



Annual Report

2023-24

Acknowledgement of Country

Our First Nations Commitment Statement

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. We respect and value their continued sacred connection to Country, including the diverse rich traditions, languages and customs that are the longest living in the world. We acknowledge their resilience in the face of significant and ongoing historical, cultural and political change within Australia. We recognise and value the importance of truth-telling today, and our role to listen and learn. Our vision for reconciliation is that we are a nation of unity and fairness for all; a nation that owns its history and acknowledges its First Nations peoples, their strength and their living culture.

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, community, customers and stakeholders. We can learn so much from Traditional Custodians, who have cared for Country for thousands of years, in the way we sustainably manage water and land. Going beyond compliance and embedding reconciliation into core business practices and decision making brings to life our purpose of Delivering Water for Prosperity through Valuing People, Working Together and Taking Responsibility.

About this report

We are pleased to present this annual report to provide an overview of Sunwater Limited's (Sunwater) financial and non-financial performance for the 12 months to 30 June 2024. This report includes a summary of the activities carried out to meet the Key Performance Indicators (KPIs) set out in Sunwater's 2023–24 Statement of Corporate Intent, which is Sunwater's performance agreement with its shareholding Ministers.

This report aims to provide information to meet the needs of Sunwater's broad range of stakeholders, including customers, state and local government partners, delivery partners, current and future employees and other commercial stakeholders. An electronic version is available on the Sunwater website at sunwater.com.au/about/publications.

Feedback on this report is invited. Please contact our 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 our physical hydraulic modelling laboratory at Rocklea in Brisbane.

Translation and interpreting assistance



We are committed to providing accessible information to customers and stakeholders from culturally and linguistically diverse backgrounds. If you or an interested party has difficulty understanding this annual report, please contact us on 13 14 50 and we will arrange an interpreter to share the information in it.

Table of contents

Message from Chair	5
Message from CEO	6
1. About us	8
2. Year in review	11
3. Our people	22
4. Sustainability (including ESG)	29
5. Our performance	38
Directors' Report	41
Auditor's Independence Declaration	49
General Information	51
Consolidated Statement of Comprehensive Income	52
Consolidated Statement of Financial Position	53
Consolidated Statement of Changes in Equity	54
Consolidated Statement of Cash Flows	55
Notes to the Financial Statements for the year ended 30 June 2024	56
Consolidated Entity Disclosure Statement	98
Directors' Declaration	99
Independent Auditor's Report	100

Message from Chair

I am pleased to present the Sunwater Annual Report 2023–24, which reflects a significant period in the history of this service-driven Queensland Government-owned corporation.

Access to water is a critical enabler for economic productivity, sustainability and innovation, and November 2023 marked the completion of a landmark infrastructure project that will deliver on those ideals. During construction, the Rookwood Weir project created more than 350 jobs and injected \$270 million into the Central Queensland community. Now finished, this new water storage in the Fitzroy catchment will boost agricultural production, along with providing greater water security for urban and industrial users.

On behalf of the Board and Executive Leadership Team (ELT), I commend all who worked on this project for their commitment to excellence, especially when faced with the immense challenges of building in a flood-prone in-river environment. The fact that this is the only weir in Australia or New Zealand to achieve Infrastructure Sustainability Council IS v1.2 ratings in both the 'Design' and 'As Built' categories reflects the expertise and dedication of the Sunwater team and our trusted alliance partners.

At Sunwater, we continue to evolve a culture that supports a diverse, inclusive and thriving workforce – recognising that our differences are our greatest strength. Greater First Nations consultation and involvement in our infrastructure projects is achieving mutually beneficial outcomes as we learn from these rich cultures. The gifting of a traditional language name for Rookwood Weir – Managibei Gamu, which means 'keeping-saving water' – is a helpful reminder of the strong connection to Country that First Nations peoples have to the lands on which we operate.

Protecting the health and wellbeing of our people remains our highest priority. It was pleasing to see our initiatives for managing psychosocial hazards at Rookwood Weir (Managibei Gamu) were recognised with finalist status in that category at the 2023 National Safety Awards of Excellence.

We are making consistent progress in growing our workforce capability and providing exciting career pathways for the next generation of water professionals. In 2024, we inducted six new engineering graduates into the Sunwater Graduate Program, adding to the seven roles created in 2023.

Our \$16 million investment in the Sunwater Dam Improvement Program this financial year will help ensure our storages remain safe and reliable long into the future.

Sunwater remains committed to enhancing operational efficiency. In April 2024, we offered an additional 11,500 megalitres of water to Atherton Tablelands irrigators due to the outstanding performance of the Mareeba-Dimbulah Water Supply Scheme Efficiency Improvement Project.

In November 2023, Sunwater submitted an Irrigation Pricing Proposal that will assist the Queensland Competition Authority to recommend prices for the period from 1 July 2025 to 30 June 2029 for the Queensland Government to consider when setting prices. This process involved considerable engagement with our customers and ensure they had every opportunity to participate in and respond to the proposal.

In this milestone year, the Board would like to acknowledge the contribution of Chief Executive Officer Glenn Stockton and the ELT in guiding the organisation towards meeting its corporate objectives and strategic goals.

In 2023, the Board welcomed new Director Gail Jukes, who brings considerable experience in financial analysis, stakeholder management and strategic counsel. We thank retiring Director Peter Scott for his valuable contribution over the past year.

The water industry is not without its challenges and complexities, including climate change impacts and evolving customer needs. As we look ahead, I am confident that by staying agile and adaptive, Sunwater will continue to lead the way in shaping the future of the water industry, delivering value to all our stakeholders and making a positive impact on the communities we serve.

Dr Lisa Caffery

Message from CEO

Sunwater is an organisation that is highly motivated by our obligations, responsibility and our purpose of delivering water for prosperity. In 2023-24, we continued to operate and maintain our assets safely, prudently and efficiently, ensuring water was available to support economic growth and wellbeing across regional Queensland.

Safety

Sunwater promotes a safety and wellbeing culture that supports our people to thrive professionally and personally. Over and above an ongoing conversation on how to be safe, a key focus of this past year was to increase support available for mental health issues and psychosocial hazards. We provide access to a range of confidential services, Mental Health First Aid training, and have partnered with a not-for-profit organisation, 'This is a Conversation Starter', to deliver counselling for employees and customers.

Our people

Sunwater is an innovative, technically proficient and highly capable organisation because of our people. I am proud to lead a team that cares about their colleagues, customers and communities. I commend them for their efforts, and for how they safely fulfil their responsibilities every day for the people of regional Queensland. With a commitment to developing our future leaders and the re-introduction of pathways for apprentices and graduates, I am confident the business has a sustainable future.

Water infrastructure leader

In 2023-24, we continued our transition from asset operator-maintainer to water infrastructure business. We have the proven expertise to deliver critical projects from planning through to delivery. An important accomplishment was safely completing the construction of Rookwood Weir (Managibei Gamu), near Rockhampton.

Over the past four years, Sunwater and our alliance partners have been dedicated to delivering the project safely, efficiently and to the highest quality. I congratulate the team for their hard work and ability to overcome challenges and adversity.

We are now focused on supporting our customers as they prepare to take the first water from the weir as part of a newly established water supply scheme.

Sunwater has the technical knowledge to identify issues and respond accordingly. This was highlighted in January 2024, when the Queensland Government announced planning would commence for a new wall downstream of Paradise Dam outside Bundaberg. A bespoke, world-first testing program confirmed problems with the dam's concrete, and that no amount of upgrade work could guarantee its long-term stability. This was a difficult decision — but the correct one. Sunwater will continue to work with government and the community to achieve the right outcome in terms of public safety and water security for the region.

We are progressing a proposal to strengthen and raise the largest dam in the state, Burdekin Falls Dam, to meet future water demand in North Queensland and support its long-term safety. In early 2024, we completed a maintenance project to enhance the safety of Coolmunda Dam, near Inglewood, while an efficiency upgrade in Mareeba resulted in the first new water being made available for purchase in the region since the 1990s.

To successfully deliver a range of complex infrastructure projects, Sunwater is building capability as an industry leader from both an engineering and project delivery perspective. We continue to engage with the national and international market to find partners with a shared commitment to developing quality water infrastructure solutions.

Wet season

Sunwater demonstrated our ability to respond to challenging weather conditions during a third successive La Niña wet season. Our people and processes were again tested by rain events, including two cyclones that impacted catchments in Far North Queensland.

We successfully activated nine Emergency Action Plans in our service areas, operated our infrastructure safely and kept communities informed.

Water storage volumes across most of the Sunwater network remain high, as do announced allocations for most schemes.

Preparing for the future

Climate variability is set to increase the frequency and severity of extreme weather events, while also impacting water resources. Sunwater is ensuring our people and systems are well prepared and focused on finding solutions to maximise the availability of water to customers and the community. In 2023–24, we continued to improve how we do business by upgrading business systems and implementing enterprise platforms that support an efficient and responsive organisation. Technology will play an increasingly important role in the safe and efficient delivery of water and project development, especially in the remote areas where we operate.

Customer engagement

Sunwater actively seeks ideas and feedback from our customers so we can better understand and support their needs. This commitment was evident with our submission to the Queensland Competition Authority's irrigation price review. We undertook an extensive consultation process to ensure customer input and feedback would inform our proposal. Sunwater established a consultative committee with representatives from a range of peak bodies and authorities. Our team travelled widely, hosting 61 forums, while producing 58 fact sheets and 77 presentations. As a result, we engaged with 4372 customers and more than 500 provided feedback on our pricing proposal. Sunwater thanks our customers for their active participation and we acknowledge and appreciate their contribution to this important process.

Connecting with communities

Sunwater understands our customers and communities in regional Queensland – and remains committed to supporting their needs and keeping them safe. Almost half of our workforce is based in regional Queensland and have strong knowledge of our assets and the environment. In 2023–24, we held open days at Fred Haigh and Leslie dams. These events, along with a wet season media campaign, provided valuable information to dam users and downstream residents about how to be prepared during periods of wet weather. Sunwater appreciates that the waterways we manage are important recreation areas for regional communities and visitors and we actively promote the safe use of them through public awareness campaigns and the support of local events.

Sunwater is focused on working closely with customers and the community to overcome the challenges and capitalise on the long-term opportunities presented by the water industry. We will continue to ensure our assets are maintained to a high standard and to strengthen our position as an infrastructure business, ensuring Sunwater is a key contributor to the prosperity of Queensland today, and for many years to come.

Glenn Stockton AM

1. About us

Who we are

Sunwater is a Queensland Government-owned corporation that supplies about 40 per cent of the water used commercially in the state.

The entity was established on 1 October 2000 under the *Government Owned Corporations Act 1993* (Qld) (GOC Act), administered by Queensland Treasury.

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 Regional Development, Manufacturing and Water (DRDMW).

Sunwater is governed by an independent Board comprising six members. The organisational chart can be viewed on page 28.

Our purpose

Delivering water for prosperity.

Our values

We:

- value people
- work together
- take responsibility.

Our goals

- Safe and engaged people
- A sustainable business
- Stakeholder-centric business
- Operational excellence
- Water infrastructure leader.

What we do

Sunwater moves, treats, stores and distributes water to farms, industry and communities across regional Queensland.

Sunwater is a trusted partner to government in delivering Queensland's bulk water infrastructure projects of varying sizes and complexities.

Sunwater safely and effectively operates and maintains \$13.9 billion of water infrastructure assets, including:

- 19 dams
- 65 weirs and barrages
- 595 kilometres (km) of water channels
- 70 major pumping stations
- 1951 km of pipelines
- six water treatment plants.

Sunwater's Dam Safety Management Program – which includes the Dam Improvement Program (DIP) – ensures regional bulk water assets are maintained in accordance with state and national standards.

Sunwater's assets and committed team service the needs of customers and communities across regional Queensland. Sunwater's operations are divided into four regions: North, Central, Burnett and Lower Mary, and South.

Sunwater's people work together as one team, with the customer front of mind. Sunwater believes a strong culture is built on collaboration and embracing diversity. By encouraging its employees to bring their unique perspectives and experiences to the table, the organisation achieves better solutions and outcomes.

Our people

At 30 June 2024, Sunwater had a total workforce of 750. Almost half of its people work from the 33 offices and depots across regional Queensland. The remainder are based at the Brisbane office and the Rocklea Hydraulics Laboratory.

