabilities	1,485	1,392
Expenses relating to short-term leases and low value assets	2,769	2,743
	4,254	4,135

Note 13: Other liabilities

Accounting policy

Income received in advance primarily represents amounts received from customers as pre-payment of future capital payments under agreements for customers using capital water infrastructure. These amounts are deferred and earned over the term of the agreements or over the period it was prepaid.

Government grants related to assets, including non-monetary grants at fair value, are presented in the Consolidated Statement of Financial Position as deferred income and recognised in the Consolidated Statement of Comprehensive Income on a systematic basis over the useful life of the associated asset.

	2026	2025
	\$'000	\$'000
Current		
Income received in advance	20,034	18,823
Deposits payable	23,683	23,304
Other	62	32
	43,779	42,159
Non-current		
Income received in advance	98,857	103,771
Deposits payable	5,474	5,474
Grant income – Rookwood Weir water allocations	13,341	24,340
Grant income – Rookwood Weir	39,106	39,315
	156,778	172,900

Income received in advance

Income received in advance consists of advance payments of \$118.89 million (2025 - \$122.59) split between current and non-current and being amortised over the life of the contracts to which they relate.

Deposits payable

Deposits payable are securities paid by customers for supply contracts with Sunwater and are refundable at the completion of the contract (refer note 5).

Grant income

Rookwood Weir and unsold water allocations were transferred from the State to the Group in financial year 2024 by way of a non-monetary grant and fair valued using the income approach. The grant income on the weir is deferred and being released to match depreciation or impairments on a systematic basis. The unsold water allocations are released as the water allocations are sold and transferred to customers and revenue recognised on the transfer of ownership.

Note 14: Provisions

Accounting policy

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

- the Group has a present legal or constructive obligation resulting from a past event
- there is a probable outflow of resources required to settle the obligation
- the amount can be reliably estimated.

Provisions are not recognised for future operating losses. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Where it is less than probable, the matter is disclosed as a contingent liability. All current provisions are expected to be settled within a year of the reporting date and non-current within the contractual terms of the agreements beyond one year.

	2026 \$'000	2025 \$'000
Current		
Contract obligations	15,995	15,366
Employee benefits	9,382	8,618
Legal costs	210	750
	25,587	24,734
Non-current		
Bridge demolition	1,795	1,723
Make good commitments on leases at the end of their term	180	180
	1,975	1,903

Contract obligations

On transfer of Rookwood Weir in 2024, the Group recognised certain obligations for which it made provision. The settlement of these obligations is uncertain as is the timing.

Sunwater has recognised provisions for other obligations in the year related to its normal operations. These amounts are recognised where likelihood of an outflow of economic benefits is probable, but the timing or amount is uncertain.

Employee benefits

Refer to note 3b on employee expenses for accrued annual leave, accrued long service scheme levy, banked time and time off in lieu. These employee benefits are considered short-term as they are expected to be settled wholly within twelve months of the reporting period.

Legal obligations

Sunwater has recognised provisions for other legal costs in the year related to its normal operations. These amounts are recognised where likelihood of an outflow of economic benefits is probable, but the timing or amount is uncertain.

Bridge demolition

Sunwater as the parent company of Burnett Water Pty Ltd has a legal obligation to remove a bridge at Paradise dam under the *Planning Act 2016* (Qld). In 2022, while the river levels were low, the bridge and infrastructure were safely partially removed. The Group re-assessed its estimate to complete the required work in 2026. Timing of the works are unknown due to water height impacting access to complete the work.

Make good commitment

Provision is made to restore leased premises back to an agreed standard at the end of the lease term.

Movements in provisions

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

	Contract obligations \$'000	Employee benefits \$'000	Legal costs \$'000	Bridge demolition \$'000	Make good \$'000
Carrying amount at 1 July 2025	15,366	8,618	750	1,723	180
Provisions added	4,730	764	-	72	-
Provisions released to Consolidated Statement of Profit or Loss		-	(540)	-	-
Payments made during the year	(4,101)	-	-	-	-
Carrying amount at 30 June 2026	15,995	9,382	210	1,795	180
Represented by:					
Current	15,995	9,382	210	-	-
Non-current	-	-	-	1,795	180

Key estimates and judgements

Under AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*, a provision is raised if there is a present obligation due to a past event, if it is probable an outflow will occur in the future and the amount can be reliably estimated. Management reviews all information that is available to it and applies judgement based on experience and expected outcomes to determine the quantum of any provision to be recognised.

Management has considered climate-related risks that may affect the recognition of a liability and believes that there are no matters that would lead to the recognition of a provision.

Additionally, events after the balance sheet date are reviewed to determine if further information has become available that changes a condition that existed at the balance sheet date.

Section 4: Capital structure

Note 15: Capital management

Risk management

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

The Group monitors capital based on its gearing ratio which is calculated as total borrowings divided by total capital. Total capital is calculated as total equity plus total borrowings.

The Group aims to maintain a standalone investment-grade credit rating.

	2026 \$'000	2025 \$'000
Total borrowings	369,273	369,184
Total equity	421,163	441,311
Total capital	790,436	810,495
Gearing ratio	47%	46%

The Group's current ratio at 30 June 2026 was 3.94 (2025 – 3.62).

Loan covenant

The Group monitors capital based on agreed financial covenants and has complied with its borrowing facilities during 2026 and 2025.

Dividends

Accounting policy

Provision is made for any dividend declared, which has been appropriately authorised and is no longer at the discretion of Sunwater, on or before 30 June but not distributed at the date the Statement of Financial Position is prepared.

	2026 \$'000	2025 \$'000
Ordinary shares		
First and final dividend per share declared at 30 June	-	-
	-	-

(a) Dividends paid

In 2025, the Sunwater Board recommended a 2025 dividend of \$nil and therefore no dividend was paid in 2026.

(b) Dividends declared

In 2026, the Sunwater Board recommended a first and final dividend of \$nil (2025 – \$nil). No dividend has been provided this financial year (2025 – \$nil).

Note 16: Contributed equity

Accounting policy

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

(a) Share capital	2026	2025
Issued and paid-up capital:	\$'000	\$'000
Two ordinary shares of \$289.102 million each	578,205	530,437

(b) Movements in ordinary share capital	Number of shares	Contribution per share	Total
		\$'000	\$'000
Opening balance 1 July 2025	2	265,218	530,437
Equity funding	-	23,884	47,768
Closing balance 30 June 2026	2	289,102	578,205

In 2026, the State and Federal governments provided \$47.77 million equity injections (2025 - \$141.98 million).

Note 17: Investment in subsidiaries

Principles of consolidation

The Consolidated Financial Statements incorporate the assets and liabilities of all subsidiaries of the Group as at reporting date and the results of all subsidiaries for the financial year.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and is able to affect those returns through its power to direct the activities of the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group and de-consolidated from the date that control ceases.

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

The Group's principal subsidiaries are set out below.

Name of entity	Country of incorporation	Class of shares	Equity holding	Equity holding
			2026	2025
North West Queensland Water Pipeline Pty Ltd	Australia	Ordinary	100%	100%
Eungella Water Pipeline Pty Ltd	Australia	Ordinary	100%	100%
Burnett Water Pty Ltd	Australia	Ordinary	100%	100%

Deed of Cross Guarantee

These wholly owned subsidiaries have entered a deed of cross guarantee with Sunwater Limited (the Company) under the *ASIC Corporations (wholly owned Companies) Instrument 2016/785* and are not required to prepare and lodge an audited financial report and directors' report.

The consolidated statement of comprehensive income and consolidated statement of financial position of the entities party to the Deed of Cross Guarantee are the same as the consolidated financial statements of the Group.

Pursuant to *ASIC Instrument 2016/785*, the wholly owned subsidiaries listed above are relieved from the *Corporations Act 2001 (Cth)* requirements for preparation, audit and lodgement of financial reports and a directors' report. It is a condition of the Class Order that Sunwater Limited and each of the subsidiaries enter a deed of cross guarantee.

The deed's effect is that the Company guarantees each creditor payment in full of any debt if any of the subsidiaries are wound up under certain provisions of the *Corporations Act 2001 (Cth)*. If a wind up occurs under other provisions of the Act, the Company will only be liable if, after six months, any creditor has not been paid in full. The subsidiaries have also given similar guarantees if Sunwater is wound up.

Section 5: Unrecognised items

Note 18: Commitments

Capital commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as tabled below.

	2026	2025
	\$'000	\$'000
Information communication technology projects	308	422
Infrastructure projects	41,522	101,723
	41,830	102,145
Payable:		
within one year	41,830	102,145

Infrastructure projects

As presented in the table above, during 2026 the Group completed significant contractual milestones for Paradise Dam which has reduced the capital commitments at 30 June 2026. The Group is continuing to work on identifying an appropriate solution for Paradise Dam, its wider dam safety management program and advancing planning activities towards the construction of two new weirs at Barlil and Cooranga.

Note 19: Contingencies

The Group had the following contingent assets and liabilities at 30 June 2026:

Contingent liabilities

- Sunwater continues to hold a provision for obligations resulting from the transfer of the Rookwood Weir asset and other business contractual arrangements. Sunwater's liability is contingent on the extent of various compensation claims which are not fully known, and thus the amount of the provision could change.
- At 30 June 2026, the Group is dealing with various commercial and legal disputes that occur as a normal part of its business operations. At the date of this report, it is not possible to reliably estimate the merit or the eventual outcome of these disputes or the financial consequences.

Contingent assets

- Sunwater holds bank guarantees of \$121.32 million in the event of non-payment by its customers in relation to services provided.

Note 20: Subsequent events

To the date of the signing by the Board of these Financial Statements on 20 August 2026, except as detailed elsewhere in the Financial Statements, no events have occurred subsequent to the Statement of Financial Position since that dated 30 June 2026 that would materially impact on these financial statements or would require disclosure under accounting rules.

Section 6: Other notes

Note 21: Remuneration of auditors

During the year, fees of \$464,000 (2025 - \$310,000) were paid or payable for services provided by the Auditor-General of the consolidated entity as outlined below.

	2026	2025
	\$'000	\$'000
Fees paid to auditors		
Financial Statements audit fee	329,000	310,000
Sustainability Report audit fee	135,000	-
	464,000	310,000

Note 22: Related party transactions

(a) Parent entity

The parent entity within the Group is Sunwater Limited. The ultimate Australian controlling entity is the State of Queensland, which at 30 June 2026 owned 100 per cent (2025 - 100 per cent) of the issued ordinary shares of Sunwater Limited.

(b) Transactions with related parties

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

In the year ended 30 June 2026, the following significant transactions occurred between the Group and other State of Queensland-controlled entities.

	2026	2025
	\$'000	\$'000
Interest received from QTC	16,770	12,558
Interest paid to QTC	16,338	15,199
Water sales, CSOs, grants received	70,471	61,168
Consultancy and other income received	11,609	4,637
Equity funding received from the State	47,768	141,983

(c) Transactions with subsidiaries

Interests in subsidiaries are set out in note 17. All transactions with subsidiaries are carried out under normal commercial terms and conditions or at cost. No transactions occurred between subsidiaries, other than with the Parent.

(d) Key management personnel

i. Directors

The following people were Directors of Sunwater Limited during the financial year including their terms of appointment:

Directors as at 30 June 2026	Date of appointment	Term of appointment	Appointment expiry date
Jeff Seeney (Chair)	28 August 2025	2 years 9 months	31 May 2028
John Cotter	28 August 2025	2 years 9 months	31 May 2028
Marjorie Daley	01 October 2025	3 years 8 months	31 May 2029
John Davis	28 August 2025	2 years 9 months	31 May 2028
Gail Jukes	01 October 2023	3 years 0 months	30 September 2026
Katy Steele	28 August 2025	2 years 9 months	31 May 2028
Kayleen Walsh	28 August 2025	2 years 9 months	31 May 2028

The following people ceased their Directorships of Sunwater Limited during the financial year:

Directors	Term ended
Lisa Caffery (Chair)	28 August 2025
Stuart Armitage	28 August 2025
Leeha James	28 August 2025
David Stewart	28 August 2025
Jane Williams	28 August 2025

ii. Directors' contracts

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

iii. Other key management personnel

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

Name	Position
David Hourigan*	Interim Chief Executive Officer
Glenn Stockton**	Chief Executive Officer
Erin Strang***	Chief Financial Officer
Colin Bendall	Executive General Manager, Operations and Customers
Kellie Breen	Chief People Officer
Jane Paterson****	Executive General Manager, Corporate Affairs
Cameron Milliner*****	Executive General Manager, Customer and Stakeholder Relations
Mal Shepherd	Chief Development Officer
Toby Rice	Executive General Manager, Engineering and Asset Management

* Appointed Interim CEO 8 June 2026

** Ceased employment on 22 May 2026

*** Acting CEO 22 May 2026 to 7 June 2026

**** Appointed 7 April 2026

***** Ceased employment on 24 September 2025

iv. Shareholding Ministers

The GOC's shareholding Ministers are identified as part of its key management personnel and as at 30 June 2026, these Ministers were the Honourable Ann Leahy MP, Minister for Local Government and Water, and Minister for Fire, Disaster Recovery and Volunteers and the Honourable Ros Bates MP, Minister for Finance, Trade, Employment and Training.

Key management personnel compensation

Director remuneration is determined by the shareholding Ministers and does not include performance-based remuneration. The Board's Safety, People and Environment Committee reviews the compensation and other terms of employment of senior executives in line with Chief and Senior Executive Employment Arrangements Policy, relevant market comparisons and performance against goals set at the start of the financial year.

v. Key management personnel compensation disclosures by category

Category	2026 \$'000	2025 \$'000
Short-term employee benefits – cash salary	3,635	3,575
Short-term employee benefits – cash bonus	317	357
Short-term employee benefits – other	50	91
Post-employment benefits – superannuation	251	255
Termination benefits	642	-
Total	4,895	4,278

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

vi. Compensation – Directors

Director's remuneration	Short-term benefits		Post-employment benefits		Total	
	Directors' fees ⁽¹⁾		Superannuation		Total	
	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000
Jeff Seeney, Chair ⁽¹⁾	90	-	10	-	100	-
John Cotter	48	-	5	-	53	-
Marjorie Daley	42	-	5	-	47	-
John Davis	48	-	5	-	53	-
Gail Jukes	52	54	7	7	59	61
Katy Steele	44	-	5	-	49	-
Kayleen Walsh ⁽¹⁾	49	-	5	-	54	-
Lisa Caffery, Chair	17	98	2	13	19	111
David Stewart ⁽¹⁾	11	60	1	7	12	67
Jane Williams ⁽¹⁾	9	51	1	6	10	57
Leeha James	8	50	1	6	9	56
Stuart Armitage ⁽¹⁾	9	49	1	6	10	55
Total	427	362	48	45	475	407

⁽¹⁾ Directors' fees include \$11,465 (2025 – \$4,395) paid to directors as a motor vehicle per-kilometre travel allowance calculated at ATO rates for corporate travel cost reimbursement.

Directors' remuneration excludes insurance premiums (exclusive of GST) of \$377,400 (2025 - \$432,245) paid by the parent entity for directors' and officers' liability insurance contracts as the contracts do not specify premiums paid for individual directors and officers.

vii. Compensation – Executives

2026	Short-term benefits			Post-employment benefits		Total
	Cash salary	Cash bonus ⁽⁶⁾	Other ⁽⁵⁾	Super-annuation	Termination benefits	
Name and title of executive	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
David Hourigan, Interim Chief Executive Officer ⁽¹⁾	54	-	-	5	-	59
Glenn Stockton, Chief Executive Officer ⁽²⁾	698	72	8	30	552	1,360
Erin Strang, Chief Financial Officer ⁽³⁾	495	45	8	30	-	578
Colin Bendall, Executive General Manager, Operations and Customers	400	37	8	30	-	475
Kellie Breen, Chief People Officer	428	43	8	30	-	509
Jane Paterson, Executive General Manager, Corporate Affairs ⁽⁴⁾	91	-	1	10	-	102
Cameron Milliner, Executive General Manager, Customer and Stakeholder Relations ⁽²⁾	82	31	1	8	90	212
Mal Shepherd, Chief Development Officer	524	50	8	30	-	612
Toby Rice, Executive General Manager, Engineering and Asset Management	436	39	8	30	-	513
Total	3,208	317	50	203	642	4,420

(1) Mr David Hourigan was appointed as Interim Chief Executive Officer on 8 June 2026.

(2) Mr Glenn Stockton and Mr Cameron Milliner ceased employment with Sunwater Limited on 22 May 2026 and 24 September 2025 respectively.

(3) Ms Erin Strang was Acting Chief Executive Officer from 22 May 2026 to 7 June 2026.

(4) Ms Jane Paterson was appointed as Executive General Manager, Corporate Affairs on 7 April 2026.

(5) Other includes a contribution payment towards private health insurance and for car parking benefits including fringe benefits tax thereon.

(6) Cash bonus relates to performance for the previous financial year.

2025	Short-term benefits			Post-employment benefits		Total
	Cash salary	Cash bonus ⁽⁶⁾	Other ⁽⁵⁾	Super-annuation	Termination benefits	
Name and title of executive	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Glenn Stockton, Chief Executive Officer	735	96	13	30	-	874
Erin Strang, Chief Financial Officer	441	57	13	30	-	541
Colin Bendall, Executive General Manager, Operations	368	47	13	30	-	458
Kellie Breen, Chief People Officer	369	50	13	30	-	462
Cameron Milliner, Executive General Manager, Customer and Stakeholder Relations	350	43	13	30	-	436
Mal Shepherd, Chief Development Officer	545	64	13	30	-	652
Toby Rice, Executive General Manager, Engineering and Water Resources	405	-	13	30	-	448
Total	3,213	357	91	210	-	3,871

viii. Executive employment contracts

The Safety, People and Environment Committee reviews CEO and senior executive performance six-monthly, and recommends remuneration levels to the Sunwater Board annually, in accordance with the Queensland Government's *Policy for Government Owned Corporation Chief and Senior Executive Employment Arrangements 2026*.

All new appointments and reappointments to CEO and senior executive roles are to be made on a maximum-term basis of between three to five years. Employment contracts will provide for three months' notice for the CEO and one month notice for a senior executive or equivalent payment on termination. Existing terms and conditions for current senior executives will be honoured, including their current contractual notice periods. Where a redundancy applies, the payment is made in accordance with the *Fair Work Act 2009* (Cth). Remuneration and other terms of employment are formalised in each executive's Senior Executive Employment Agreement.

Sunwater executives received a total fixed remuneration (TFR) including base salary, fixed allowances and superannuation for the 2026 financial year. Executives received a Board-approved performance bonus during the year in relation to 2024-25. No performance bonus has been approved in relation to 2025-26.

Independent remuneration advice on market and industry movements is obtained no more than once every three years for each role, unless there is a material change in responsibilities or a senior executive restructure. Based upon the market median, the performance of Sunwater and the executive, the TFR is determined annually, effective 1 July.

ix. Compensation – shareholding Ministers

Ministerial remuneration entitlements are outlined in the *Legislative Assembly of Queensland's Members' Remuneration Handbook*. The GOC does not bear any cost for remuneration of ministers. The majority of ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by the Ministerial Services Branch within the Department of the Premier and Cabinet.

As all ministers are reported as key management personnel of the Queensland Government, aggregate remuneration expenses for all ministers are disclosed in the Queensland General Government and Whole of Government Consolidated Financial Statements 2026, which are published as part of Queensland Treasury's Report on State Finances.

x. Other transactions with key management personnel

In the year ended 30 June 2026, the former CEO Glenn Stockton was a director of the Australian Water Association. In 2026, Sunwater incurred \$83,445 for services with the Australian Water Association, primarily for sponsorship at their events, corporate memberships and conference registrations (2025: \$75,705)

There were no other related party transactions of key management personnel to report in 2026.

Note 23: New or amended accounting standards and interpretations issued but not yet effective

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

Note 24: Sustainability and climate-related risk

In 2025-26, the Group has prepared a Sustainability Report under Chapter 2M and section 292A of the *Corporations Act 2001* (Cth) containing climate-related financial disclosures in accordance with the Australian Accounting Standards Board (AASB) Australian Sustainability Reporting Standard AASB S2 *Climate-related Disclosures*.

The 2026 Sustainability Report is subject to assurance requirements under the *Corporations Act 2001* (Cth) and the Australian Standard on Sustainability Assurance (ASSA) 5000 *General Requirements for Sustainability Assurance Engagements*, issued by the Auditing and Assurance Standards Board (AUASB). These assurance requirements are being phased in between 1 January 2025 and 30 June 2030, in accordance with ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports* under the *Corporations Act 2001* (Cth).

The Group's approach to climate-related matters is aligned with Queensland Government policy, including the State's commitment to net zero emissions by 2050 and expectations to maximise value from existing assets, prioritise operational reliability, deliver projects efficiently and maintain a strong focus on customer service.

The Group acknowledges that climate change may influence the operating environment for water service providers, customers and regional communities over time. The nature, scale and timing of potential impacts are uncertain and may change over time in response to evolving knowledge, regulatory settings and market conditions.

The Group's primary focus is the safe, reliable and efficient delivery of affordable and sustainable water services to regional Queensland. Resilient and reliable water infrastructure is a key enabler of this objective, supporting service continuity and value for customers under a range of future climate conditions.