Sunwater's people work in diverse roles across engineering, operations, administration and more, and the organisation is committed to providing the support, resources, and benefits they need to perform their best at work and at home. These include competitive remuneration, flexible working arrangements, professional development opportunities, and health and wellbeing programs.

As one of the largest builders, owners and maintainers of bulk water and distribution infrastructure in Queensland,

Sunwater is growing its business by providing consultancy services to customers planning bulk water projects. Its in house water industry experts provide the expertise and specialist skills to tailor end-to-end solutions that can reduce long-term costs without compromising the quality of outcomes.

Our customers

Sunwater's 5000-plus customers across regional Queensland fall into three 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 – regionally-based local governments and communities.

They receive vital bulk water supply from 24 Sunwater-owned water supply schemes (WSSs) and 18 pipelines covering 1951 km.

Because customers are central to everything, Sunwater continuously seeks to better understand their needs and enhance its service delivery.

Sunwater drives efficiency and minimises costs for customers by:

- making the most of the available water supply
- ensuring infrastructure assets are operated and maintained efficiently, safely and in the best condition possible
- planning for upgrades and constructing new infrastructure
- anticipating needs and continuously improving the way things are done.

Our communities

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

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

Our shareholding Ministers

Sunwater has two shareholding Ministers:

The Honourable Cameron Dick MP

Deputy Premier, Treasurer and Minister for Trade and Investment

The Honourable Glenn Butcher MP

Minister for Regional Development and Manufacturing and Minister for Water.

Water delivered

In 2023–24, Sunwater delivered 1194 gigalitres (GL) of water for irrigation, industrial and urban usage across regional Queensland.

Queensland has experienced good rainfall over the past few years, which has provided a boost to many of Sunwater's storages. During the previous wet season, many dams reached 100 per cent and currently 15 dams are still at 70 per cent capacity or higher. The total combined full storage volume of Sunwater's assets is 6247 GL. At 30 June 2024, the total combined storage volume was approximately 4777.58 GL, with the total capacity at 76 per cent.

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

At 30 June 2024, of the water available for allocation in 2023–24:

- 43 per cent was used by customers
- 37 per cent was owned by customers but kept in storages for future use and water trading
- 10 per cent was owned by Sunwater but available for purchase or temporary transfer
- 10 per cent was available to maintain irrigation scheme channels that we manage.

Specific water scheme statistics for 2023–24 are available at sunwater.com.au/water-data/report-statistics/

Our strategic goals

In 2023–24, Sunwater began implementing its refreshed corporate goals. These aim to advance its water, infrastructure maintenance and operations capability, and ensure the safety of stakeholders, customers and people so Sunwater can deliver water sustainably now and into the future.

Sunwater's strategic horizons drive business progress to meet its core optimisation, adjacent growth, and transformation goals – helping ensure it can reach its potential and deliver the best outcomes for its stakeholders.

Sunwater's five strategic goals are:

Safe and engaged people

Building a culture that cares for and supports the 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.

Stakeholder-centric business

Actively working with all stakeholders – including customers, shareholders, industry groups and traditional custodians – to minimise the impact of its operations and projects and create opportunities for best value outcomes that go beyond water delivery.

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 service value to its customers.

Water infrastructure leader

Leveraging internal and external capabilities to successfully plan, design, construct and commission quality bulk water infrastructure solutions that drive economic growth and jobs in regional communities and make best use of Queensland's valuable water resource.

2. Year in review

Safe and engaged people

Sunwater genuinely cares for and supports the health and wellbeing of its people. By strengthening and maturing its safety culture, programs and systems, Sunwater ensures its people can perform at their best and go home safely each day.

Safety performance

Sunwater wants its people to come to work and thrive. It is confident the controls it puts in place will keep its workforce safe, and lessons are proactively shared across the business to encourage continuous improvement.

In the past financial year, Sunwater recorded an All-Injury Frequency Rate (AIFR) of 26.4 per million hours worked – against a target of 45. This shows that the organisation has a low number of injuries generally, considering the work undertaken.

Sunwater's Total Recordable Injury Frequency Rate (TRIFR), a measure of any injury requiring more than first aid treatment, was six per million hours worked – against a target of five.

Sunwater's Workcover insurance premium is a more sensitive predictor of injury severity; it has decreased to 0.181 compared with the industry average of 1.051.

The overall performance demonstrates that Sunwater keeps its people safe. It also provides confidence that the organisation has an excellent reporting culture, where people in the workplace are supported with resources to report, share and learn.

Keeping our people safe and well

Sunwater undertakes a range of proactive health and safety initiatives to promote mental and physical wellbeing, prevent and manage injuries or illness, and develop an environment of genuine care.

In September 2023, Sunwater's unwavering commitment was recognised at the National Safety Council of Australia Annual Awards of Excellence, where the Rookwood Weir project was a finalist in Best Solution for Managing Psychosocial Hazards at Work. Initiatives implemented at the 250-person Rookwood Weir (Managibei Gamu) worker's accommodation camp included an onsite 24/7 paramedic, and collaboration with Mates in Construction to develop a program that addressed better mental health and suicide prevention.

Sunwater also partnered with 'This Is A Conversation Starter' (TIACS), a not-for-profit organisation that delivers free counselling services to rural and frontline workers. This partnership allowed Sunwater to add to its already award-nominated mental health program and extended its commitment beyond its own people to the communities where they work and live.

Sunwater has successfully implemented baseline health monitoring to ensure it understands and proactively manages workplace health exposures. The recent rollout of skin checks across the organisation was overwhelmingly successful, mitigating potential personal impacts for our workforce.

The release of the Health, Safety and Environment (HSE) contractor management system has significantly contributed to improved health and safety outcomes for contract partners. Simplifying processes and driving focus on key planning and implementation goals has been the highlight of the program. Sunwater has also run external safety forums with contract partners to increase collaboration and joint learning.

A Verification of Competency framework was implemented during the financial year, building on the learning management system.

Benchmarked against industry, the framework provides a robust system to ensure Sunwater's people continue to demonstrate the level of skill and competence needed to operate safely.

A sustainable business

With the goal of being here today, and here tomorrow, Sunwater works with its stakeholders to manage assets sustainably, optimise water delivery, drive efficiencies and minimise costs.

For Sunwater, a ‘sustainable business’ means responsibly delivering water for customers, community and the planet by adopting a holistic view of financial, societal and environmental considerations, while maintaining financial viability.

Sunwater’s specific approach to sustainability – including environment, social and governance – is outlined in section 4.

Dam Safety Management Program

In 2023–24, Sunwater invested more than \$16 million in its Dam Safety Management Program (not including the Paradise and Burdekin Falls dam improvement projects). This program ensures that Sunwater’s regional bulk water assets are maintained in accordance with state and national standards.

To make sure assets demonstrate a risk profile that is ‘as low as reasonably practicable’ (ALARP), Sunwater undertakes a detailed assessment of the potential risks, identifies controls that would reduce risk, and assesses and implements these controls.

These Comprehensive Risk Assessments are key input studies for the ALARP assessments, which define the priorities for safety improvements at a portfolio level, based on the guidelines published by the Australian National Committee on Large Dams (ANCOLD) and the Queensland Government.

After completing Comprehensive Risk Assessments on the 23 referable structures in Sunwater’s portfolio, seven were deemed to be outside the risk tolerance standard.

Two of these structures – Paradise Dam and Burdekin Falls Dam – have standalone projects underway, and the remaining five are being managed within the DIP. The objective of the DIP is to demonstrate that all 23 of the structures have a risk profile in an ALARP position.

Burdekin Haughton Water Supply Scheme modernisation

Sunwater has completed a \$2.9 million detailed business case for modernisation of the Burdekin Haughton Water Supply Scheme – to reduce water losses and increase efficiency. This was co-funded by a \$1.91 million National Water Grid Fund Grant Agreement.

The scheme provides water for irrigated sugar cane and other crops, along with supplying industrial, mining and urban customers in the Burdekin Shire and Townsville.

The detailed business case will be considered as part of the Burdekin Regional Water Assessment.

Mareeba-Dimbulah Water Supply Scheme Efficiency Improvement Project

Atherton Tablelands growers can access 36 per cent more water than expected following completion of this \$32.5 million project.

Jointly funded by the Queensland (\$20.9 million) and Australian governments (\$11.6 million), the project was completed in December 2021.

The water-saving initiative replaced 14 km of pipeline, installed 125 automated irrigation channel control gates and upgraded 157 water offtakes.

In March 2024, it was confirmed that at least 11,500 megalitres (ML) will be saved annually, far exceeding the projected target of 8306 ML. This is the first new water to be available for permanent purchase in the scheme since the 1990s and is expected to generate more than \$20 million annually in increased agricultural production for the region. The new water allocations were released to the market via Sunwater’s Water Exchange platform in April 2024.

Regional Water Assessments

Sunwater is a key stakeholder in DRDMW’s development of Regional Water Assessments (RWAs) across Queensland. The assessments will set out how existing infrastructure, new infrastructure and non-infrastructure solutions can be used to maximise water supply and drive economic growth in Queensland’s most significant food bowls.

Bundaberg and Burnett

On behalf of DRDMW, Sunwater led the development of the Bundaberg and Burnett Regional Water Assessment (BBRWA).

Following months of consultation with the Bundaberg and Burnett Stakeholder Advisory Group, a shortlist of key projects was provided to the Queensland Government for consideration.

The draft BBRWA was released for public comment in October 2023. It recommended that five infrastructure projects and one non infrastructure project progress to the next stage of options analysis. Sunwater will also evaluate a further five infrastructure projects that already have business cases underway or completed, for consideration in the final RWA.

The assessment also outlines medium and long term options for targeted future action, subject to approvals and funding through the National Water Grid Investment Framework.

The final BBRWA report is expected to be released in 2024–25.

Julia Creek/Richmond Critical Minerals Zone water delivery options

As part of the state government's Queensland Critical Minerals Strategy, Sunwater has been investigating common-user water infrastructure to support the development of minerals projects in the Critical Minerals Zone in North West Queensland.

Common-user infrastructure is where capacity is shared between multiple users, such as miners and processors, who all agree to a set of terms.

Using the prescribed Business Case Development Framework, Sunwater is developing a strategic assessment for the area of interest, which spans from Julia Creek to Richmond Critical Minerals Zone.

The report will be submitted to the Queensland Government in the second half of 2024, showing strategic recommendations for water options and solutions to facilitate the development of critical minerals mining projects in the region.

North Queensland Water for Hydrogen options analysis

On behalf of DRDMW, Sunwater is investigating common-user bulk water supply and infrastructure options to meet the future needs of the hydrogen industry in North Queensland.

These potential hydrogen projects require large volumes of water to produce hydrogen and/or ammonia, with plans to export these products through ports at Abbot Point and Townsville.

The wide-ranging Options Analysis Study requires multiple considerations including water supply and transportation options across the broader region, competing needs such as water security for urban and agricultural use, and tie ins with other relevant water studies and projects.

The study will be completed in the second half of 2024 and will feed into a whole of government approach to facilitate integrated planning – across land, power, water and port infrastructure – for large-scale hydrogen projects.

Stakeholder-centric business

Sunwater values the insights and perspectives that its stakeholders bring. It undertakes meaningful engagement activities to minimise the impact of its operations and create opportunities for best value outcomes for the regional communities in which it operates.

Engaging with customers

Irrigation Pricing Review 2025–29

In November 2023, Sunwater submitted an Irrigation Pricing Proposal to the Queensland Competition Authority (QCA) for consideration, in line with its requirements under the *Queensland Competition Authority Act 1997* (Qld).

The QCA will then recommend irrigation prices for the period from 1 July 2025 to 30 June 2029, which the Queensland Government will consider when setting prices.

This applies to irrigation customers across 26 price-regulated service contract areas, comprising 22 bulk WSSs and four channel distribution schemes.

Sunwater conducted an extensive engagement campaign across the state to ensure customers were fully informed of the process and had every opportunity to participate in and respond to the pricing proposal.

In June and July 2023, feedback was sought in seven WSSs on:

- changes to Service and Performance Plans
- changes to the way renewals expenditure is recovered through irrigation prices
- the proposed introduction of a permanent, symmetrical electricity cost pass-through mechanism.

An independent online platform allowed customers to provide direct, anonymous feedback about the proposals. Water users could also access an online invoice calculator to compare current annuity-based water pricing with the proposed regulated asset base approach.