In preparing its financial report, the Group has considered climate-related risks and opportunities in the application of material accounting estimates and judgements. These include, but are not limited to, assessments of asset useful lives, fair value measurements, impairment testing and recognition of provisions. Climate-related risks and opportunities were considered in the preparation of the 2025-26 Financial Statements and informed relevant assumptions where applicable.

No material climate-related financial impacts or adjustments arose during 2025-26.

Consolidated Entity Disclosure Statement as at 30 June 2026

Basis of preparation

The consolidated entity disclosure statement (CEDS) has been prepared in accordance with the *Corporations Act 2001* (Cth) and includes information for each entity that was part of the Group at the end of the financial year in accordance with AASB 10 *Consolidated Financial Statements*.

Set out below is a list of entities that are consolidated in this set of consolidated financial statements at the end of the financial year.

Entity Name	Entity type	Trustee, partner or joint venture participant	Bodies corporate		Tax residency	
			Place formed or incorporated	Percentage of share capital held (i)	Australian tax resident	Foreign jurisdiction(s)
Sunwater Limited	Body corporate	N/A	Australia	N/A	Yes (ii)	N/A
North West Queensland Water Pipeline Pty Ltd	Body corporate	N/A	Australia	100%	Yes (ii)	N/A
Eungella Water Pipeline Pty Ltd	Body corporate	N/A	Australia	100%	Yes (ii)	N/A
Burnett Water Pty Ltd	Body corporate	N/A	Australia	100%	Yes (ii)	N/A

(i) Represents the economic interest in the entity as consolidated in the consolidated financial statements.

(ii) This entity is part of a tax-consolidated group under Australian taxation law, for which Sunwater Limited is the head entity.

Determination of tax residency

Section 295 (3A) of the *Corporation Act 2001* (Cth) requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement be disclosed. For the purposes of this section, an entity is an Australian resident at the end of a financial year if the entity is:

- (a) an Australian resident (within the meaning of the *Income Tax Assessment Act 1997* (Cth)) at that time
- (b) a partnership, with at least one partner being an Australian resident (within the meaning of the *Income Tax Assessment Act 1997* (Cth)) at that time
- (c) a resident trust estate (within the meaning of Division 6 of Part III of the *Income Tax Assessment Act 1936* (Cth)) in relation to the year of income (within the meaning of that Act) that corresponds to the financial year.

The determination of tax residency involves judgement as the determination of tax residency is highly fact dependent and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, Sunwater has applied the following interpretations.

Australian tax residency

Sunwater has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation's public guidance in Taxation Ruling TR 2018/5.

Foreign tax residency

Sunwater Limited and its subsidiaries, identified above, are fully tax resident in Australia and do not operate in any foreign jurisdictions. Notwithstanding this, Sunwater Limited has applied current legislation and where available judicial precedent in the determination of foreign tax residency.

Directors' Declaration

In the directors' opinion:

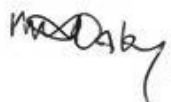
- (a) the consolidated financial statements and notes set out on pages 50 to 98 are in accordance with the *Corporations Act 2001* (Cth), including:
 - (i) complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2026 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable,
- (c) the consolidated entity disclosure statement set out on pages 99 to 100 is true and correct; and
- (d) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee described in the corporate structure.

The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2026 required by section 295A of the *Corporations Act 2001* (Cth).

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



Jeff Seeney
Chair



Marjorie Daley
Director

Brisbane
27 August 2026

Brisbane
27 August 2026

INDEPENDENT AUDITOR'S REPORT

To the Board of Sunwater Limited

Report on the audit of the financial report

Opinion

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

The financial report comprises the consolidated statement of financial position as at 30 June 2026, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In my opinion, the accompanying financial report of the group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the group's financial position as at 30 June 2026, and its financial performance for the year then ended; and
- b) complying with the Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

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

I am independent of the group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*. I am also independent of the group in accordance with the auditor independence requirements of the *Corporations Act 2001*, and confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key audit matters

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

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

Refer to note 10 of the financial statements

Key audit matter	How my audit addressed the key audit matter
Significant judgement is required by management in the determination of the carrying value of property, plant and equipment (water infrastructure assets), which due to prior impairments, is highly sensitive to changes in inputs. The key assumptions used in the financial model include: - allocating assets to cash generating units that are the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash flows from other assets or group of assets - irrigation pricing arrangements including likely future pricing trends - estimating future capital expenditure and operating costs - the discount rate and terminal value applied to forecast cash flows.	My procedures included, but were not limited to: - obtaining an understanding of the discounted cash flow model, and assessing its design, integrity and appropriateness with reference to common industry practices - engaging an auditor's expert to assist me in evaluating management's impairment assessment of the recoverable amount of its water infrastructure assets - evaluating whether the cash generating units used by management are consistent with the entity's internal reporting and our understanding of the business - checking, on a sample basis, the accuracy and relevance of the input and data used, including reconciling input data to supporting evidence such as approved budgets - assessing the reasonableness of cash flow forecasts by corroborating the key market related assumptions to relevant internal and external data. The reasonableness of board approved budgets was assessed with reference to their historical accuracy and the budget preparation process - evaluating whether the discount rate applied was within a reasonable range, with reference to market data and industry research - challenging the reasonableness of key assumptions based on our knowledge of the entity and industry - performing a sensitivity analysis to assist in considering the potential impact of reasonably possible changes (downside/upside) in these key assumptions - verifying the mathematical accuracy of the net present value calculations.

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

Refer to note 10 of the financial statements

Key audit matter	How my audit addressed the key audit matter
The straight-line depreciation method required significant judgements for: - identifying the significant parts of water infrastructure that have different useful lives - forecasting the remaining useful lives of those significant parts.	My procedures included, but were not limited to: - evaluating management's approach for identifying the parts of water infrastructure that have different useful lives, having regard to recent replacement projects and long-term asset management plans - evaluating remaining useful life estimates for reasonableness with reference to management's documented assessments, historical disposal rates, condition assessments for older assets, and long-term asset management plans and budgets.

Other information

The directors of the Company are responsible for the other information.

The other information comprises the information included in the company's annual report for the year ended 30 June 2026 but does not include the financial report and my auditor's report thereon.

The other information comprises the director's report and sustainability report, which we obtained prior to the date of this auditor's report, and the annual report, which is expected to be made available to us after that date.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon. However, as required by the *Auditor-General Act 2009* and *Corporations Act 2001*, I have formed a separate review conclusion on specified Sustainability Disclosures.

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

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

I have nothing to report in this regard.

Responsibilities of the Directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

A further description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/auditors_responsibilities/ar5.pdf

This description forms part of my auditor's report.



Lisa Fraser
as delegate of the Auditor-General

31 August 2026

Queensland Audit Office
Brisbane

Sustainability Report

2025–26

Preface

This Sustainability Report provides a complete set of climate-related financial disclosures for Sunwater Limited and its subsidiaries for the year ended 30 June 2026, in compliance with Australian Sustainability Reporting Standard AASB S2 *Climate-related Disclosures* (AASB S2).

Reporting boundary

The report covers the same entities and period as Sunwater's Consolidated Financial Statements. Climate-related risks and opportunities have been considered in the preparation of the 2025–26 Financial Statements, including but not limited to assessments of asset useful lives, fair value measurements, impairment testing and provisions, and are disclosed as key judgements where appropriate in the Notes to the Financial Statements. These considerations informed assumptions used, including cost of capital, cost and price assumptions, and demand profiles. No material climate-related financial impacts or adjustments arose in 2025–26.

Functional and presentation currency

The functional and presentation currency of the climate-related financial disclosures is Australian dollar (AUD) and amounts disclosed are rounded to the nearest million.

Organisational boundary for emissions reporting

Sunwater has used the operational control approach to set its organisational boundary. Refer to Notes to the Sustainability Report: Operational greenhouse gas footprint – Greenhouse gas emissions measurement approach.

Key assumptions, judgements and estimates

Management has applied judgement in identifying climate-related risks and opportunities and determining material information for disclosure. This report contains forward-looking statements on potential climate risks and opportunities. These statements are made on current expectations and assumptions. The nature, scale and timing of potential future impacts are inherently uncertain and will continue to evolve as climate science, policy settings and market conditions develop. Actual outcomes may differ due to physical, regulatory, market or technological change.

In assessing material information for inclusion in this report, management has also considered that certain climate-related risks and opportunities may reasonably be expected to influence primary users' decisions regardless of the magnitude or timing of potential future effects. Accordingly, disclosures include information considered decision-useful due to its nature, context or strategic relevance, even where impact or timing is uncertain.

Key assumptions and judgements for preparation of climate-related metrics are outlined in the Notes to the Sustainability Report for the year ended 30 June 2026.

As this represents the first sustainability report prepared in compliance with AASB S2, no comparative information is supplied for previous periods.

Sunwater has early adopted Australian Sustainability Reporting Standard AASB S2025-1 *Amendments to Greenhouse Gas Emissions Disclosures* for the reporting period ended 30 June 2026. The December 2025 AASB S2025-1 amendments apply to annual reporting periods beginning on or after 1 January 2027, with early adoption permitted. Sunwater has elected to early adopt the amendments to align flooded land greenhouse gas emissions disclosures with Australian and Queensland Government emissions accounting frameworks using jurisdictionally aligned global warming potential factors.

Climate statement

Sunwater acknowledges that climate change may influence the operating environment for water service providers, customers and regional communities over time. The nature, scale and timing of potential impacts are uncertain and may change over time in response to evolving knowledge, regulatory settings and market conditions.

Sunwater's primary focus is the safe, reliable and efficient delivery of affordable and sustainable water services to regional Queensland. Resilient and reliable water infrastructure is a key enabler of this objective, supporting service continuity and value for customers under a range of future climate conditions.

Sunwater's approach to climate-related matters is aligned with Queensland Government policy, including the State's commitment to net zero emissions by 2050 and expectations to maximise value from existing assets, prioritise operational reliability, deliver projects efficiently and maintain a strong focus on customer service.

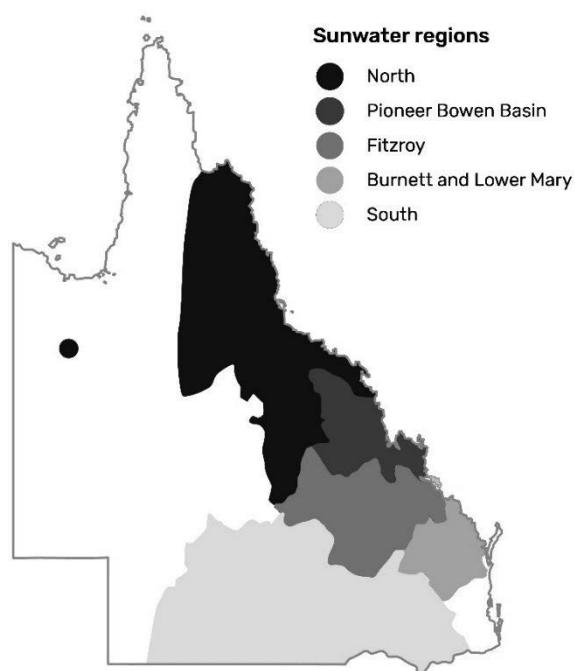
Business model and value chain

Sunwater stores and distributes water to farms, industry and communities across regional Queensland from Mareeba in the north to Mt Isa in the west and Warwick, Goondiwindi and St George in the south.

Its business activities include water infrastructure management, planning, pricing, stakeholder engagement and environmental stewardship in alignment with the *Water Supply (Safety and Reliability) Act 2008* (Qld). Sunwater is a Resource Operations Licence holder under the *Water Act 2000* (Qld) and is a service provider under the *Water Supply (Safety and Reliability) Act 2008* (Qld).

Income is generated through the storage and distribution of water, including the maintenance and operation of water infrastructure assets, within our 26 water supply schemes (24 owned by Sunwater) which comprise:

- 19 dams
- 65 weirs and barrages
- 595 km of water channels
- 70 major pumping stations
- 20 pipelines covering 1,951 km
- five water treatment plants.



Sunwater's more than 4,600 customers across regional Queensland fall into four principal categories.

- Irrigation – small-scale to broadacre farming including a wide range of horticulture and cropping
- Industrial – mining and manufacturing companies, power stations and small industry.
- Urban – regionally-based local governments and communities.
- Other – stock and domestic or other small customers serviced by industrial pipelines. This category of revenues includes drainage, water allocations, consulting and facilities revenue and project funding.

In 2025–26, Sunwater delivered 1,090 GL of water for irrigation, industrial and urban usage across regional Queensland.

Customer type (2025–26)	Percentage of total water delivered (%)	Percentage of revenue excluding project funding, grants, CSOs (%)
Irrigation	86	18
Industrial	9	69
Urban	4	5
Other	<1	8
Total (excl Sunwater)	100	100

As a water service provider, Sunwater's value chain has been considered in assessing climate-related risks and opportunities and comprises:

- upstream activities – the goods, services and other inputs that support Sunwater's operations
- core operations – the delivery, operation and maintenance of water infrastructure and services
- downstream activities – Sunwater's services to customers, environmental flows and connection with other stakeholders.

The tables below show how these activities have been mapped across Sunwater's value chain to support the assessment of climate-related risks and opportunities.

	Category	Description
Upstream	Professional services	Engineering consulting services, climate/hydrology data services, legal services, assurance services
	Capital supply chain	Design and approvals, materials, construction contractors and activities
	Operational supply chain	Maintenance contractors, plant/fleet, chemicals, laboratory services
	Energy	Grid power generation, transmission and distribution
	Information, communications and operational technology	Data centres, metering, cybersecurity platforms, telecommunication providers
	Land/catchment interfaces	Land management and lease on Sunwater land, access and easements, catchment management partners

	Category	Description
Core operations	Asset management	Storage – dams/weirs/barrages Transport – channels/pipelines/pumps Dam safety Asset lifecycle planning and strategic asset management
	Water operations	Storage and releases, allocation delivery, monitoring and control, flood operations, maintenance activities
	Service delivery	Customer contracts, metering, engagement, emergency management, water service delivery, water trading

	Category	Description
Downstream	Irrigation customers	Supply to 4,380 customer contracts for a range of livestock and irrigation agricultural – sugar cane, cotton, fodder, cereal and horticultural crops
	Industrial customers	Supply to 690 industrial customer contracts including mining, power utilities
	Urban customers	Supply to 149 urban water customer contracts (supply raw water to regional towns)
	Environmental	Environmental flows to downstream waterways and aquatic ecosystems
	Other stakeholders and landowners	Queensland Government (including CSOs), regional governments, recreational water use, downstream and adjacent landowners

Governance

The governance bodies overseeing climate-related risks and opportunities are outlined below. Board and committee roles are defined in their respective charters, which are reviewed annually. The Board delegates responsibility for executing climate-related strategy to the CEO.

Sunwater as a government-owned corporation

Sunwater Limited is a GOC established under the *Government Owned Corporations Act 1993* (Qld), with two shareholding Ministers. The shareholding Ministers periodically provide guidance and direction to the Sunwater Board regarding their expectations of Sunwater's strategic performance and priorities, including ensuring alignment with the Queensland Government's policies, strategies and commitments. This includes alignment, where relevant, with statewide climate related policies and commitments.

The Sunwater Board retains responsibility for oversight of Sunwater strategy, risk management and performance, and for ensuring that climate-related risks and opportunities are identified, assessed and managed in a manner consistent with Sunwater's statutory obligations, shareholding Ministers' guidance and applicable government policy settings.

Sunwater Board

The Sunwater Board oversees and monitors existing and emerging climate-related risks and opportunities that may be applicable to its business or strategy, or that may have a material impact on Sunwater's future financial position, performance or prospects. The Board's oversight includes consideration of how climate-related risks and opportunities may affect Sunwater's strategy, capital allocation, asset resilience and long-term financial performance.

Board committees with climate-related governance

Audit and Risk Committee

Provides climate-related review and oversight of:

- enterprise risk management framework design and operation, including climate-related risks and opportunities
- risk appetite, overall risk profile and emerging risks, including climate-related strategic risks
- compliance with sustainability reporting laws, regulations and GOC policies, including controls over climate-related financial disclosures
- sustainability and climate governance frameworks, policies, performance and controls across the business.

Project and Investment Committee

Provides climate-related review and oversight of:

- dam safety risks, including consideration of climate-driven hydrological changes
- dam improvement programs and associated capital investment decisions
- compliance with dam safety obligations and regulatory requirements
- integration of climate considerations into asset investment, design and delivery processes.

This includes oversight of how climate-related changes are considered in dam safety management and investment planning, aligned with relevant regulatory settings and government expectations.

In May 2026, accountability of recommending future climate-related targets to the Board was changed from the Safety, People and Environment Committee to the Audit and Risk Committee, aligning core climate-related review and oversight accountabilities. Sunwater has not established formal climate targets at this time; however, the Audit and Risk Committee would be responsible for recommending any future targets to the Board, subject to evolving state policy decisions, regulatory settings and directions provided by shareholding Ministers.

Chief Executive Officer

The CEO is responsible for ensuring Sunwater develops, implements and maintains a sustainability framework that enables the identification, assessment and management of current and emerging climate-related risks and opportunities. The CEO reports to and advises the Board on sustainability and climate-related priorities, key issues and performance.

Executive Leadership Team

Chief Financial Officer

The CFO supports the Board on sustainability and climate priorities, issues and performance, and is responsible for ensuring robust systems to verify information and assess controls for managing sustainability risks.

Executive Leadership Team

Collectively responsible for the day-to-day management and implementation of Board-approved strategy and policy including sustainability and climate-related risks and opportunities. The ELT embeds climate considerations into planning, strategy and risk management, and oversees internal control systems aligned to the Enterprise Risk, Compliance and Assurance Framework.

Portfolios

Investment Committee

Climate-related risks and opportunities are considered in major investment decisions through management's Investment Committee. The Investment Committee has oversight of asset integrity, asset portfolio risk prioritisation and dam safety compliance. For significant programs such as the Dam Safety Management Program, climate considerations inform assessments of asset useful life, design standards, investment timing and whole-of-life value, and are considered alongside strategic, financial and operational risks when making recommendations to the Project and Investment Committee and the Board.

Management

Climate Disclosure Action Plan Steering Committee

The Climate Disclosure Action Plan Steering Committee supports the ELT in the development and implementation of climate-related initiatives and reporting requirements. Chaired by the CFO, the committee includes senior leaders from Water Resources, Asset Management, Operations, Finance, Sustainability and Corporate Affairs. The committee met seven times in 2025–26, maintaining governance of climate-related disclosure activity and maturity uplift in climate related processes. This included review and endorsement of climate-related disclosures and greenhouse gas emission accounting processes.

Sustainability function

Supports the development, implementation and maintenance of Sunwater's sustainability framework and provides subject matter expertise on climate-related risks and disclosure obligations. Drives capability uplift, strengthens climate risk culture and embeds climate considerations into business case appraisal, strategic asset management and compliance.

Board skills and capabilities

These responsibilities are reflected in the Board and Committee charters available at sunwater.com.au/about/publicationscheme.

The Board maintains a skills matrix, which is reviewed annually to assess the collective capability of directors and to inform succession planning, appointments and ongoing professional development, including in relation to climate-related matters.

The Sunwater Board comprises seven directors with a mix of related skills and competencies relevant to the effective oversight of climate-related risks and opportunities, including governance, risk management, infrastructure and asset management, finance and public sector accountability, and other sustainability matters. Collectively, the Board's skills and competencies support informed oversight of climate-related issues that may affect the resilience of Sunwater's strategy, financial performance and long-term service delivery.

The Board's capability is supported and maintained through a combination of:

- targeted briefings on climate-related risks and opportunities, including outcomes of climate-related risk and scenario analysis
- regular updates on climate-related regulatory and policy developments relevant to Sunwater
- ongoing consideration of, and access to, external expertise, guidance and assurance activities where specialist climate or sustainability knowledge is required to support effective decision-making
- professional development activities coordinated by the Company Secretary to ensure directors remain informed of emerging climate-related governance expectations.

The Sunwater Audit and Risk Committee received quarterly updates on progress towards meeting the disclosure requirements of AASB S2, including outcomes of the climate-related risk and opportunity assessment, the climate adaptation strategy, and developments in climate-related policy, regulatory and liability matters relevant to the Group.

Climate-related matters are considered by the Board as required through scheduled committee reporting and Board agenda items.

Management skills and capabilities

Training has been provided to senior executives to support identification of climate-related risks and opportunities within their areas of responsibility. Additional training has been delivered to the ELT on Sunwater's climate-related reporting obligations, supported by targeted briefings on climate-related risks and opportunities, including climate-related risk and scenario analysis outcomes and updates on relevant regulatory and policy developments.

Remuneration

Climate-related risk management or performance is not considered in Sunwater Board or management remuneration.

Strategy

Sunwater is committed to delivering sustainable, reliable and resilient water services that support regional Queensland's prosperity. Across regional Queensland, water security, infrastructure resilience, and regional community and customer vulnerability are important interrelated climate-related issues that may require regional adaptation and forward-looking integrated water management and infrastructure planning.

Climate-related risks and opportunities are considered by executive management and the Board (through established governance processes) when overseeing strategy, major capital investment decisions and risk management frameworks, including consideration of trade-offs between cost, service reliability, affordability and long-term resilience outcomes.

Sunwater is addressing climate change by building foundational capabilities and systems to assess business impacts. Actions include a baseline assessment of climate-related risks and opportunities, creating a Climate Adaptation Strategy, and estimating land sector emissions including those from flooded land. Outputs from these activities are used to inform strategic planning, investment prioritisation and updates to risk management processes and related policies.