A Consultative Committee was also formed, comprising members of four of Queensland's agricultural peak bodies: Queensland Farmers Federation, Cotton Australia, Queensland Fruit & Vegetable Growers, and CANEGROWERS Queensland.

The draft pricing proposal was released to customers for feedback in August 2023. Sunwater then finalised its proposal for submission. Across the three-stage consultation process, Sunwater engaged with 4372 customers via 61 forums, 77 presentations, eight Consultative Committee meetings and 58 fact sheets.

Sunwater remains committed to ongoing, proactive engagement and consultation with customers and the QCA.

Positive response to customer surveys

Sunwater conducts bi-annual surveys to benchmark customer experience and improve service delivery.

The Touchpoint Customer Survey was conducted in November 2023 and the Annual Customer Survey in April 2024.

Throughout 2023–24, Sunwater engaged extensively with irrigation customers about future irrigation pricing. This offered the largest customer cohort multiple opportunities to directly engage on matters relating to their operations and provide feedback on Sunwater's services, pricing and delivery. For this reason, Sunwater noted a reduction in participation in the Annual Customer Survey. The 277 responses received continue to provide valuable insights into how Sunwater is meeting customer expectations, while also highlighting areas for improvement.

Pleasingly, Sunwater maintained its overall customer satisfaction score, with the irrigation customer segment score improving.

Customer feedback continues to highlight strong and positive relationships with Sunwater's people in the regions.

Customer committees

Sunwater meets regularly with customers to better understand their challenges and how its services can support them.

Through consultation, Sunwater aims to deliver better outcomes for customers, be more transparent about decisions that impact their businesses, and be more responsive to their needs.

Sunwater actively participates in 18 scheme-based groups across the state, with the majority of these being Sunwater-led. Irrigator Advisory Committees (IACs) and Customer Advisory Committees (CACs) are the cornerstone of Sunwater's approach as it continues to evolve with the changing needs of customers and its business.

CACs hold three scheduled meetings a year and adhere to a set Terms of Reference. These committees provide customers and invited stakeholders with a forum for collaboration and consultation with Sunwater on a range of strategic matters. IAC meetings are convened on an as needs basis.

The Burdekin Haughton CAC has been active since 2020. In early 2024, Sunwater took committee members on a guided tour of the Burdekin Falls Dam, providing them with a deeper understanding of the dam's operations.

April 2024 marked the inaugural meeting of the newly formed Barker Barambah CAC, which is the first IAC to transition to a CAC.

The completion of Rookwood Weir (Managibei Gamu) in November 2023 provided an opportunity to audit and redesign Sunwater's customer onboarding experience. Sunwater's customer experience workshops have also been redesigned to incorporate more engaging activities and updated content.

Engaging with communities

Paradise Dam Improvement Project

The independently chaired Paradise Dam Reference Group (PDRG) comprises a mix of customers, community members, Traditional Owners, industry leaders and local government representatives. The group met three times in 2023–24.

In January 2024, it was announced that planning would commence for a new dam wall immediately downstream of the existing structure. Sunwater provided a briefing for the PDRG to outline the reasons for this decision, as well as hosting six community information sessions in Bundaberg, Childers, Gin Gin and Biggenden.

These sessions were supported by published articles, social media posts, videos, fact sheets and an IAC briefing.

With three road upgrade packages planned to enable the project over the coming year, Sunwater continues to engage with the PDRG, irrigators and the community to keep them informed at each step of the project.

This includes Traditional Owners – the Wakka Wakka People and the Bailai, Gurang, Gooreng Gooreng and Taribaleng Bunda peoples.

Burdekin Falls Dam Raising and Improvement Project

Sunwater is progressing planning and enabling work for a two-metre raise of Burdekin Falls Dam, alongside safety upgrades to increase the dam's water supply and long-term viability. See page 20 for more details.

Targeted community engagement for the projects commenced in 2020. The Burdekin Falls Dam Community Reference Group (CRG) was formed in March 2021 to bring interested parties together and foster consultation and information exchange. The CRG includes representation from Traditional Owners, environment groups, local government, residents and grower groups.

During 2023–24, Sunwater held meetings with Traditional Owners, landholders, local governments, government departments, local businesses, special interest groups, and chambers of commerce and industry. Information sessions were held in Ravenswood and Ayr as well as four meetings with the CRG.

Sunwater also held two industry briefings with potential suppliers in Townsville and Brisbane.

First Nations engagement on Rookwood Weir (Managibei Gamu)

The construction of Rookwood Weir (Managibei Gamu) provided a valuable opportunity to better recognise, respect and engage First Nations peoples beyond Sunwater's compliance requirements.

The project benefitted from Sunwater's approaches to develop genuine and positive relationships with Traditional Owners impacted by the construction and water storage easement – the Darumbal and Gaangalu peoples.

Sunwater raised cultural awareness and adopted culturally informed environmental management practices by engaging First Nations rangers and environmental officers from the local Aboriginal land management organisation, Tunuba. The Darumbal-owned business will continue to provide these services into the future, supported by a First Nations cadet environmental officer appointed to Sunwater's Rockhampton office.

Memorable moments during construction included a culturally significant smoking ceremony at the work site, performed by a Darumbal Elder. The ceremony was attended by the Rookwood Weir (Managibei Gamu) workforce, Sunwater CEO, and representatives of the Queensland and Australian governments.

To show Sunwater's support for the history, culture and achievements of Aboriginal and Torres Strait Islander peoples, the workers' camp also hosted annual NAIDOC Week celebrations, which included dance ceremonies and meals featuring bush tucker ingredients.

As a visual reminder of the Aboriginal connection to country, Sunwater was honoured to receive an artwork titled *The Crocodile of the Dawson River*, created by a local First Nations artist. The painting, which illustrates the story of the Fitzroy–Dawson river system, its people, animals and totems, hangs in pride of place in Sunwater's Brisbane office.

As part of an Indigenous Land Use Agreement (ILUA) signed between the Queensland Government and the Darumbal People Aboriginal Corporation RNTBC, Rookwood Weir was gifted the Aboriginal name, Managibei Gamu, which means 'keeping-saving water'. The ILUA includes a permanent water allocation from the weir, which will support ongoing cultural and economic development opportunities for the Traditional Owners.

Raising awareness at dam open days

Sunwater welcomed close to 230 people at the Fred Haigh Dam Open Day in October 2023.

The event was designed to share important messages about how to stay safe while on, in or near Sunwater's dams and other infrastructure.

Following a Welcome to Country by Uncle Chris from the Gooreng Gooreng People, visitors browsed displays from the Gin Gin State Emergency Service, Queensland Police, Queensland Boating and Fisheries, Gin Gin Landcare and Bush Food Garden, the Freshwater Fish Stocking Association and Bundaberg Regional Council.

A miniature water flume, which simulates the hazardous 'washing machine' effect of water spilling from dams and weirs, proved a hit with children and adults alike.

With a barbecue provided by the Bundaberg Sports Fishing Club and live entertainment also on the agenda, the open day created a relaxed social atmosphere for building community spirit, as well as broadening dam safety awareness.

On 8 June 2024, the Leslie Dam Open Day, near Warwick, attracted over 800 people. The event hosted representatives from the Local Disaster Management Group (LDMG), Southern Downs Regional Council, emergency services, recreational groups and other community groups.

The open day helped raise awareness of the hazards present at the dam to improve safety outcomes for recreational users, and gave Sunwater the opportunity to unveil Leslie Dam's recently upgraded recreation facilities. Locals were also empowered with information on how to act safely in times of large water releases or emergency weather events in the catchment.

Safeguarding communities

Emergency management

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

During rainfall events, Sunwater works hand-in-hand with the Bureau of Meteorology, LDMGs and government agencies to manage flows and keep communities safe and informed.

Each of Sunwater's 23 referable storages has an EAP, approved by the Queensland Government. Following an external review of Sunwater's emergency communications approach, the organisation has adopted several recommendations to ensure it meets national and state emergency messaging guidelines and industry standards.

To complement this review, Sunwater also conducted an analysis of its social media posts to determine their effectiveness in reaching target audiences for emergency communications. The study found EAP notifications performed significantly higher than 'weekly advice' notifications, leading to a change in how this information is communicated. While dam level updates are no longer sent as weekly notifications, they can be accessed on the Sunwater app and website.

Transition to Australian Warning System (AWS)

In October 2023, Sunwater transitioned to the standardised AWS to give the community clearer advice on what to do in response to a dam safety event.

The AWS has three alert levels – Advice, Watch and Act, and Emergency – and each level has its own colour, icon and language.

The AWS has been applied across Sunwater's SMS, app, website and social media notifications, and included in our EAPs. This change ensures communities receive critical, easy-to-understand information when they need it most.

Wet season safety campaign

Sunwater takes an active approach to raising public awareness and educating communities about how to stay safe on or near its water storages.

Sunwater shares information and updates through the Sunwater app, website and social media accounts, LDMGs and local governments. Paid advertising and media campaigns are also implemented at times to educate the public on specific issues or topics.

Sunwater's 2023–24 wet season campaign reminded dam users and downstream communities to be prepared during periods of wet weather.

The multi-channel campaign comprised traditional and social media.

Sunwater also provided safety information to the community at regional events including Disaster Ready Mackay in November 2023 and the Coalstoun Lakes Family Fun Day in February 2024.

Trespassing risks awareness campaign

In September 2023, Sunwater launched a new awareness campaign entitled 'Don't end up dead wrong' to remind people that trespassing near water infrastructure can lead to devastating consequences.

Dangerous elements of irrigation channels include automatic syphons and gates, slippery banks, and strong, unexpected water flows.

The campaign performed well across all media platforms, consistently exceeding industry standards for completion and click-through rates (specifically government and Occupational Health and Safety content).

An estimated 42,000 click-throughs to the Sunwater website were achieved, which led to important shifts in perceptions about dam safety.

Notably, 74 per cent of those who saw the campaign agreed the advertising had changed their perception regarding safety around dams, weirs and channels. Furthermore, 90 per cent of those who viewed the ad said they were more likely to check for potential hazards in waterways before participating in water-based activities.

Sunwater's research across 18 months also indicated there had been an overall reduction in people willing to trespass into obvious exclusion zones, and a decrease in people willing to engage in risky behaviours during leisure activities.

The campaign comprised YouTube, Meta (Facebook and Instagram), TradeDesk and Spotify advertisements over five months from September 2023 to January 2024.

Engaging with industry

As one of the largest builders, owners and operators of water pipelines and storages in Queensland, Sunwater recognises the value of engaging with industry to share achievements, innovations and lessons learned.

By attending key conferences and major events, Sunwater's people benefit from opportunities to network with peers and keep abreast of industry developments and trends.

Sunwater takes a strategic approach to identify, plan, prioritise and deliver on key engagement activities that help position the organisation as a leader in Australian water infrastructure and delivery. These opportunities include conferences and events, sponsorships and memberships, along with industry-relevant technical papers and award submissions.

Knowledge sharing

In 2023, Sunwater's people attended the Australian Water Association (AWA) North Queensland Conference in August, the Australian National Committee on Large Dams (ANCOLD) Conference in October, and the QWater Conference in November.

At the AWA North Queensland Conference in Townsville, Sunwater's presentation on Lessons Learned at Rookwood Weir (Managibei Gamu) was very well received, taking home the honour of best presentation.

Highlights of the ANCOLD Conference in Cairns included a Sunwater booth and a tour of the Tinaroo Falls Dam led by Sunwater's local operations team. In addition to numerous technical paper presentations about Sunwater projects, delegates also heard from Sunwater Chair Dr Lisa Caffery, who spoke on the importance of good governance and accountability for dam owners, while Sunwater CEO Glenn Stockton opened the conference dinner by highlighting the critical role dams play in regional communities.

Sunwater's booth at the QWater Conference in Brisbane showcased how Sunwater delivers value to its varied stakeholders.

On display was Sunwater's First Nations Commitment Statement, which frames our recognition of Aboriginal and Torres Strait Islander peoples, along with a model hydraulic flume.

Sunwater team members also delivered several technical presentations and conducted a well-attended tour of the upgraded Rocklea Hydraulics Laboratory as part of the conference.