These activities are informed by climate resilience guidelines and reference sources such as:

- Australian Rainfall and Runoff: A Guide to Flood Estimation
- ANCOLD standards incorporating climate change into dam safety
- Queensland Department of Local Government, Water and Volunteers Guidance Note: Application of Australian Rainfall and Runoff Climate Change Chapter to Dams
- Queensland Government Long Paddock Queensland Future Climate Dashboard and Water Security case study

- Australian Climate Service Water Security Technical Report
- Australia's National Climate Risk Assessment
- Australian Government National Adaptation Plan.

Sunwater's Climate Adaptation Strategy is a strategic document that aligns phased actions in response to priority climate-related risks and opportunities and required maturity uplift, subject to annual review.

The strategy will be regularly updated to reflect evolving government priorities and future policy decisions, which are key assumptions and dependencies underpinning the strategy and on which its implementation is dependent. The strategy prioritises proactive management of key risks and opportunities to minimise impacts and build resilience, without proposing immediate changes to the business model, but maintaining flexibility to respond to policy, regulatory, and market developments.

There are five key objectives of the Climate Adaptation Strategy.

1. **Enhance the resilience and reliability of bulk water infrastructure and services** – Strengthen system resilience and service continuity under changing climatic conditions and extremes to ensure reliable water delivery now and into the future.
2. **Enable climate-informed decision-making across the organisation and project lifecycle** – Drive investment and actions informed by climate mitigation, risks and opportunities building resilience and supporting adaptive planning.
3. **Drive continuous improvement in climate practice** – Embed monitoring, evaluation and learning, and continuous improvement to mature our approach to climate risk and opportunity, adaptation and mitigation.
4. **Build climate risk resilience capabilities and capacity within Sunwater** – Build capacity and deliver capability uplift across the organisation, aligned with the maturity of our climate resilience practice and supported by collaboration, knowledge sharing and stakeholder engagement.
5. **Compliance with disclosure obligations including a pathway for emissions reductions** – Meet climate reporting obligations, including improving emissions estimations for Sunwater's activities and investigate mitigation pathways to contribute to the State Government's goal of net zero by 2050.

Sunwater's approach to climate transition and adaptation is integrated across its core operations, with a focus on long-term resilience and sustainability. Key current and planned activities include:

- embedding climate-related hydrology risk assessments within the Dam Safety Management Program to ensure assets are maintained in alignment with state and national standards
- incorporating energy efficiency in the planning, development, operation and maintenance of Sunwater's assets, and implementing measures where they are prudent and effective
- exploring opportunities to reduce emissions where practical and striving for improved measurement of Sunwater's greenhouse gas footprint
- factoring climate-related risks into the infrastructure sustainability principles, ensuring that design and planning reflect the potential impacts of droughts and floods on new developments
- applying adaptive planning to project and asset management, prioritising flexibility and long-term performance in decision-making processes
- conducting targeted studies to enhance understanding of water security risks and developing drought management response plans to facilitate coordinated stakeholder actions
- engagement with customers and other stakeholders to support indirect adaptation outcomes
- integrating climate change adaptation considerations into Sunwater's long-term strategic planning across all operational areas.

This integrated approach is internally resourced within existing operational structures and positions Sunwater to proactively manage climate-related risks, build resilience and continue delivering reliable water services that support Queensland's regional communities.

Sunwater does not include carbon pricing in decision-making processes.

Climate-related risk management

Identification and assessment of climate-related risks and opportunities

Sunwater considers climate-related risks to be enterprise risk multipliers because they may make existing risks more likely or more severe. Changes in climate may increase the frequency, severity and geographic spread of risks, creating flow-on effects across Sunwater's financial, operational, strategic and reputational outcomes.

Climate-related physical and transition risks and opportunities are identified and assessed through Sunwater's annual enterprise climate-related risk and opportunity assessment (CROA) review process, which is embedded within Sunwater's enterprise risk management framework.

Risks are identified by considering relevant climate hazards, transition drivers, policy and market developments, and plausible future high and low warming scenarios. The assessment covers Sunwater's assets, operations, regions and relevant value chain activities within Sunwater's operational control and customer interface.

Identified risks and opportunities are analysed and evaluated using Sunwater's enterprise risk methodology, including assessments of likelihood and consequence. Risks assessed as exceeding risk appetite are prioritised for further investigation. Assessments are informed by observed operational performance during climate-related events and projected impacts under low and high warming scenarios.

Through the CROA process, potential climate-related risks and opportunities are prioritised based on the residual risk level and screened for reporting based on their potential financial impact over three time horizons:

- short term: now to 2030 (aligned to the corporate planning timeframe)
- medium term: 2031 to 2050 (aligned to mid-term design life of new major water infrastructure)
- long term: 2051 to 2090 (aligned to long-term design life of new major water infrastructure).

Sunwater's enterprise material risk categories include a category for climate change and water security. This material risk category considers the risks resulting from changing weather patterns i.e. less average rainfall, increased major flood events, lower soil moisture caused by climate change resulting in negative impacts to yield and water security. Examples of risks related to this material risk include:

- catchment hydrology changes – climate change-driven shifts e.g. rainfall patterns impacting water availability and distribution, leading to supply shortfalls
- regulatory and policy changes – evolving guidelines and policies for water security assessments and management
- increased cost of water treatment and supply – higher energy, filtration or desalination costs due to declining raw water quality
- investment risks for water infrastructure – cost of water security projects and availability of funding.

Management and integration of climate-related risks and opportunities

Climate-related risk management is embedded within Sunwater's enterprise risk management system and aligns with ISO 31000:2018, ISO 37301:2021, Queensland Government risk management guidance, and directions provided by shareholding Ministers. This approach supports compliance with the *Corporations Act 2001* (Cth), the *Government Owned Corporations Act 2009* (Qld) and the Corporate Governance Guidelines for GOCs.

Climate-related risks are recorded in the enterprise risk register and assigned to accountable risk owners, with controls, adaptation measures and treatment plans identified and monitored through quarterly enterprise risk reviews. Control effectiveness is assessed and residual risk ratings are updated where required.

This integrated approach ensures climate-related risks are not managed in isolation but are considered across relevant material risk categories, including health and safety, strategy, asset management, customer supply, finance, legal and compliance, dam safety, climate change and water security, and environment. Both qualitative and quantitative factors are applied in assessing likelihood and consequence, depending on the risk category.

Climate-related risk management has been progressively developed and embedded within core business processes to ensure it informs decision-making across strategic planning, capital investment, asset management, business continuity and project governance. Governance and oversight are supported through defined management accountabilities and reporting to executive leadership and the Board via established risk and assurance pathways, ensuring consistent, transparent and integrated management of climate-related risks and opportunities across the organisation.

Where climate-related risks are assessed as material, they are considered in financial planning, capital prioritisation and longer-term funding and resilience decisions. The annual CROA Review also assesses the suitability of climate-related risk governance and management including adaptation actions within the Climate Adaptation Strategy. These practices are implemented in alignment with Queensland Government policy and guidance, and reflect directions and expectations set by shareholding Ministers, including requirements relating to resilience, service delivery and financial sustainability.

Climate-related risks and opportunities

Climate-related risks and opportunities were identified and assessed using reasonable and supportable information available without undue cost or effort, including climate projections, historical observations and internal operational and asset data covering Sunwater's water infrastructure portfolio and customer base. The assessment is qualitative and reflects key assumptions regarding climate scenarios, policy settings and market conditions underpinning Sunwater's corporate strategy, which evolves over time. Inherent risks and opportunities described in this assessment are provided for disclosure purposes and should not be interpreted as a guarantee of future business prospects.

The climate-related risk and opportunity assessment found that climatic factors may affect Sunwater's business outlook, including:

- possible changes in revenue and customer composition due to potentially extended droughts, extreme rainfall events and climate transition-related shifts in the industrial customer base
- impacts to Sunwater's assets and operations, resulting in potential financial costs for asset repair or upgrading, especially for those exposed to severe storms, rainfall and bushfires
- potential opportunities, such as supporting climate adaptation through enabling changes in agriculture and growth of low carbon sectors.

The assessment also identified priority hazards and drivers associated with material risks to operations and the business outlook, noting that some transition risks may also present opportunities depending on physical, regulatory, market or technological change, highlighting the inherent uncertainty of potential outcomes.

Climate-related risks and opportunities are not expected to materially affect Sunwater's prospects within the current five-year corporate planning cycle. While priority climate risks and opportunities may be present in the short term, they are not expected to translate into material financial changes during this period due to existing mitigants and controls.

Over the medium to long term, climate-related risks and opportunities may result in changes to income and operating and capital expenditure, including potential downside impacts associated with transition-related market risks, corrective maintenance and asset repair, and adaptation costs, as well as potential upside outcomes associated with changes to service offerings and service efficiency.

In preparing its assessment of anticipated financial effects, Sunwater has applied an approach commensurate with its available skills, capabilities and resources. The assessment is based on available, reasonable and supportable information without undue cost or effort, including internally available financial and operational data and externally available climate scenario information.

Quantitative information has not been disclosed due to current limitations in skills, capabilities and data availability, including the availability of sufficiently granular, decision-useful data to reliably quantify potential financial effects across relevant time horizons. This is compounded by inherent uncertainties associated with climate scenarios, policy settings, market responses, and the timing and extent of both risks and opportunities.

At this stage, developing meaningful quantitative estimates would require undue cost or effort and may not result in decision-useful information. Sunwater will continue to mature its climate risk assessment and scenario analysis capabilities to support more robust quantification over time.

These risks and opportunities are summarised on the following pages.