In 2024, Sunwater was well represented at the Ozwater conference in Melbourne from April 30–May 2. Sunwater presented papers on its customer-centric stakeholder engagement approach and lessons learned during the Rookwood Weir project. An exhibition booth provided the opportunity to showcase the organisation's work in the infrastructure and water sectors.

The Beef Australia Expo in Rockhampton in May 2024 provided an ideal opportunity to highlight Sunwater's assets and services across regional Queensland, particularly the recently completed Rookwood Weir (Managibei Gamu).

Industry recognition

The landmark Rookwood Weir (Managibei Gamu) project secured several prestigious awards this financial year, in recognition of its design and build excellence and sustainability credentials.

Sunwater acknowledges the dedication and support of its Rookwood Weir (Managibei Gamu) alliance partners – GHD, Acciona, and McCosker Contracting – who were essential in designing and constructing this significant Central Queensland water storage.

In March 2024, the project received the 2023 Queensland Premier's Award for Excellence in the 'Enhancing our lifestyle through planning and infrastructure' category. Sunwater was proud to receive the award with DRDMW.

This followed a joint win for Rookwood Weir (Managibei Gamu) in the Project of the Year Over \$100 Million category at the Queensland Major Contractors Association Awards in early 2024.

Another accolade was a State Award for Excellence in Concrete, bestowed by the Concrete Institute of Australia in 2023.

The project's commitment to protecting the health and wellbeing of its workforce did not go unnoticed, receiving finalist status at the 2023 National Safety Awards of Excellence in the Best Solution for Managing Psychosocial Hazards at Work category.

The Callide Gates project received the Infrastructure Project Innovation Award (Regional) at the AWA Queensland Water awards in October 2023. The project successfully addressed vibration of the dam spillway gates, through collaboration with global experts and using gate strengthening and control-change measures, rather than replacing the gates. It also received national finalist status at the AWA National Water Awards in May 2024.

The Callide Gates project — along with the Rocklea Hydraulics Laboratory Flume Project, and the Coolmunda Dam Variable Counterweight Project — was also shortlisted in the Project of the Year category at the 2023 Engineers Australia Excellence Awards. Sunwater's submission on the Irrigation Pricing Review — Leveraging a Regulatory Process to Enhance Customer Experience — also drew industry attention, achieving national finalist status at the AWA National Water Awards in May 2024.

Operational excellence

Sunwater values optimal service for its customers, with a focus on delivering water through efficient systems, processes and a skilled workforce.

Maintaining Coolmunda Dam

Work is ongoing at Coolmunda Dam near Inglewood on the Darling Downs to ensure ongoing dam safety and reduce water loss.

In 2020, Sunwater engaged GHD to complete a gate reliability review on the 60-year-old asset. The review identified issues with the dam's variable counterweights (VCWs) and associated equipment.

Physical works were completed in December 2023 to replace four VCWs and associated equipment, with practical completion in February 2024.

A condition assessment report is being prepared for the remaining 10 VCWs.

In parallel with the remediation, Sunwater undertook work to repair scouring downstream of the spillway caused by a significant flood event in late 2021. These combined works did not affect customer water supply or announced allocations.

Back-to-base metering

As part of its Smart Schemes Planning Vision, Sunwater is conducting ongoing trials into back-to-base metering/telemetry technology to optimise water for customers, improve safety and reduce biosecurity risks.

A trial in the Macintyre Brook WSS has been completed, while a trial in St George to test the Telstra Narrowband Internet of Things network has shown great success to date. Based on these findings, Sunwater intends to validate existing compliant dual-purpose meters and install compliant meters with back-to-base technology.

Sunwater is working with DRDMW to ensure its standards align with their interim water meter standards for non-urban metering.

Making it easier to do business through ICT improvements

Sunwater is implementing an integrated Customer and Stakeholder Relationship Management, Billing and Water Accounting System (CASPr) to enhance customer experience and organisational capability.

It will replace the existing system, which was withdrawn from market by its vendor.

CASPr is a modern, flexible technology platform that is expected to improve efficiency through greater automation of Sunwater's highly complex customer accounting systems and by providing data insights that can be used to improve customer experience.

Keeping information secure

As part of a three-year cybersecurity uplift strategy, Sunwater is improving security for its corporate and operational technologies.

It is mandatory for all staff to undergo Cybersecurity Awareness Training, delivered through the organisation's online learning platform.

Continuous learning opportunities are provided through quarterly refresher training on key topics.

Wet season preparedness

Sunwater completed a comprehensive range of flood preparedness activities prior to the 2023–24 wet season.

Sunwater enacted in-house and cross-agency emergency simulation exercises in November 2023 to refresh emergency and crisis management processes.

On 28 November, close to 60 Sunwater staff participated in an emergency preparedness day dubbed Exercise Freyja. The exercise rolled out a severe weather event scenario impacting Sunwater's Central Queensland assets to test key response functions and capabilities across the business.

In June 2024, Sunwater completed improvements to the flood warning network upstream of Coolmunda Dam. This review was conducted in close collaboration with Goondiwindi Regional Council, the Bureau of Meteorology and the Queensland Reconstruction Authority.

Sunwater's annual wet season preparation activities were performed as usual, including preventative maintenance works, fire and risk surveys, and fire suppression system checks at all pump stations.

Only a small number of flood events occurred this financial year, and Sunwater ensured its customers and communities had access to all the information they needed to prepare for severe rainfall events via its 2023–24 wet season preparedness campaign.

Recreation facility upgrades

Work is continuing on the upgrade of the Leslie Dam recreation area near Warwick. Major components of the project completed to date include new toilet amenities, septic system and wastewater treatment system, car park redesign and line marking, footpaths, barbecue shelters, safety bollards, a new playground, landscaping and irrigation. Further work to finalise the playground and upgrade the lookout is underway.

The upgrade is part of a five-year \$25.5 million Queensland Government program to improve facilities at several dams and weirs across the state.

Sunwater is developing a scope of work and budget for each recreation area and has executed standing offer procurement arrangements for picnic shelters, barbecues, playground equipment and amenities.

Master planning and design work for the Wuruma, Kinchant, Teemburra, Eungella, Fairbairn, Burdekin Falls, Tinaroo Falls and Julius dam recreation areas is ongoing.

The improvements will ensure these highly valued and well used assets meet community expectations, safety standards and accessibility requirements.

Growing our regional footprint

Rockhampton office opening

In September 2023, Sunwater celebrated the opening of a new regional office in Rockhampton.

Sunwater Executive General Manager of Operations Colin Bendall and Central Region General Manager Jason Smith were joined by State Member for Rockhampton Barry O'Rourke MP and Mayor Tony Williams to mark this special occasion.

Attendees were privileged to receive a Welcome to Country from Darumbal Elder Auntie Sally.

Sunwater operates nine WSSs across Central Queensland, ranging from the Callide Valley near Biloela in the south, west to Emerald, and as far north as the Bowen and Broken rivers near Mackay.

The new office is strategically located close to the recently completed Rookwood Weir (Managibei Gamu), 66 km to the south-west. Along with the Townsville office, opened in 2023, the new premises will be an important home base for Sunwater's regional workforce, who help operate and maintain its significant assets and deliver support to new and existing customers.

Water infrastructure leader

A key focus for Sunwater is driving economic growth in regional Queensland by successfully planning, designing, constructing and commissioning quality bulk water infrastructure solutions.

Rookwood Weir (Managibei Gamu)

The landmark Rookwood Weir project – the largest weir completed in Australia since World War II – was completed in November 2023.

Located in the Fitzroy Basin, the weir will yield 86,000 ML of medium priority equivalent water a year to improve water security and boost the growth of agriculture and industry in Central Queensland.

The \$568.9 million project, jointly funded by the Queensland and Australian governments, was delivered by an alliance comprising Sunwater, designer GHD, and construction partners Acciona and McCosker Contracting.

Since site works began in November 2020, the development has injected more than \$270 million into the local economy, creating 350 jobs and 30 apprenticeships.

Nearby communities have also benefitted from six enabling projects. These comprise road upgrades, new and upgraded bridges, and a new fishway.

The upgrade of Hanrahan's Crossing was completed in November 2023 and the construction of a new bridge at Foleyvale was completed and handed over to the Department of Transport and Main Roads in December 2023.

The final project, the installation of a fishway at the Fitzroy River Barrage, is due for completion in late 2024.

Wet commissioning

Wet commissioning of the asset was required during handover to:

- ensure the weir complies with the Resource Operations Licence
- verify equipment is in line with the design intent under full water load
- manage any defects or modifications if required.

Thanks to sufficient rainfall which filled the weir in late 2023, Sunwater was able to test the fish lock and all ancillary hydromechanical equipment, the low flow outlet, and the guard gate and isolation bulkheads.

Wet commissioning was completed in April 2024.

Customers

More than half of the weir's available storage has been allocated to agricultural customers to expand or diversify production in the important Fitzroy food bowl. Primary production in the region includes grain, fruit and nut cropping, and intensive livestock production.

In 2024, Sunwater has been onboarding the 21 new customers who secured water from Tender Two, which closed in February 2023. This tender was intended for smaller agricultural producers, offering allocations of between 10 ML and 500 ML.

Water sales

Sunwater sold 30,000 ML of medium priority water for agricultural and non-urban use in Tender One. Tender Two offered a minimum of 7500 ML, of which just over 6000 ML was secured by 21 landowners. Sunwater is determining how best to make any unsold water available for future sale.

Awards

The Rookwood Weir project was recognised with a raft of awards and honours at state, national and international level in 2023-24 (see Industry recognition on page 17).

The project also backed up its Infrastructure Sustainability Council 'excellent' Design rating in 2023 with an IS v1.2 'excellent' As Built rating in April 2024. This is a first for any weir in Australia and New Zealand, and recognises the economic, social and environmental performance of the infrastructure asset across the planning, design and construction phases.

Burdekin Falls Dam Raising and Improvement Project

Burdekin Falls Dam, located on Lake Dalrymple in North Queensland, is the largest in the state. With a capacity of 1,860,000 ML, the dam services more than 50,000 hectares of farmland, provides supplementary urban water to Townsville, and supplies coal mines in the Bowen Basin.

The Burdekin Falls Dam Raising and Improvement Project comprises two components:

- safety improvements to ensure the dam's long-term viability
- raising the existing dam wall by two metres to increase water supply in the Burdekin and surrounding region.

A detailed business case was submitted to the Queensland Government in December 2021. It will be revisited and finalised on completion of the Environmental Impact Statement (EIS), which is required for the raising to proceed. A draft EIS was submitted to the Queensland Coordinator-General (CG) for review in October 2023. Sunwater is currently working through the feedback received in February 2024 and other relevant updates.

The CG will release a draft EIS for public review and comment once it is satisfied that Sunwater has met the EIS Terms of Reference.

In August 2023, Sunwater awarded six new contracts worth a total of \$1.7 million to progress investigation and survey work at the dam. This involved geotechnical investigations, quarry material sourcing and cultural heritage specialist support.

In April 2024, RPS Group and Sync Advisory were appointed as Transaction Managers for the project. To ensure legal, regulatory standards are met, they will help procure and establish two of the key project contracts: the alliance design and construction partners.

Geotechnical investigations and cultural heritage surveys recommenced in April 2024, including drilling and trenching to examine the dam's foundations.

Concrete mix design trials are also progressing, which are important to verify the mix of materials required for strength and durability of the dam's concrete structure.

In May 2024, a contract was awarded for investigations into sections of the road network leading to the dam. This work will be undertaken by six workers from the AECOM Townsville team.

Sunwater will engage a design partner for the project in 2024–25, with the tender released to market in late May 2024.

Paradise Dam Improvement Project

Sunwater is planning for a new Paradise Dam wall on the Burnett River after a report in late 2023 found that the safety and long-term strength of the existing dam was compromised.

While undertaking extensive testing as part of the development of a detailed business case for the Paradise Dam Improvement Project, unexpected issues with the long-term strength and quality of the dam's concrete were identified.

In January 2024, the Queensland Government and Sunwater announced the dam wall could not be repaired or reinforced. Planning began for a new dam wall to be built immediately downstream from the existing structure.

Sunwater formed an alliance to deliver the new dam wall project, appointing CPB Contractors/Georgiou as construction partner and GHD as ongoing design partner. This will ensure design and construction challenges are considered and addressed early, and options to reduce costs are identified through efficiencies and prudent planning.

Concept design and a business case for the new dam wall are progressing and Sunwater is continuing a range of planned enabling works, including geotechnical investigations, road upgrades, concrete mix design trials, the design and construction of a workers' accommodation village, and environmental approvals.

Importantly, work conducted as part of the original improvement project remains relevant, with findings from the previous business case helping inform the design and construction approach for the new dam wall.

The ongoing geotechnical work involves rigorous drilling to test the strength of the rock below the surface where the new dam wall will be constructed to ensure it will meet stringent safety criteria and reliably service the Bundaberg region for the next 100 years.

The road packages include an upgrade to a 10 km section of Paradise Dam Road, a new bridge at Degilbo Creek crossing, and upgrades to the Booyal-Dallarnil/Bruce Highway intersection.

Road upgrades will cater for significant haulage of construction materials and equipment to and from the site. They will also provide long-term benefits and safety improvements for local motorists.

Sunwater will deliver a detailed business case to the Queensland Government in early 2026. Costs and delivery timeframes for the new dam wall will be developed as part of the detailed business case.

The project is jointly funded by the Australian Government's National Water Grid Fund and the Queensland Government.

Rocklea Hydraulics Laboratory upgrade

Sunwater is upgrading the Rocklea Hydraulics Laboratory to provide a world-class facility and meet the rising demand for its services.

Enhancing in-house physical hydraulic modelling capability will ensure Sunwater has fit-for-purpose facilities aligned with its future project needs. The upgraded facility will also provide a commercial offering to external parties in a field with limited competition and a strong pipeline of water projects.

The upgrade will be completed in two phases, making the facility an Australian leader in producing and managing physical hydraulic models. Phase 1 will ensure water and infrastructure can be fed into the existing building to commence modelling and testing for the Burdekin Falls Dam Raising and Improvement Project.

Phase 2 will include new shed and office infrastructure and modelling bays.

In August 2023, Sunwater completed and commissioned a two-dimensional flume, which will facilitate modelling for the Paradise Dam Improvement Project and Burdekin Falls Dam Raising and Improvement Project.

3. Our people

Team profile

Table 1 - Sunwater positions

Employment category	2023-24 Actual	2023-24 Budget
Senior executive positions	7	7
Common law contract positions	41	38
General employee positions¹	698	696
Casual positions	4	7
Apprentice/ trainee positions	9	0
Total Statement of Corporate Intent (SCI)²	759	748 ³
Additional positions (non-permanent)		
Contractors⁴	103	54
TOTAL POSITIONS	862	802 ⁵

1. Enterprise Agreement and Annualised Salary Arrangement employees.
2. Positions outlined in the 2023-24 SCI, considering project lifecycles and changing requirements through the year.
3. Figure included in the 2023-24 SCI has been corrected in this Annual Report.
4. Temporary positions for a defined period or project, including labour hire and consultants.
5. Total workforce positions do not include consideration of vacancy rate or time of year for recruitment.

Our workforce

To deliver services efficiently and meet customer and stakeholder expectations, Sunwater employs staff with the relevant professional, trade and technical skills and competencies.

At the end of June 2024, Sunwater had a total workforce of 750 employees.

In the 2023-24 financial year, Sunwater provided an Employment and Industrial Relations Plan to shareholders, anticipating a total establishment of 741 positions (corrected in this annual report to 748). This increase was attributed to the Rookwood Weir project, Paradise Dam Improvement Project, and the business system/digital project team. Some of these positions will remain vacant until future stages of the projects.

Staff turnover

Staff turnover in 2023-24 was 10.7 per cent compared with 15.1 per cent in 2022-23 and 18.7 per cent in 2021-22.

This change reflects Sunwater's commitment to a safe and engaged workforce. This includes investment in the cultural development program which focuses on leader capability uplift, and the safety program, which targeted reduced exposure to safety risks over time.

Developing talent for the future

Sunwater is invested in developing career pathways for those interested in joining the water industry.

While apprentices and cadets comprise a small proportion of Sunwater's workforce, they are an important part of the 'One Sunwater' team that delivers a safe, reliable and affordable water supply to customers.

Sunwater's apprenticeship program provides participants with first-hand knowledge of processes and procedures across a range of the organisation's operations, while they complete an industry-recognised qualification.

Sunwater committed to employing five apprentices, either directly or indirectly, throughout the life of its negotiated 2022-2025 Enterprise Agreement. It currently directly employs seven apprentices across regional Queensland.

Sunwater has also employed three entry level Operator Maintainers and one Cadet Draftsperson. These positions are based in Bundaberg, Warwick, St George, Clare and Brisbane.

In 2023, Sunwater re-established its Graduate Program, designed to attract the brightest and best, and build a talent pipeline for the future. The initial intake comprised six engineering graduates and one environment graduate. This cohort was augmented in 2024 with six new graduates, qualified in mechanical, civil and electrical engineering.

The two-year program exposes university leavers to a range of different work experiences and teams within the organisation, supported by a network of leaders, mentors and a dedicated graduate coordination team.

Industrial relations

Updating the Enterprise Agreement

Following negotiations with unions and employees, Sunwater received approval in October 2023 for the current three-year Sunwater Enterprise Agreement, which expires on 30 June 2025.

In developing the agreement, Sunwater's negotiations with unions and employee representatives were conducted in good faith, guided by relevant government policies and guidelines.

Supporting union membership

Sunwater respects the rights of its employees to join and belong to a union, have their industrial interests represented, and receive advice and support from their union or another advisor about workplace issues affecting them.

No forced or voluntary redundancies

Sunwater remains committed to no forced redundancies, in line with current Queensland Government policy. In 2023–24, there was one voluntary redundancy.

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 on corporate objectives and strategic goals.

Sunwater operates under the organisational structure shown on page 28.

In 2023–24, there was one change to the ELT:

- Michael Kahler stepped down as Executive General Manager Water Resources and Engineering on 12 January 2024
- Toby Rice was appointed Executive General Manager Water Resources and Engineering on 13 May 2024.

The Sunwater Board underwent the following changes:

- Peter Scott stepped down on 30 September 2023
- Gail Jukes joined the Board as a Non-Executive Director on 1 October 2023.

Sunwater Board

Dr Lisa Caffery | Chair

BA (QLD), GCBU (USQ), MPRL (USQ), PhD (CQU), GAICD

Lisa Caffery was appointed as Chair on 1 October 2021. Lisa is a highly regarded and trusted non-executive director and businesswoman with extensive board, governance and leadership experience across diverse sectors.

Having served on the boards of several prominent organisations in health, resources, government and not-for-profit, Lisa brings specialised expertise in board oversight of culture and guiding organisations towards sustainable growth.

Based in Emerald, Central Queensland, Lisa is the founder and principal of a regional advisory firm which utilises her strong background in stakeholder relations, ESG and social research.

Lisa completed a Doctor of Philosophy (PhD) at Central Queensland University in 2021 and maintains research interests in rural and regional communities, social impact, health and STEM education.

Lisa is a graduate of the University of Cambridge's Institute of Sustainability Leadership program and the Australian Institute of Company Directors course. She holds undergraduate and postgraduate degrees in communications from the University of Queensland and University of Southern Queensland.

Stuart Armitage | Director

Stuart Armitage was appointed as a Non-Executive Director on 17 June 2021 and was re-appointed for a second term on 1 June 2024.

For more than 40 years, Stuart has been a Darling Downs irrigation farmer and involved in various leadership positions across rural and agricultural industries. He served as president of the Queensland Farmers' Federation for four years, working with government and industry to develop strategies and policies to improve efficiencies in water and energy consumption.

Stuart is a member of Central Downs Irrigators Limited and the Darling Downs Cotton Growers Inc and previously served as a director of Cotton Australia and a councillor on Millmerran Shire Council for eight years. He is a member of Arrow Energy's Intensively Farmed Land Committee, a former commissioner of GasFields Commission Queensland and Chair of Office of Groundwater Impact Assessment's Landholder Reference Group for the Surat Basin. In April 2023, he became an advisory member of Food Leaders Australia for the Toowoomba and Surat Basin Enterprise.

Stuart was the independent Chair of Sunwater's Paradise Dam Industry Forum from February 2020 until June 2021. In 2020, Stuart was awarded the Peter Kenny Medal for his ongoing contribution to improving and developing sustainable outcomes within the Queensland agriculture sector. He is also patron and director of 'Are you bogged mate?', a charity addressing mental health impacts in regional and farming communities.

Leeha James | Director

BA (Hons), LLB

Leeha James was appointed as a Non-Executive Director on 1 October 2021 and was re-appointed for a second term on 1 June 2024.

Leeha has more than 25 years' experience as a lawyer, specialising in workplace health and safety, litigation, and compensation law.

As the founder and director of specialist compensation law firm James Law, Leeha has represented everyday people, organisations and their members across a range of industry sectors, including emergency and first responders, electrical, construction, health, mining, and the public service.

She has had an active role in driving policy and legislative change in Queensland in workplace health, safety and compensation, and is a member of the Queensland Law Society Personal Injury and Torts Law Committee and the Professional Conduct Committee.

Leeha holds a Bachelor of Laws from the Queensland University of Technology and a Bachelor of Arts in Humanities with Honours from Griffith University. She is also an Accredited Specialist in personal injuries law.

Gail Jukes | Director

BCom, FCPA, AICD

Gail Jukes was appointed as a Non-Executive Director on 1 October 2023.

She brings over 20 years of 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, and 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 ELT to achieve the organisation's objectives.

Gail holds a Bachelor of Commerce, is a fellow of CPA Australia and member of the Australian Institute of Company Directors.

David Stewart | Director

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

David Stewart was appointed as a Non Executive Director on 3 December 2015 and reappointed in October 2018 and October 2021.

David is a civil engineer with more than 40 years' experience in Australia and internationally, specialising in large dams, water supply, irrigation and other infrastructure projects.

He has worked in the private sector with major engineering consulting firms and in the public sector with large water businesses.

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

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

Jane Williams | Director

AICD

Jane Williams was appointed as a Non-Executive Director on 1 October 2020.

Jane has extensive experience working in rural and regional Queensland, with strong qualifications and long-term experience in serving and leading boards.

Barcaldine-based, Jane has contributed to her community for more than 30 years through a career in registered nursing, telehealth, midwifery, wellness and family support in Western Queensland, including Indigenous communities.

In addition to her work with Sunwater, Jane serves as Chair of the Central West Hospital and Health Board, and Chair of the Central West Rural Wellness Network. She is also a board member of Health and Wellbeing Queensland as well as a director of CheckUP Australia.

Peter Scott | Director

DipBus, BBus, MPA, MBA, FCPA, GAICD

Peter Scott was appointed as a Non-Executive Director on 1 January 2023 and resigned on 30 September 2023.

He has more than 25 years' experience in executive management in local government, water and energy sectors.

Peter was Chief Financial Officer/Executive General Manager Finance and acting Chief Executive Officer (April 2023–September 2023) when he was subsequently appointed as CEO of Energy Queensland. Peter is also a director of Energex Limited, Ergon Energy Corporation Limited, Ergon Energy Retail and four other EQL subsidiary companies.

Peter holds a Diploma of Business, Bachelor of Business, Master of Professional Accounting and Master of Business Administration.

He is a Fellow Certified Practising Accountant and a graduate of the Australian Institute of Company Directors.

Executive Leadership Team

Glenn Stockton AM | Chief Executive Officer

GAICD, MBA

Glenn Stockton AM was appointed Chief Executive Officer on 3 August 2020.

Glenn has extensive leadership experience in challenging environments and in generating successful outcomes for both individuals and organisations.

He brings a strong understanding of complex, high value infrastructure projects to Sunwater, with a focus on enhancing the internal and external relationships required to achieve project objectives.

Throughout his career, Glenn has developed a keen appreciation for the connection between design, performance and maintenance to ensure the delivered asset meets design life performance, operational cost parameters, and provides the requisite returns to clients, customers and shareholders.

Glenn is a strong advocate of safety, governance and accountability, and customer focused outcomes. He takes an active role in developing the resilience of the business and the capacity of its leaders to respond effectively to the challenge of our dynamic environment.

His previous roles include General Manager Operations at Pacific Partnerships; Director and Board Chairman of the Pulse Partnerships Consortium delivering Cross River Rail; Director and Chief Executive Officer of the ACT Light Rail project. He served as a Colonel in the Royal Australian Engineers.