Physical risks				
Type	Description	Proximity	Potential impacts	Business model/ value chain concentration
Acute	More intense extreme rainfall events, flood events, storms and cyclones	Short to medium term	• More frequent and costly asset damage from extreme weather • Higher repair, maintenance, and upgrade expenses • Increased operational demands and workforce risks during emergencies • Greater compliance, legal, and reputational challenges • Higher risk of damage to third-party properties and service disruptions • Rising costs for insurance, capital investments and operations • More frequent service interruptions due to weather and supply chain disruptions	Core operations – Asset management, water operations, and service delivery Upstream – Professional services and capital supply chain Downstream – Supply disruption to all customer categories
	More frequent heatwaves, increased number of hot days (days over 35°C) and very high fire risk days	Short to medium term	• Increased operational and maintenance costs • Greater exposure of staff to heat-related health risks • Rising expenses to restore infrastructure following fire events • More frequent service interruptions due to weather and supply chain disruptions	Core operations – Asset management and water operations Upstream – Capital supply chain Downstream – Supply disruption to all customer categories
Chronic	Increased average temperatures, prolonged and more frequent drought conditions, decreased average rainfall and increases in evaporation	Short to long term	• Increased costs and changes to income • Extended water supply interruptions • Decline in agricultural customer base • Greater effort for compliance with updated water plans • Soil contraction damaging infrastructure • Environmental and regulatory impacts • Biosecurity risks	Core operations – Asset management, water operations and service delivery Downstream – Supply disruption to all customer categories Downstream – Environmental flows

Transition risks				
Type	Description	Proximity	Potential impacts	Business model/ value chain concentration
Market	Declining coal production and coal-fired generation closures	Medium to long term	- Reduced certainty in water demand from industrial customers - Less certainty in customer base and associated income - Changed value perceptions of existing assets due to evolving water needs - Changes to contract continuity, including non-renewal or expiration of customer agreements - Revenue variability for underused assets	Core operations – Asset management, water operations and service delivery Downstream– Industrial customers
	Growth of low carbon sectors e.g. critical minerals, renewable fuels	Medium to long term	- Reduced certainty in water demand due to changes in industrial customer mix - Potential misalignment between existing asset utilisation and emerging sector requirements	Core operations – Asset management, water operations and service delivery Downstream– Industrial customers
	Shifts in demand of resources and services e.g. irrigator changes crops altering water demand	Short to medium term	- Reduced certainty in water demand and revenue due to changes in crop selection and irrigation intensity - Increased cost and operational complexity in supporting more changing irrigation requirements and practices - Misalignment between existing service delivery patterns and shifting in irrigation practices and seasonal demand profiles	Core operations – Asset management, water operations and service delivery Downstream – Irrigation customers
Policy	Changes to government policy	Short to medium term	Greater uncertainty in future operating costs and regulatory complexity	Core operations – Asset management, water operations and service delivery

Transition opportunities				
Type	Description	Proximity	Potential impacts	Business model/ value chain concentration
Market	Growth of low carbon sectors e.g. critical minerals, renewable fuels	Medium to long term	• Increase in customers and income • Increased revenues from new built assets	Core operations – Asset management, water operations and service delivery Downstream – Industrial and irrigation customers
	Shifts in demand of resources and services e.g. irrigator changes crops altering water demand	Short to medium term	• Increased demand and revenue opportunities aligned to emerging crop types, land use changes and evolving irrigation requirements • Improved water security and system efficiency through targeted asset upgrades and optimisation aligned to changing demand profiles	Core operations – Asset management, water operations and service delivery Downstream – Irrigation customers
Policy	Changes to government policy	Short to medium term	• Improved alignment with government policy and regulatory settings, supporting more consistent and streamlined compliance approaches • Enhanced strategic clarity and decision-making through alignment with Government climate adaptation priorities and policy expectations	Core operations – Asset management, water operations and service delivery

Climate-related scenario analysis

Sunwater undertook scenario analysis of all operations during the 2025–26 reporting period using internal resources to assess the resilience of its strategy and business model to climate-related changes, developments and uncertainties. Climate scenario analysis is not a forecast and is subject to inherent uncertainty, representing a range of plausible future conditions based on assumptions and information available at the time of assessment.

The analysis considered exposure to climate-related risks and opportunities across all operations and activities under its control under two temperature pathways. The consideration of both low and high warming climate scenarios supports Sunwater's assessment of potential risks and opportunities and informs strategic planning.

The analysis considers defined time horizons comprising short term (five years – present to 2030), medium term (five to 25 years – 2031 to 2050) and long-term (>25 years – 2051 to 2090), which are applied consistently across both physical and transition risk assessments. The analysis was undertaken during the current reporting period using information available at the reporting date.

Sunwater has adopted a qualitative analytical approach for this assessment, reflecting current internal capability, data availability and the early stage of maturity of quantitative climate risk modelling. This approach enables consideration of a broad range of relevant inputs without undue cost or effort and will be progressively enhanced over time.

The resilience assessment is informed by the combination of physical and transition risk inputs, and the prioritisation of qualitative analytical methods at the current stage of capability maturity to enable consideration of all reasonable and supportable information available at the reporting date without undue cost or effort.

The selection and integration of scenario inputs reflects a deliberate prioritisation of analytical approaches that maximise coverage of relevant risks and opportunities while remaining proportionate to available data, skills and resources.

In undertaking this analysis, Sunwater has used reasonable and supportable information available without undue cost or effort, including externally developed climate scenarios, jurisdictional data sets and internally available operational and financial information.

Low warming scenario – limiting warming to $\leq 1.5^{\circ}\text{C}$, representing strong global climate action

The low warming scenario assesses potential impacts on Sunwater arising from policy and market changes under a global pathway limiting warming to $\leq 1.5^{\circ}\text{C}$. This includes accelerated decarbonisation assumptions regarding strengthened climate-related policies in Australia and key trading partners, including emissions reduction targets and regulatory actions affecting carbon-intensive industries.

Physical risks are assessed using the Queensland Government Long Paddock SSP1-2.6 scenario, which closely aligns with the Intergovernmental Panel on Climate Change (IPCC) SSP1-1.9 very low emissions pathway and provides a materially comparable indication of physical climate impacts.

Under a low warming scenario, the frequency and severity of climate-related physical hazards are expected to remain broadly consistent with current conditions in the short, medium and long term, with minimal changes to operational and financial resilience.

Sunwater's standard operating practices consider exposure to climate extremes such as intense extreme rainfall and flood events and apply proactive and adaptive management approaches to maintain the safety of our assets and minimise disruptions to customer supplies.

To assess transition risks under a low warming scenario, Sunwater has considered market transition changes described in the CSIRO A40 1.5°C scenario.

This scenario incorporates assumptions about climate policy settings, energy market reform and emissions reduction initiatives in relevant jurisdictions including accelerated decarbonisation of electricity systems, emissions reduction policies affecting industrial sectors and policy-driven changes in demand for fossil fuels. The assumptions are representative of a global pathway consistent with

limiting warming to 1.5°C. The scenario offers a view of potential production impacts on customers within Sunwater's industrial segments exposed to transition risk, including coal mining, gas extraction and coal-fired electricity generation.

Changes in production outputs within these markets are interpolated annually from a 2025 baseline between CSIRO's five-year intervals, with associated revenue impacts on Sunwater assumed to occur only upon expiry of existing contracts.

Under a low warming scenario described in the CSIRO A40 1.5°C scenario, the assessment found market transition risks may include changes in the electricity generation mix and reduced coal production, potentially affecting Sunwater's industrial customer mix and revenue in the short, medium and longer term.

Accelerated global decarbonisation under a low warming scenario may create opportunities in supplying water to emerging low-carbon industries e.g. critical minerals and renewable fuels, over the medium to long term. Electricity price variability may occur under both low and high warming scenarios over the medium to long term.

The qualitative assessment of the low emissions scenario identifies potential transition risks associated with changes to industrial customer mix could be financially material across the medium and long-term time horizons. This could be further compounded by volatility in energy pricing. Sunwater acknowledges potential exposure to climate-related transition risks associated with declining coal production and the closure of coal-fired generation. The timing of these changes is uncertain and influenced by multiple factors. Current Australian Energy Market Operator coal generation closure plans and Queensland coal production metrics are not aligned to the CSIRO A40 1.5°C low emissions scenario.

These transition risks are not expected to materially affect Sunwater within the current five-year corporate planning cycle but have been acknowledged for further exploration in our Climate Adaptation Strategy, including maturing our approach to scenario analysis.

High warming scenario – warming of 2.5°C or higher, representing limited or delayed action

The high warming scenario considers potential physical climate drivers that could reasonably affect Sunwater assets and operations in the short, medium and long-term where global average temperatures well exceed 2°C (indicated as being 2.5°C or higher).

The high warming scenario is unlikely to result in material transition risk changes to Sunwater industrial revenues in the short, medium and long term with minimal changes to operational and financial resilience.

To assess physical risks under a high warming scenario, Sunwater has considered impacts to physical climate hazards based on Queensland Government Long Paddock SSP2-4.5 Moderate emissions scenario. This scenario implies an increase in the global temperature of approximately 2.7°C by 2100.

This qualitative assessment considered potential risks and opportunities from physical climate hazards under a high warming scenario such as:

- extreme rainfall including related surface water and riverine flood events
- drought including duration of drought, percent time in drought and changes to evaporation
- changes in temperature, including increased frequency of heatwaves, number of hot days
- bushfire including changes to number of very high fire risk days
- coastal inundation and erosion including sea level rise
- tropical and ex-tropical storms (including cyclones) including extreme wind, storm surge, hail, debris and lightning.

Under a high warming scenario, increased frequency of heatwaves, number of hot days and very high fire risk days, and increased intensity of extreme rainfall events, storms and cyclones could challenge operational resilience in the medium to long term. The resilience assessment reflects the combined consideration of these inputs and their potential interactions, rather than reliance on any single

variable. Management and recovery from acute events may increase event management, recovery and unplanned corrective maintenance costs. This could be further compounded by volatility in energy pricing.

Beyond the five-year corporate planning cycle, a high warming scenario may result in changes to hydrological risk profiles that influence dam safety considerations and associated management approaches. This may require additional capital investment and adaptive measures to maintain compliance with dam safety requirements and ensure ongoing asset resilience. The timing, scale and funding of these investments may be accelerated depending on changes in risk exposure and will remain subject to future State policy decisions and a range of factors including regulatory settings.

Qualitative scenario analysis under a high emissions scenario considered potential physical risks related to unplanned corrective maintenance and asset repair costs; however, the magnitude and financial materiality of these impacts are not yet clear and further analysis is required to assess potential medium and long-term financial implications. These risks are not expected to materially affect Sunwater within the current five-year corporate planning cycle and will be further considered through the Climate Adaptation Strategy, including maturing our approach to scenario analysis.

Metrics and targets

Operational greenhouse gas footprint (t CO₂-e)

Emission scope	2025–26
Scope 1 (All except land sector – flooded land)	3,488
Scope 1 (Land sector – flooded land)	545,281
Total Scope 1	548,769
Scope 2	112,745
Total Scope 1 and 2	661,514

The above operational greenhouse gas footprint should be read in conjunction with Note 1 in the accompanying notes.

Emission estimates have been prepared in alignment with the Greenhouse Gas Protocol and the Queensland Government whole-of-government emissions reporting framework. The basis of preparation summary of emission estimates is outlined in Note 1 describing the greenhouse gas emissions measurement approach.

Sunwater is prioritising improvement in emission baselines before establishing greenhouse gas emission reduction targets, which will need to consider the Queensland Government's program for making emissions reduction plans.

Other cross-industry metrics

Business activities assessed to be potentially vulnerable to climate-related transition risks in the medium to long term. These transition risks are not expected to materially affect Sunwater within the current five-year corporate planning cycle but have been acknowledged for further exploration in our Climate Adaptation Strategy.

Metric	2025–26		Explanatory notes
	\$m	% of total income	
(a) income from industrial fossil fuel related customers	226	57	Sunwater acknowledges potential exposure to climate-related transition risks associated with industrial fossil fuel related customers. The timing of these changes is uncertain and influenced by multiple factors. Changes in income from industrial fossil fuel related customers is not expected to materially affect Sunwater in the current five-year corporate planning cycle.

The above cross-industry metrics should be read in conjunction with Note 2 in the accompanying notes.

During 2025–26, Sunwater commenced climate vulnerability assessment activities to improve understanding of asset and operational exposure, sensitivity and adaptive capacity to physical climate-related risks. This assessment identified moderate to high exposure to one or more climate hazards, including flooding, bushfire, drought, cyclones, severe storms and heatwaves across Sunwater's assets and operations. However, exposure alone does not determine vulnerability, which also depends on asset and operational sensitivity, adaptive capacity and existing controls.

Existing design, operational, maintenance and emergency response measures reduce current physical climate vulnerability, with associated costs embedded in operational and capital programs. In 2025–26, Sunwater spent approximately \$3 million on flood response activities, including flood operations, post-event inspections and repairs.

Further work is underway to assess the sensitivity and adaptive capacity of assets and business activities and establish climate vulnerability thresholds. This will support quantification of the proportion of assets and business activities vulnerable to climate-related physical risks under future climate scenarios.

Until this methodology is finalised, Sunwater cannot reliably quantify the anticipated amount or percentage of assets or business activities vulnerable to climate-related physical risks.

Sunwater's integrated approach to climate-related risk management and adaptation does not currently allow for tracking of the amount and percentage of assets or business activities aligned with climate-related opportunities, or the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities. Obtaining this information would require undue cost or effort, as systems and processes are not currently configured to enable this level of analysis.

Notes to Sustainability Report for the year ended 30 June 2026

Note 1 – Operational greenhouse gas footprint – Greenhouse gas emissions measurement approach

Transitional arrangements

In alignment with the provisions of AASB S2 Appendix C C4(b), Sunwater Scope 3 greenhouse gas emissions are excluded from this first-year report.

Organisational boundary

Sunwater has applied an operational control approach to define its reported greenhouse gas emissions accounts. Greenhouse gas accounts are prepared on a consolidated group basis inclusive of all locations and subsidiaries in alignment with the principles of the *National Greenhouse Gas and Energy Reporting Act 2007* (Cth) (NGER Act). Sunwater is an NGER reporter under the NGER Act.

Methodology

Greenhouse gas emissions are expressed as absolute gross emissions presented in metric tonnes of CO₂ equivalent.

Sunwater does not directly measure greenhouse gas emissions but estimates them using recognised Australian and international methods aligned with the Greenhouse Gas Protocol. The methodologies applied are consistent across reporting periods and with statutory and internationally recognised greenhouse gas accounting frameworks.

Emissions are reported for the period 1 July 2025 to 30 June 2026. Where final consumption data was unavailable at the reporting date, emissions were estimated using an accrual approach based on historical consumption patterns and available partial-period data. The extent of estimated emissions by source and scope is outlined in the table below.

Sunwater estimates Scope 1 and 2 greenhouse gas emissions using activity-based calculation methods, applying recognised emission factors and assumptions where direct activity measurement data is not available.

Scope 1 (All except land sector – flooded land) emissions represent direct greenhouse gas emissions from transport fuel combustion, stationary LPG and diesel for onsite back-up generators and non-road registered plant and equipment, leakage of refrigerant gases and sulphur hexafluoride under Sunwater operational control. Emissions are aggregated across applicable greenhouse gases and presented in carbon dioxide equivalent (CO₂-e).

Sunwater reports Scope 1 (Land sector – flooded land) emissions representing emissions from Sunwater operated flooded land including dams, weirs, barrages, balancing storages and channels. The estimation approach is aligned with methods developed by the United Nations Intergovernmental Panel on Climate Change (IPCC). Preliminary assessments have indicated that globally sourced IPCC default emission factors may not be representative of actual emissions at Sunwater locations. Methane emissions from flooded land are highly variable and can be significant, especially in tropical regions and young reservoirs. The flooded land emission estimates presented have high measurement uncertainty with reliance on global average emission factors, limited data on water quality indicators that could impact emission generation, and poor data quality on the surface area of smaller water bodies such as channels. Additional work is underway to collect more information to determine appropriate pathways to reduce flooded land emission estimation uncertainty.

In 2025-26, Sunwater has considered possible emission source categories described in the Greenhouse Gas Protocol Land Sector and Removals Standard (effective from 1 January 2027). Vegetation clearing emissions (Scope 1) have been considered and excluded from greenhouse gas inventory due to lack of materiality. Forest carbon removals (net sequestration) are not reported at this time, given the absence of settled Greenhouse Gas Protocol requirements.

Scope 2 emissions are indirect emissions from electricity use. Sunwater applies the location-based method to account for these emissions and does not procure grid-based renewable electricity or report market-based Scope 2 emissions. Emissions are reduced through onsite solar generation. Hydro-electric energy generated by Sunwater is sold to the electricity grid and does not impact reported electricity consumption or greenhouse gas emission estimates.

Additional detail on the estimation methodology is outlined below:

Category	Boundary	Methodology	Inputs and assumptions
Scope 1 – Stationary combustion	Combustion of natural gas and diesel for stationary purposes under Sunwater operational control	Emissions are estimated using NGER Method 1 with invoice or inventory records for activity data, and default energy content and emissions factors	• Invoice records for diesel deliveries where stock management is not undertaken • Diesel consumption records where stock management is undertaken • Fuel consumption records from contractors performing works under Sunwater operational control • Energy content and emission factors from the NGER Act • Small contractors operating under Sunwater's operational control had incomplete data at the reporting date. One quarter of annual consumption was estimated using an accrual approach based on available records and historical usage. • NGER Method 1 is used to estimate stationary combustion emissions as it aligns with statutory reporting requirements and provides a consistent and auditable approach. Invoice and inventory-based data are used as they are reliable and routinely maintained, with default NGER emission factors applied for consistency • Low measurement uncertainty: Emissions are based on reliable activity data with immaterial reliance on assumptions and regulated emission factors, proportionate to the materiality of the source • Fuel consumption of contractors performing works outside of Sunwater operational control and will be reported as Scope 3 in future reporting periods
Scope 1 – Transport combustion	Combustion of diesel, petrol and ethanol blends for transport purposes under Sunwater operational control	Emissions are estimated using NGER Method 1 with supplier invoice data for activity data and default energy content and emissions factors	• Invoice records for diesel, petrol, and ethanol blends purchased from commercial fuel suppliers. • Fuel consumption records align with financial reporting, with fuel purchases expensed from June to May treated as representative of the reporting period, reflecting invoice receipt timing • Fuel consumption records from contractors performing works under Sunwater operational control • Energy content and emission factors from the NGER Act

			• Small contractors operating under Sunwater's operational control had incomplete data at the reporting date. One quarter of annual consumption was estimated using an accrual approach based on available records and historical usage • NGER Method 1 is used to estimate transport combustion emissions as it aligns with statutory reporting requirements and provides a consistent and auditable approach. Invoice and inventory-based data are used as they are reliable and routinely maintained, with default NGER emission factors applied for consistency • Low measurement uncertainty: Emissions are based on reliable activity data with immaterial reliance on assumptions and regulated emission factors, proportionate to the materiality of the source • Fuel consumption of contractors performing works outside of Sunwater operational control and will be reported as Scope 3 in future reporting periods
Scope 1 – Refrigerants	Leakage of refrigerants used in split-system air conditioning (AC) units under Sunwater operational control	Emissions are estimated by multiplying an estimated mass of refrigerant gas held with a default NGER leakage rate	• The size of AC systems is recorded within Sunwater asset management systems • Quantity of gas charge per system is estimated average values sourced from Department Climate Change and Energy Efficiency (Fed) Cold Hard Facts 4 (2024) • Default leakage rate and GWP of AC gases from NGER as per AR5 • Default leakage rates may not reflect actual losses • NGER default leakage factors are used to estimate refrigerant emissions as it provides a consistent approach for completeness purposes. Estimation of gas held in AC units using assumptions is proportionate to the materiality of the source without undue cost and effort • High measurement uncertainty: The estimates have poor data quality and a high reliance on assumptions on gas charge held. Default leakage rates may not reflect actual losses. The high measurement uncertainty approach is proportionate to the materiality of the emission source • Sunwater does not report this emissions source in its annual NGER report and is considered immaterial in the context of total Scope 1 emissions
Scope 1 – Sulphur hexafluoride (SF₆)	Fugitive emissions from SF ₆ contained within electrical switchgear and related equipment under Sunwater operational control	Emissions are estimated by applying the NGER default leakage rate to the total SF ₆ nameplate capacity of equipment recorded in asset registers	• Asset registers and equipment audits are used to identify SF₆ containing equipment and determine nameplate gas capacity. • Default leakage rates and global warming potentials are sourced from the NGER framework. NGER default factors are used as they provide a consistent and auditable approach proportionate to the materiality of the source

			• Default leakage rates may not reflect actual losses • High measurement uncertainty: The estimates have poor data quality and a high reliance on assumptions on gas charge held. Default leakage rates may not reflect actual losses. The high measurement uncertainty approach is proportionate to the materiality of the emission source
Scope 1 – Land sector – Flooded land	Land sector release of greenhouse gas emissions on flooded lands under Sunwater operational control where human activities have caused changes in the amount of surface area covered by water	Diffusive, ebullition and degassing emissions are estimated in alignment with Tier 1 (basic) methods outlined in 2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories (Wetlands), using default emission factors	• This emission source is not covered by the NGER Act but is referenced in the Greenhouse Gas Protocol Land Sector Standard. Based on its estimated magnitude relative to Sunwater's overall emissions, it is considered material for the purposes of AASB S2 disclosures due to its relative contribution to Sunwater's total Scope 1 emissions and its relevance to understanding the entity's climate-related impacts • The surface area of respective flooded land is based on a five-year rolling average representing the period 1 July 2021 to 30 June 2026 • Most surface areas are determined through water level monitoring and storage curves approved in Resource Operating Licences • For some smaller locations, storage curves and water levels are not available. These have been conservatively included for completeness purposes as full (maximum surface area) for the entire period • Storage climate zones are classified in alignment with IPCC decision tree method using mean annual temperature, mean annual precipitation, average annual evapotranspiration, elevation, and annual frost days (less than 0°C) from Bureau of Meteorology maps of average conditions (1991–2020) national grids, using the location of the dam, weir or barrage as a reference point • Methane emissions are converted to carbon dioxide equivalents using a NGER and National Greenhouse Gas Accounts-aligned GWP of 28 equivalent to AR5 (IPCC Fifth Assessment Report) • IPCC Tier 1 methods are used as they align with national greenhouse gas accounts and no recognised Queensland-specific methods exist for flooded land. While IPCC default emission factors may not fully reflect conditions at Sunwater sites, they provide a consistent basis for estimation, with further work underway to reduce uncertainty over time • High measurement uncertainty: Emissions are based on global emission factors with a high uncertainty. It is unclear if globally averaged trophic state adjustment factors from IPCC method are representative of conditions experienced by flooded lands in

			Queensland. This is an emerging area of emissions accounting and additional work is underway to collect more information to determine appropriate pathways to reduce flooded land estimation uncertainty. The use of full supply levels in the absence of measured water levels and storage curves may also increase uncertainty
Scope 2 – Purchased electricity – location-based	Electricity consumption at sites under Sunwater operational control	Emissions estimated by multiplying the quantity of purchased electricity consumed by the applicable NGER grid-average emission factor	• NGER Method A1 – location based is used to estimate Scope 2 emissions as it aligns with statutory reporting requirements and provides a consistent and auditable approach. Invoice and metering data are used as they are reliable and routinely maintained, with default NGER emission factors applied for consistency • Invoice records or direct metering used where electricity is supplied for both traditional retail and alternative supply arrangements i.e. customer supplied electricity • Where invoices or metering data were unavailable at the reporting date, consumption was estimated using available records and historical usage • Low measurement uncertainty: Emissions are based on reliable activity data with immaterial reliance on assumptions and regulated emission factors, proportionate to the materiality of the source

Note 2 – Cross-industry metrics

Vulnerability to climate-related transition risks

Vulnerability to climate-related transition risks has been assessed using reasonable and supportable information available at the reporting date, without undue cost or effort.