Erin Strang | Chief Financial Officer

Bcomm (Hons), MappFin

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

She leads Sunwater's corporate services function, encompassing the finance, legal, risk, procurement, commercial customer, sustainability, and information, communication and technology teams.

Erin has more than 20 years' financial services experience across the finance, transport and infrastructure industries, working 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

AssocDip AppSc, CertTropAg

Colin Bendall was appointed Executive General Manager Operations 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. Colin is a graduate of the Australian Institute of Company Directors.

Kellie Breen | Chief People Officer

BBus (HRM), GAICD

Kellie Breen was appointed as 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 to improve business outcomes. Kellie has a strong background in the resources sector and professional experience in the manufacturing, retail and legal sectors in Australia and internationally.

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 oversees the implementation of the business' growth and development strategies for new projects and the engineering, procurement and delivery of major infrastructure projects.

Mal has more than 35 years' experience in the private and public sectors, developing, designing and delivering more than \$8 billion worth of water infrastructure projects in Australia and internationally, across a broad range of contracting models.

Cameron Milliner | Executive General Manager Customer and Stakeholder Relations

BCom (Marketing)

Cameron Milliner was appointed as Executive General Manager Customer and Stakeholder Relations on 9 September 2019. With more than 20 years' experience in government, consultancy and multinational corporations, he has a deep understanding of the development and implementation of public policy, stakeholder management and advocacy.

Cameron has previously held roles as a Visiting/ Honorary Fellow of the Murdoch University School of Research and Innovation and the Centre for Comparative Genomics.

Toby Rice | Executive General Manager Engineering and Water Resources

BEng (Civil), BSc (Ecology)

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

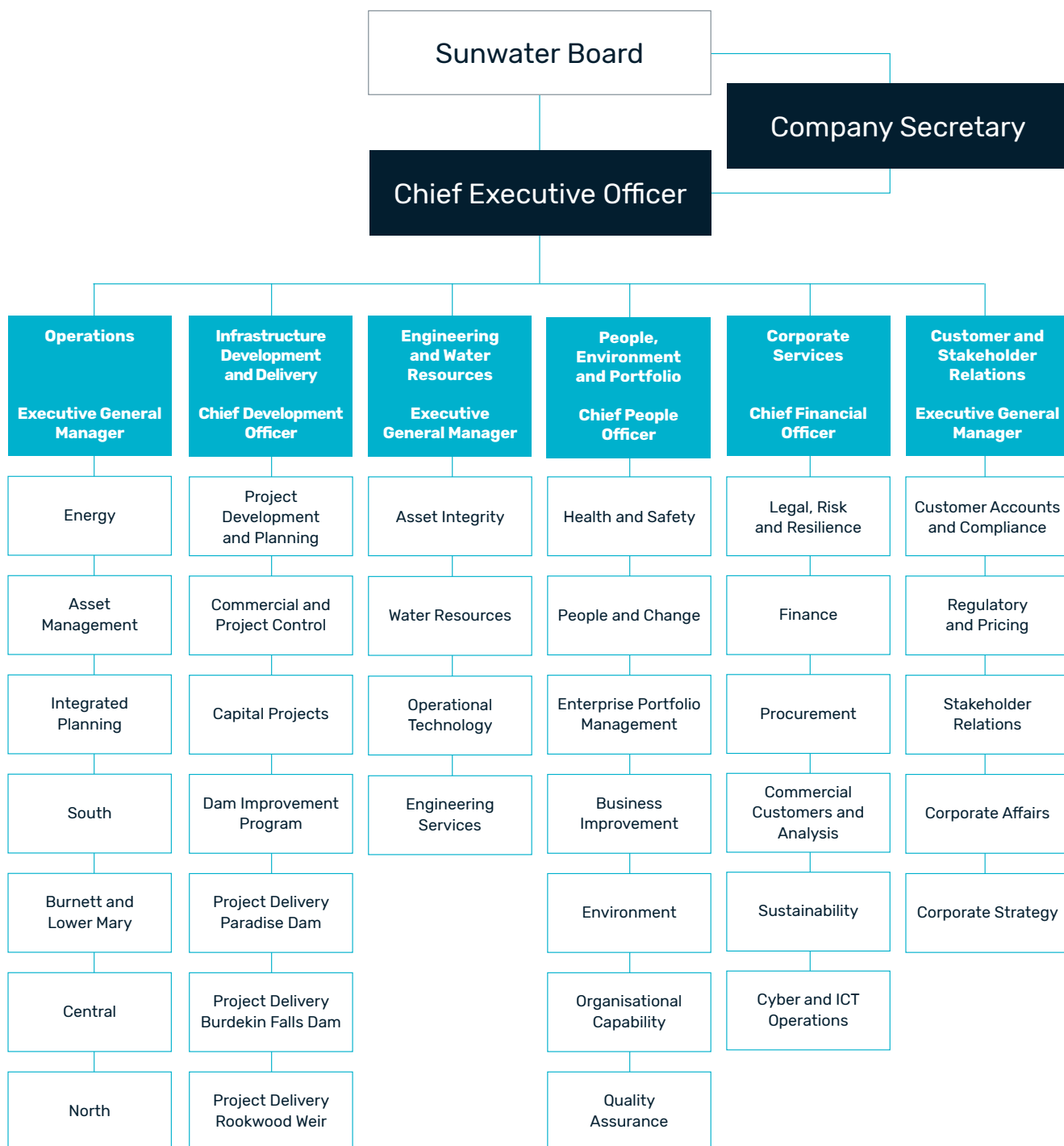
Toby brings more than 25 years of experience in building and leading high-performing teams in business and on major infrastructure projects across Australia.

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 (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.

More information about the Board and ELT can be found at sunwater.com.au/about/leadership-team

Organisational chart (at 30 June 2024)



4. Sustainability (including ESG)

In building a sustainable future that meets its customers' and stakeholders' changing needs, Sunwater aims to nurture trusted relationships, manage its assets efficiently and minimise the impact of its activities on the environment.

Our approach

Sunwater's approach to sustainability, incorporating environmental, social and governance (ESG), is underpinned by five pillars, which guide it in responsibly delivering water today for a more prosperous tomorrow.

These pillars — people, governance, prosperity, resilience and reliability, and planet — are supported by programs and initiatives that inform how Sunwater:

- manages relations with employees, suppliers, customers and local communities
- deals with leadership, audits, internal controls and shareholder expectations
- creates value for its shareholders and communities
- rapidly adapts to changes in conditions and operates during adverse conditions
- measures how it performs as a steward of nature.

In 2024, Sunwater conducted a sustainability materiality assessment to understand the highest priority issues for its stakeholders. It will continue to refine its approach to sustainability by developing a strategy and reporting format to meet future obligations, in alignment with the Queensland Government's sustainability reporting and disclosure requirements.

Sunwater's strategy and sustainability efforts are developed and implemented in consultation with its shareholders and other relevant Queensland Government agencies.

Environmental

Sunwater is an environmentally aware organisation 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.

Sunwater strives to meet government targets set out in the Queensland Climate Action Plan, Queensland Energy and Jobs Plan, State Infrastructure Strategy 2022, and relevant water supply, river improvement and planning legislation.

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

Flood risk

- Undertaking research to better understand the potential change in climatic conditions to assess any change in flood risk and subsequent impact on dam management practices.

Ecological footprint and biodiversity

- Conducting assessments of the ecological condition of Sunwater-owned land and identifying the potential to improve the condition and achieve offsets where necessary.
- Implementing a Waste Management Strategy and life-cycle analysis of materials.
- Taking measures to minimise impacts on native fish populations and prevent the spread of pest fish.
- Proactively managing weeds on Sunwater-owned and managed property and investigating more sustainable methods of weed control.

- Closely monitoring and maintaining water quality as part of its environmental licensing responsibilities.

Lower carbon future

- Developing a Low Carbon Future Plan.
- Investigating actions that reduce emissions and/or offset the impacts.
- Undertaking a review to understand Sunwater's Scope 3 emissions to ensure alignment with the Queensland Government's Sustainability Reporting and disclosure requirements.
- Natural resource and land use.
- Performing risk assessments and technical analysis of waterway conditions to manage, monitor and report on water quality.
- Undertaking a bank stability assessment program that will outline a process to support the organisation in meeting its monitoring and reporting requirements and reduce potential river degradation and associated impact on water quality.

Infrastructure design

- Incorporating best available climate change predictions to understand the impact of droughts and floods on proposed developments.
- Undertaking a sensitivity analysis within projects to inform adaptive planning decision-making with long-term performance in mind.

Drought impacts

- Using climate change modelling to understand potential impacts on annual rainfall and evaporation rates, and how they affect water resource security and/or reliability.
- This work will inform internal risk management and strategic business planning.
 - Sunwater will work with its shareholders to ensure this modelling and any future reporting aligns with the Queensland Government's Sustainability Reporting and disclosure requirements.

Water security projects

- Maintaining a pipeline of work through a controlled project development approach that understands and informs future supply and demand parameters across Sunwater WSSs.

Resilience and reliability

- Sunwater plays an important role in regional development, responding to the changing needs of the environment, customers and the community, and ensuring a secure and sustainable water future.

Social

Sunwater takes its social responsibility seriously. In planning and delivering its services, Sunwater acts in the best interests of its people, stakeholders and the communities in which it operates.

People are the key to Sunwater's success. Sunwater genuinely cares, and is building a culture that is diverse, inclusive and safe.

Sunwater is committed to engaging with customers and communities in meaningful ways that:

- drive customer-focused decision-making
- foster supportive, informed and engaged stakeholders
- build respectful community partnerships.

Sunwater's approach is guided by its organisational purpose, strategy and values, and aligns with requirements set out in the *Water Supply (Safety and Reliability) Act 2008* (Qld), *Human Rights Act 2019* (Qld) and the Queensland Government Sponsorship Policy.

To ensure Sunwater fulfils its social responsibility, efforts are focused on the following areas:

Social diversity and inclusion

- The Sunwater Diversity and Inclusion Strategy and Action Plan 2023–2035 are in place, with a focus on addressing Aboriginal and Torres Strait Islander inclusion, gender and identity, veteran services, and governance.

Health and safety and human rights

- Human rights and modern slavery training and awareness.
- 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 risk assessments embedded in relevant Sunwater procedures and processes.

Public safety engagement and communication program

- A range of activities and initiatives annually to support:
 - emergency preparedness
 - wet season awareness
 - safe interaction with Sunwater assets.

First Nations recognition

- First Nations Commitment Statement (Policy).
- Aboriginal and Torres Strait Islander recognition, engagement and participation strategy, comprising a range of activities and initiatives that operationalise the Policy.
- Regular provision of one-day cultural competence workshops with a First Nations trainer to build internal capability.

Social licence and community engagement

- Engagement with impacted stakeholders regarding Sunwater projects, operational activities and decisions.
- Public safety communication strategy and advertising/training campaign.

Product and customer

- Published Water Trading Code of Conduct.
- Published Service and Performance Plans for each irrigation service contract area.
- Well established customer reference groups and advisory/consultative committees.
- Published service standards.
- Published Hardship Policy to consider the broader financial capacity issues of customers.

Procurement

- Sunwater continues to seek opportunities to expand its spend on First Nations and local suppliers to support the Queensland economy.

Governance

Strong corporate governance is an important foundation for fulfilling Sunwater's purpose of delivering water for prosperity. Sunwater continues to evolve and strengthen its governance framework to enhance the operational efficiency of its assets and business, and meet the needs of all 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 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 (v.2.0).

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

Principle 1: Foundations of management and oversight

The Sunwater Board Charter and Delegation of Authority Procedure outline the roles and responsibilities of the Board and matters that are delegated to the Sunwater CEO and through the CEO to the ELT.

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 2023-24, there were three committees, which operate under their own charters to assist the Board with its role:

- Audit and Risk Committee
- Safety, People and Environment Committee
- Project and Investment Committee.

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, including letters of appointment which set out expectations and provide business information. Sunwater encourages its directors to take part in professional development and 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 when possible.

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 the Business Performance Framework and the SCI
- regular performance feedback is provided during the year, and there are six- and 12-monthly performance reviews
- remuneration is determined by the Board in accordance with prescribed principles for GOC and CEO and Senior Executive Employment Arrangements Policy.

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 is focused on improving the management of 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 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 Non-Executive Directors regularly evaluate the performance of the Board, individual directors, the Chair and board committees, in accordance with the Board Performance Evaluation Procedure.