Method and inputs

The metric is calculated by identifying Industrial water customers with significant exposure to rapid transition away from fossil fuels (including coal and gas production and coal-fired power generation) and determining the proportion of total revenue attributable to these customers.

Inputs to the calculation include customer classification by industry, internal revenue (sales invoice) data, and total revenue from operations as disclosed in Notes to Financial Statements for the year ended 30 June 2026, Section 1 Profit or loss information, Note 1: Revenue (excluding grants).

Assumptions and limitations

In the absence of customer-level emissions data or transition plans, exposure to fossil fuel-related transition activities is used as a proxy for transition risk. This approach assumes that customers exposed to these sectors are more exposed to transition impacts. Limitations include potential over or under-estimation of exposure due to variations in customer transition strategies, technological changes or diversification that are not captured in the available data. Only customers with more than \$50,000 per annum revenue were included in the assessment. This represents 99 per cent of total sales invoices from Industrial water customers.

This metric has not been validated by an external third party.

Vulnerability to climate-related physical risks

Vulnerability to climate-related physical risks was not assessed in 2025–26, as sufficient reasonable and supportable information was not available at the reporting date without undue cost or effort.

Directors' Declaration

In accordance with a resolution of the Directors of Sunwater Limited, I state that:

In the opinion of the directors, the Company has taken reasonable steps to ensure that the substantive provisions of the Sustainability Report for the year ended 30 June 2026 are in accordance with the *Corporations Act 2001* (Cth), including:

- complying with Australian Sustainability Reporting Standard AASB S2 Climate-related Disclosures required by section 296C of the Corporations Act 2001 (Cth)
- containing disclosures required by section 296D of the Corporations Act 2001 (Cth).

The declaration is made in accordance with a resolution of the Board of Directors of Sunwater Limited, and signed for and on behalf of the Board of Directors by:



Jeff Seeney, Chair

27 August 2026

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Sunwater Limited

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

Independence declaration

As lead auditor of Sunwater Limited's sustainability report for the year ended 30 June 2026, I declare that, to the best of my knowledge and belief, there have been:

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

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



Lisa Fraser
as delegate of the Auditor-General

26 August 2026

Queensland Audit Office
Brisbane

INDEPENDENT AUDITOR'S REVIEW REPORT ON SPECIFIED SUSTAINABILITY DISCLOSURES

To the Board of Sunwater Limited

Review Conclusion

I have conducted a review of the following specified Sustainability Disclosures in the Sustainability Report of Sunwater Limited (the Company) and its controlled entities (the group) for the year ended 30 June 2026 as required by Australian Standards on Sustainability Assurance ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001* issued by the Auditing and Assurance Standards Board (AUASB):

Sustainability Disclosures	Reporting requirement of Australian Sustainability Reporting Standard AASB S2 <i>Climate-related Disclosures</i> (AASB S2) (including related general disclosures required by Appendix D)	Location in Sustainability Report
Governance	Paragraph 6	Governance disclosures presented under the heading 'Governance' up until disclosures included under sub-heading 'Remuneration'
Strategy (risk and opportunities)	Subparagraphs 9(a), 10(a) and 10(b)	Strategy (risk and opportunities) presented in the table under the heading 'Climate-related risks and opportunities'
Scope 1 and 2 emissions	Subparagraphs 29(a)(i)(1) to (2) and 29(a)(ii) to (v)	Scope 1 and 2 emissions presented under the heading 'Metrics and targets' Note 1 – Operational greenhouse gas footprint – Greenhouse gas emissions measurement approach

The requirements of AASB S2 identified in the table above form the criteria relevant to the specified Sustainability Disclosures and apply under Division 1 of Part 2M.3 of the *Corporations Act 2001*.

I have not become aware of any matter in the course of my review that makes me believe that the specified Sustainability Disclosures in the table above do not comply with Division 1 of Part 2M.3 of the *Corporations Act 2001*.

Basis for Conclusion

I conducted my review in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Standard on Sustainability Assurance ASSA 5000 *General Requirements for Sustainability Assurance Engagements* (ASSA 5000) issued by the AUASB. My review includes obtaining limited assurance about whether the specified Sustainability Disclosures are free from material misstatement.

In applying the relevant criteria, I note that subsection 296C(1) of the *Corporations Act 2001* includes a requirement to comply with AASB S2.

My conclusion is based on the procedures I have performed and the evidence I have obtained in accordance with ASSA 5000. The procedures in a review vary in nature and timing from, and are less in extent than for, an audit. Consequently, the level of assurance obtained in a review is substantially lower than the assurance that would have been obtained had an audit been performed. See the 'Summary of the Work Performed' section of my report below.

My responsibilities under ASSA 5000 are further described in the *Auditor's responsibilities* section of my report.

I am independent of the group in accordance with the applicable ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) together with the ethical requirements in the *Corporations Act 2001*, that are relevant to my review of the specified Sustainability Disclosures.

I have also fulfilled my other ethical responsibilities in accordance with these requirements, the Code and the *Auditor-General Auditing Standards*.

I confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this independent auditor's review report.

The *Auditor-General Auditing Standards* incorporates a system of quality management, guided by the Australian Auditing Standards on quality management. This includes implementing and operating policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

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

Other Information

The directors of the Company are responsible for the other information.

The other information comprises the information included in the company's annual report for the year ended 30 June 2026 but does not include the specified Sustainability Disclosures and my auditor's report thereon.

The other information comprises the director's report and general-purpose financial statements, which we obtained prior to the date of this auditor's report, and the annual report, which is expected to be made available to us after that date.

My conclusion on the specified Sustainability Disclosures does not cover the other information and accordingly I do not express any form of assurance conclusion thereon. However as required by the *Auditor-General Act 2009* and the *Corporations Act 2001*, I have formed a separate opinion on the general-purpose financial statements.

In connection with my review of the specified Sustainability Disclosures, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the specified Sustainability Disclosures, or my knowledge obtained when conducting the review, or otherwise appears to be materially misstated.

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

I have nothing to report in this regard.

Preparation of the Sustainability report

Responsibilities of the directors for the specified Sustainability Disclosures

The directors of the Company are responsible for:

- the preparation of the specified Sustainability Disclosures in accordance with the *Corporations Act 2001*; and
- designing, implementing and maintaining such internal control necessary to enable the preparation of the specified Sustainability Disclosures, in accordance with the *Corporations Act 2001* that are free from material misstatement, whether due to fraud or error.

The directors' inherent limitations in preparing the Sustainability Report

The following matters describe inherent limitations associated with certain sustainability disclosures included in the Sustainability Report. These limitations arise from the nature of the reporting framework and the methods, assumptions, estimates and judgements used by the directors in preparing that information.

The Sustainability Report contains forward looking information-relating to future events and conditions. These are inherently uncertain and may not occur as anticipated, or at all. We do not provide assurance on the extent to which this prospective information will be achieved.

The Sustainability Report outlines that greenhouse gas emissions quantification is subject to significant measurement uncertainty, which arises because of the estimation and complexity to calculate, including application of activity data and emissions factors. The comparability of sustainability information between entities and over time may be affected by inconsistencies to estimate the measurement of those emissions, due to different, but acceptable, methods applied.

Auditor's responsibilities

My objectives are to plan and perform the review to obtain limited assurance about whether the specified Sustainability Disclosures are free from material misstatement, whether due to fraud or error, and to issue a review report that includes my conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the specified Sustainability Disclosures.

As part of the review in accordance with ASSA 5000, I exercise professional judgement and maintain professional scepticism throughout the engagement. I also:

- Perform risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify and assess the risks of material misstatements, whether due to fraud or error, at the disclosure level but not for the purpose of providing a conclusion on the effectiveness of the entity's internal control.

- Design and perform procedures responsive to assessed risks of material misstatement at the disclosure level. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

A further description of my responsibilities under the *Auditor-General Act 2009* and *Auditor-General Auditing Standards* is located at the Queensland Audit Office website at:
www.qao.qld.gov.au/audit-program/audit-standards.

These descriptions form part of my auditor's report.

Summary of the Work Performed

A review is a limited assurance engagement and involves performing procedures to obtain evidence about the specified Sustainability Disclosures. The nature, timing and extent of procedures selected depend on professional judgement, including the assessed risks of material misstatement at the disclosure level, whether due to fraud or error.

The procedures I performed included, but were not limited to, the following:

- Enquired with relevant management personnel to understand management's materiality assessment process, the internal controls, governance structure, methodologies, assumptions, judgements, and reporting process for the presentation of the specified Sustainability Disclosures.
- Obtained an understanding of the processes and information flows related to the specified Sustainability Disclosures.
- Reviewed internal documentation including, charters, minutes of board and committee meetings, risk management frameworks, relevant technical papers, and records supporting the specified Sustainability Disclosures.
- Assessed the appropriateness of the reporting boundaries applied by obtaining an understanding of the group's activities and organisational structure.
- Assessed the appropriateness of management's process for identifying and assessing climate-related risks and opportunities, including through inquiries of relevant personnel and inspection of supporting documentation.
- Performed analytical procedures to evaluate the reasonableness of Scope 1 and 2 emissions.
- Considered the presentation and disclosure of selected information in the specified Sustainability Disclosures against the requirements of AASB S2 *Climate-related Disclosures*.



31 August 2026

Lisa Fraser
as delegate of the Auditor-General

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Brisbane

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