The outcomes are 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.

An external Board performance review was undertaken in June 2024. External evaluations are undertaken every three years. Board skills reviews are undertaken annually.

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. Feedback on the Board's performance is also provided by a director after each meeting and suggestions for improvement are noted.

The Board also reviews members' information needs. Details of directors' terms of office, experience, expertise and attendance at Board and committee meetings and remuneration are outlined on pages 43 to 48 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 which 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 PKF Integrity Services – a comprehensive, confidential reporting system – to help managers and employees address fraud, abuse and other misconduct in the workplace. PKF Integrity Services 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/governance.

Principle 4: Safeguarding integrity in financial reporting

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 2023–24 Financial Statements present a true and fair view and are in accordance with accounting standards. The Audit and Risk Committee helps the Board fulfil its 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.

The committee is made up of four independent Non-Executive Directors who have appropriate financial experience and understand the water industry. The Chair is a member of the Audit and Risk Committee but cannot be its chair. The Chair of the Audit and Risk Committee is a qualified accountant.

Details about committee members, meetings and attendance are on page 48 of this report.

Principle 5: Timely and balanced disclosures

Sunwater has a Shareholder Communication and Disclosure Policy which 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 needed from stakeholders is regularly assessed and a publication scheme is maintained on the website.

Principle 6: Respect shareholders' rights

As required by the GOC Act, shareholding Ministers are advised in a timely way 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 the:

- five-year Corporate Plan, updated annually
- annual SCI, including the annual budget
- annual report
- quarterly reporting on performance as required under the SCI
- regular meetings.

Sunwater provides timely information to shareholding Ministers on any significant matter impacting on 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/governance.

Principle 7: Recognise and manage risk

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.

Board committees also assess risks and controls across key business areas each quarter. During the financial year, the Board engaged an Independent Advisor to the Board and its committees with expertise in cybersecurity risks and governance, and significant information technology projects.

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 48 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 Queensland Government policy and external independent advice on position evaluation.

Remuneration is fixed and includes all payments and benefits. All senior executives are engaged on employment contracts that provide for three months' notice or equivalent payment upon termination. Where a redundancy applies, the payment is made in accordance with the *Fair Work Act 2009* (Cth).

The Board reviews eligibility for performance payments on an annual basis and approved entitlement to a performance-based payment in 2023–24, which is included in the Executive Remuneration summaries on page 94.

Board and senior executive remuneration is listed in the Notes to the Financial Statements on pages 93 to 95.

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 about the current Enterprise Agreement is on page 23 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 non-senior executive 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 Corporation's (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

Sunwater received no formal directions in 2023–24.

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 a Compliance Policy that identifies 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.

Referable dam safety

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

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

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

Sunwater is implementing a DIP in response to ANCOLD and 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 in compliance with the *Right to Information Act 2009* (Qld). They are located at sunwater.com.au/right-to-information/accessing-information.

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 is embedding human rights 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 in relation to modern slavery and human rights, including in relation to the *Modern Slavery Act 2018* (Cth) and *Human Rights Act 2019* (Qld).

No human rights complaints were received during 2023-24.

Legal proceedings

Sunwater's Legal Services team represents Sunwater in any litigation or disputes with a view to resolving these in an appropriate and commercial manner. At 30 June 2024, Sunwater had no active court proceedings.

Internal audit

Internal audit is a key part of Sunwater's corporate governance framework, guided by a risk-based annual plan approved by the Audit and Risk Committee. In 2023-24, Sunwater's internal audits were performed in accordance with 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 business risk mitigation 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 a reputable insurer.

Governance structure

Shareholding Ministers

The Honourable Cameron Dick, MP, Deputy Premier (15 December 2023 – ongoing), Treasurer (11 May 2020 – ongoing) and Minister for Trade and Investment (7 October 2021 – ongoing)

The Honourable Glenn Butcher, MP, Minister for Regional Development and Manufacturing and Minister for Water (19 November 2020 – ongoing)

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
Dr Lisa Caffery	Stuart Armitage	Leeha James	Gail Jukes	David Stewart	Jane Williams

Establishes

Committees

Audit and Risk Committee - 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 Committee - 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 Committee - 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.

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	People, Environment and Portfolio	Customer and Stakeholder Relations	Engineering and Water Resources	Infrastructure Development and Delivery

Establishes

Portfolios

Asset	Infrastructure	Technology	Sustainability	Business Excellence
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5. Our performance

Key performance indicators – financial

Key performance indicator	Unit	Actual	Budget
		2023–24	2023–24
Return on average assets (ROAA)	%	2.8	(6.7)
Return on equity (ROE)	%	4.1	(37.5)
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	\$'000	174,100	156,158
Funds from operations (FFO)	\$'000	157,464	137,095
Net profit after tax (NPAT)	\$'000	10,838	(85,164)
Current ratio	Ratio	2.6	1.84
EBITDA interest coverage	Times	10.4	8.2

For further information and commentary about Sunwater's 2023–24 financial performance, refer to the Financial Statements.

Key performance indicators – non-financial

Key performance indicator	Actual 2023–24	Target 2023–24	Commentary
All injury frequency rate (AIFR) ¹	26.4	<45	In the latter nine months of 2023–24, Sunwater's AIFR fell consecutively. This can be attributed in part to completion of the Rookwood Weir project.
Total recordable injury frequency rate (TRIFR)	6	<5	While Sunwater recorded a similar number of injuries as the previous year, a reduction in total hours worked (due to completion of Rookwood Weir) meant the overall rate was higher. A good indication that relatively few severe injuries occurred is the fact that Sunwater's WorkCover premium has decreased to 0.181 compared to the industry average of 1.051.
Lost time injury frequency rate (LTIFR)	1.5	<1	Despite recording a similar number of lost time injuries as the previous year, reduced hours worked in the reporting period (due to completion of the Rookwood Weir project) meant that a single injury significantly affected the overall rate.
Compliance with environmental standards and laws	No material breaches	No material breaches	No material breaches in 2023–24.
Employee engagement	83%	>65%	Culture pulse surveys held in October 2023 and April–May 2024. Results for the April–May survey were well above target, down three per cent from October 2023. There was strong employee participation and good results in the health and safety culture (86 per cent) and organisational purpose (82 per cent) sections.
Full time equivalent (FTE) ²	682	640	Above target due to a lower than anticipated vacancy rate and a small number of operational and project development and delivery positions being brought forward from 2024–25 to 2023–24.
Customer complaints responded to within 10 business days	96.87%	100%	Two complaints were not responded to within 10 days due to incorrect classification – one was responded to in 15 days, the other in 20 days.
Community events	2	2 open days Rating >80%	Open days were held at Fred Haigh Dam (October 2023) and Leslie Dam (June 2024). Surveys indicate >80 per cent of respondents learnt something new at the events.
Customer engagement/advocacy ³ – Irrigation	50.58	>15.81	There was a 15-point increase in customer satisfaction since the initial survey in November 2023.
Customer engagement/advocacy ³ – Urban	17.65	>49.14	A small number of participants (a 22 per cent drop compared to the last survey) saw a high variability in responses.
Customer engagement/advocacy ³ – Industrial	93.75	>58.36	There was a 20-point increase in customer satisfaction since the initial survey in November 2023.

1. All injuries per million hours worked.

2. FTE includes permanent and temporary employees and contractors engaged in roles "as if" they were part of the longer term Sunwater organisational structure. It does not include contractors engaged by third parties, alliance-related FTEs and Group Training Organisations.

3. The customer advocacy score is based on industry standard and is a measure of the net number of customers who have indicated that they would speak favourably about Sunwater minus those who have indicated that they will not.

Sponsorship, advertising, corporate entertainment, donations and other activities

The following table provides an overview of Sunwater's sponsorship, advertising, corporate entertainment, donations and other activities expenditure in 2023–24.

Activity	Actual 2023–24 (\$)	Budget 2023–24 (\$)
Sponsorships		
Regional sponsorships	38,739	15,000
Corporate sponsorships ¹	35,596	72,000
Total sponsorships	74,335	87,000
Corporate entertainment		
Employee (value improvement) awards ceremony	11,323	15,000
Office Christmas celebrations	26,866	24,000
Other (total of meetings and events below \$5000)	7234	10,000
Total corporate entertainment	45,423	49,000
Strategic community and stakeholder engagement activities		
Wet season advertising campaign ²	94,722	100,000
Public safety advertising campaign ³	0	0
Total strategic community and stakeholder engagement activities	94,722	100,000
Total	214,480	223,000

1. Combined sponsorship budget for events and activities associated with Sunwater's corporate memberships.
2. Annual advertising budget to disseminate emergency preparedness messaging to downstream communities.
3. Bi-annual campaign focused on a specific public safety issue that Sunwater wishes to address with the community. Not conducted during 2023–24

Directors' Report

The Directors present their report for the financial year ended 30 June 2024, the Financial Report of Sunwater Limited and its subsidiaries (collectively the Group) and the Independent Auditor's Report.

1. Directors

The following people were Directors of Sunwater Limited during all or part of the financial year:

- Lisa Caffery
- Stuart Armitage
- Leeha James
- David Stewart
- Jane Williams
- Peter Scott (resigned 30 September 2023)
- Gail Jukes (appointed 1 October 2023).

Further information about Directors' qualifications, experience, and terms of appointment is on pages 43 to 46 of this report.

2. Secretaries

The following people were Company Secretaries to Sunwater Limited during the financial year:

- Julie Tealby
- Brie Weatherstone.

3. 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 construction of bulk water supply and distribution infrastructure.

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

4. Dividends and return of contributed equity

The Group's dividend policy is stated in the 2023-24 SCI. It considers the return shareholding Ministers expect on the Queensland Government's investment.

On 30 April 2024, the Directors recommended that a dividend be paid based on after tax profits in the financial year 2023-24. This recommendation was accepted by shareholding Ministers on 26 June 2024.

A dividend of \$10.838 million has been provided in 2023-24 (\$nil – 2022-23).

5. Review of operations

For an overview of operating and financial performance, please see section 2 of the Group's Annual Report.

6. Significant changes in the state of affairs

There have been no significant changes in the Group to the end of the 2023-24 financial year.

7. 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

Stakeholders are aware of likely developments in the operations of the Group in forthcoming periods after the end of the financial year, as follows:

- Sunwater continues to be engaged in the delivery of its Dam Safety Management Program (including DIP), a multi-year program of dam safety upgrades. Paradise and Burdekin Falls dams are the most significant assets announced to date. These upgrades are not expected to deliver further revenues but will increase the resilience and safety of water systems and networks, while preserving the capability of the structure. This program will impact the availability of profits available for dividend in future years until full completion.

- The early transfer of ownership of Rookwood Weir (Managibei Gamu) from the State to Sunwater in June 2024. Sunwater is owner-operator of the weir and will manage the sale of water allocations from the weir to boost economic growth in the Central Queensland region.

8. Environmental regulation

Sunwater's operations are subject to significant environmental regulation under Australian and Queensland legislation. Sunwater maintains a ISO14001 certified Environmental Management System (EMS), which was re-certified by Compass Assurance. The EMS includes a comprehensive Environmental Legal Obligations Register which links environmental processes to relevant legislation. Monthly health, safety and environment reports are tabled to the Board, highlighting any environmental incidents or legislative changes.

9. Insurance of Directors and Officers

During the financial year, the Group paid a premium of \$0.53 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.

10. 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.

11. Rounding of amounts

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

12. 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 49 of this financial report as required under section 307C of the *Corporations Act 2001* (Cth) and forms part of the Directors' Report.

Signed in accordance with a resolution of the Directors:



Lisa Caffery

Chair

Dated: 22 August 2024



Gail Jukes

Director

Dated: 22 August 2024

Sunwater Board

Dr Lisa Caffery, Chair – non-executive

BA (QLD), GCBU (USQ), MPRL (USQ), PhD (CQU), GAICD

Appointment	Experience and expertise	Other current directorships	Former directorships in last three years	Special responsibilities
Appointed 1 October 2021 Term of appointment to 30 September 2025	Founder and principal of a regionally based 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.	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	Deputy Chair of Central Queensland Hospital and Health Service Board (statutory authority)	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	Experience and expertise	Other current directorships	Former directorships in last three years	Special responsibilities
Appointed 17 June 2021 Reappointed 1 June 2024 Term of appointment to 31 May 2028	Darling Downs irrigation farmer and 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.	Chair of Are You Boggled Mate? Limited (not-for-profit) Food Leaders Australia – Toowoomba and Surat Basin Enterprise Limited (not-for-profit)	Director of Cotton Australia Limited)	Member of Audit and Risk Committee

Leeha James, Director – non-executive

BA (Hons), LLB

Appointment	Experience and expertise	Other current directorships	Former directorships in last three years	Special responsibilities
Appointed 1 October 2021 Reappointed 1 June 2024 Term of appointment to 31 May 2028	Lawyer specialising in workplace health and safety, litigation, and compensation law.	Director of James Law Pty Ltd	Nil	Chair of Safety, People and Environment Committee

Gail Jukes, Director – non-executive

BCom, FCPA, AICD

Appointment	Experience and expertise	Other current directorships	Former directorships in last three years	Special responsibilities
Appointed 1 October 2023 Term of appointment to 30 September 2026	Over 20 years of senior finance experience from various industries including local government, higher education, infrastructure, and resources.	Director of Uniseed Management Pty Ltd UIT Pty Ltd Director of UQ Residence Ltd Director of Economic Development Queensland (appointed 1 July 2024) Director of West Moreton Health and Hospital Services (appointed 1 July 2024)	Nil	Chair of Audit and Risk Committee (1 October 2023) Member of Project and Investment Committee (1 October 2023)

David Stewart, Director – non-executive

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

Appointment	Experience and expertise	Other current directorships	Former directorships in last three years	Special responsibilities
Appointed 3 December 2015 Re-appointed 1 October 2018 Re-appointed 1 October 2021 Term of appointment to 30 September 2025	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 and has been awarded the River Murray Water Medal by the Murray Darling Basin Authority.	Director of Australian Dams & Water Consultants Pty Ltd Director of Eungella Water Pipeline Pty Ltd Director of North West Queensland Water Pipeline Pty Ltd	Nil	Chair of Project and Investment Committee Member of Audit and Risk Committee

Jane Williams, Director – non-executive

AICD

Appointment	Experience and expertise	Other current directorships	Former directorships in last three years	Special responsibilities
Appointed 1 October 2020 Reappointed 1 October 2023 Term of appointment to 30 September 2027	Experience working in rural and regional Queensland, and with strong qualifications and long-term experience in serving and leading boards.	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	Director of RFDS Foundation Limited	Member of Safety, People and Environment Committee

Peter Scott, Director – non-executive (resigned 30 September 2023)

DipBus, BBus, MPA, MBA, FCPA, GAICD

Appointment	Experience and expertise	Other current directorships	Former directorships in last three years	Special responsibilities
Appointed 1 January 2023 Resigned 30 September 2023	A financial expert with experience in executive management in local government and the energy sectors. Recent roles include Chief Financial Officer and Acting Chief Executive Officer.	Director of LGIA Super Trustee trading as Brighter Super Director of Ergon Energy Corporation Limited Director of Energex Limited Director of Ergon Energy Queensland Pty Ltd Director of Yurika Pty Ltd Director of Metering Dynamics Pty Ltd Director of Ergon Energy Director of Telecommunications Pty Ltd Director of Sparq Solutions Pty Ltd Director of Varnsdorf Pty Ltd Director of VH Operations Pty Ltd Telecommunications Pty Ltd	Nil	Chair of Audit and Risk Committee (to 30 September 2023) Member of Project and Investment Committee (to 30 September 2023)

Sunwater Company Secretaries

Julie Tealby (BBus, CPA, FGIA, FCIS, GAICD) was appointed Company Secretary on 30 January 2021, 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) 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 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 litigation.

Meetings of Directors

During 2023–24, the Board undertook a realignment of board committees to link to core strategy and business functions to ensure appropriate governance oversight. The Board has established three committees:

- Audit and Risk Committee
- Safety, People and Environment Committee
- Project and Investment Committee.

The Group's Board of Directors and board committee meetings held during the financial year and each Director's attendance is outlined in the table below.

Director	Board meetings		Audit and Risk Committee meetings		Safety, People and Environment Committee meetings		Project and Investment Committee meetings	
	Attended	Held ¹	Attended	Held ¹	Attended	Held ¹	Attended	Held ¹
Lisa Caffery	11	12	4	4	4	4	4	4
Stuart Armitage	11	12	4	4	-	-	-	-
Leeha James	12 ²	12	-	-	4	4	-	-
Gail Jukes	8 ^{2,5}	8	3	3	-	-	3	3
Peter Scott	4	4	1	1	-	-	1	1
David Stewart	12	12	4	4	-	-	4	4
Jane Williams	12 ³	12	-	-	4 ⁴	4	-	-

- Not a member of the relevant committee

1. Number of meetings held during the time the Director held office or was a member of the committee during the year.
2. Partial attendance Item A – 5.3 December 2023 meeting.
3. Partial attendance Item 1 – 5.2 January 2024 meeting.
4. Partial attendance from Item 2.2 June 2024 meeting.
5. Partial attendance from Item A – 5.1 June 2024 meeting.

Auditor's Independence Declaration

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 for the financial year ended 30 June 2024, 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
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

Jacques Coetzee

19 August 2024

Jacques Coetzee
as delegate of the Auditor-General

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.

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2024

		2024	2023
	Notes	\$'000	\$'000
Revenue from contracts with customers	1	371,668	358,565
Other income	2	7375	6909
Total revenue and other income		379,043	365,474
Expenses			
Operating expenditure	3A	(125,623)	(253,833)
Employee benefits	3B	(79,497)	(71,034)
Depreciation and amortisation	10,11,12	(42,811)	(47,880)
Impairment of assets	10,11	(103,816)	(132,386)
Loss on disposal of assets		(62)	(29)
Operating profit/(loss)		27,234	(139,688)
Finance costs		(16,470)	(15,099)
Profit/(loss) before income tax		10,764	(154,787)
Income tax credit	4	74	2260
Profit/(loss) for the year		10,838	(152,527)
Other comprehensive income		-	-
Total comprehensive income/(expense) for the year		10,838	(152,527)

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 2024

	Notes	2024 \$'000	2023 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	5	63,288	50,374
Trade and other receivables	6	204,674	166,754
Inventories	25	4504	3473
Assets held for distribution	25	255	244
Total current assets		272,721	220,845
Non-current assets			
Property, plant and equipment	10	656,622	653,549
Right-of-use assets	12	18,626	20,086
Intangible assets	11	95,422	9774
Total non-current assets		770,670	683,409
Total assets		1,043,391	904,254
LIABILITIES			
Current liabilities			
Trade and other payables	7	42,177	49,346
Provisions	14	40,795	147,540
Lease liabilities	12	5710	4903
Other current liabilities	13	27,120	50,423
Total current liabilities		115,802	252,212
Non-current liabilities			
Provisions	14	1680	1680
Borrowings	8	369,118	369,053
Lease liabilities	12	17,101	19,325
Other non-current liabilities	13	241,986	115,867
Total non-current liabilities		629,885	505,925
Total liabilities		745,687	758,137
Net assets		297,704	146,117
EQUITY			
Contributed equity	16	388,454	236,867
Retained earnings		(90,750)	(90,750)
Total equity		297,704	146,117

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 2024

	Notes	Contributed equity \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2022		236,347	61,777	298,124
Total comprehensive expense for the year		-	(152,527)	(152,527)
Transactions with owners in their capacity as owners:				
Equity funding	16	520	-	520
Dividends provided for or paid	15	-	-	-
Balance at 30 June 2023		236,867	(90,750)	146,117
Total comprehensive income for the year		-	10,838	10,838
Transactions with owners in their capacity as owners:				
Equity funding	16	151,587	-	151,587
Dividends provided for or paid	15	-	(10,838)	(10,838)
Balance at 30 June 2024		388,454	(90,750)	297,704

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 2024

	Notes	2024 \$'000	2023 \$'000
Cash flows from operating activities			
Receipts from customers		356,493	341,533
Payments to suppliers and employees		(383,256)	(267,225)
Net receipts		(26,763)	74,308
Rookwood Weir project funding		-	10,001
Government grants		9596	11,440
Community service obligations received		24,294	24,405
Interest received		485	162
Income taxes received/(paid)		2996	(2996)
GST recovered		18,337	18,142
Net cash inflow from operating activities	5	28,945	135,462
Cash flows from investing activities			
Payments (to)/from advance facility	6	(47,165)	(51,559)
Payments for property, plant and equipment	10	(104,123)	(75,485)
Interest received		5274	4603
Proceeds from sale of property, plant and equipment	10	147	149
Net cash (outflow) from investing activities		(145,867)	(122,292)
Cash flows from financing activities			
Equity funding	16	151,587	520
Interest paid	8	(14,338)	(13,233)
Principal elements of lease payments	12	(6174)	(5462)
Interest paid on leasing liabilities	12	(1304)	(1180)
Net movement to borrowings	8	65	(18)
Net cash (outflow) from financing activities		129,836	(19,373)
Net (decrease) increase in cash and cash equivalents		12,914	(6203)
Cash and cash equivalents at the beginning of the financial year		50,374	56,577
Cash and cash equivalents at the end of the financial year	5	63,288	50,374

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

Notes to the Financial Statements for the year ended 30 June 2024

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. Together they are referred to as the Group or Sunwater.

Compliance with Australian Accounting Standards

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 GOC Act
- 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
- 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 2023 except for if there is a practical impediment, in which case Management provides 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. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and are believed to be reasonable under the circumstances. Judgements and estimates that are material to the Financial Statements are provided throughout the notes to the Financial Statements.

Significant judgements include:

- fair values of assets transferred from the State in respect to Rookwood Weir – see below
- recovery of deferred tax Assets – refer note 4
- key assumptions in impairment testing – refer note 10
- indefinite lives of intangible assets – refer note 11
- recognition of provisions – refer note 14.

Transfer of Rookwood Weir

During 2023–24, the State transferred the assets and operations of the Rookwood Weir Water Supply Scheme to Sunwater as a going concern. The transaction was completed on 21 June 2024, with the transfer of the weir and associated assets, including unsold water allocations.

Sunwater will own, operate and maintain the weir and associated assets on a permanent basis.

The method used by the State to transfer the identified assets was via a non-monetary capital grant. The impact on the Financial Statements is to recognise tangible assets in respect of the weir and land and intangible assets in respect of the unsold water allocations, with an equivalent recognition of the grant received as deferred income.

Judgement was applied by Management in determining the value that should be recognised for the assets being received. In line with the requirements of AASB120 *Accounting for Government Grants and Disclosure of Government Assistance* and Queensland Treasury's Financial Reporting Requirements for Government Owned Corporations, these are to be measured at fair value with the assets and liabilities recognised on a gross basis. The income approach for fair value has been applied.

The non-monetary capital grant has been presented at fair value in the Consolidated Statement of Financial Position as grant revenue received in advance (refer note 13) and will be recognised in the Consolidated Statement of Comprehensive Income on a systematic basis over the useful life of the asset.

The fair values of the recognised assets are discussed in note 10 – Property, Plant and Equipment and note 11 – Intangible Assets.

Further judgement was applied, and advice taken from third parties as to the tax treatment of the elements of the transfer and the impact on the tax position of the Group, this is discussed in note 4 – Income Tax.

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 offtake.	Recognised over time as water is delivered.
Irrigation water distribution services	Delivery of water through WSS assets to a customer's offtake.	Recognised when water is delivered to the customer.
Urban water distribution services	Reservation and supply of water to customers for urban needs – especially local governments.	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 a point-in-time on execution of a contract with a customer. 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.
Rookwood Weir project funding	Specific obligations, where Sunwater is acting as principal contractor, as outlined in a funding arrangement carrying out design, development, construction and commissioning.	Falls within scope of AASB 15 <i>Revenue from Contracts with Customers</i> and recognised over time reflecting the pattern of costs incurred.
Community service obligations (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 time.
Grants	Sunwater receives grants for a specific purposes 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.
Lease rental income	Operating leases from renting premises.	Recognised at a point in time in line with rental occupation.

	2024	2023
Revenue from contracts with customers	\$'000	\$'000
Industrial water distribution services	229,198	222,355
Irrigation water distribution services ¹	56,742	49,224
Urban water distribution services	18,602	15,276
Drainage	1057	1094
Water allocations revenue	23,865	25,645
Consulting and facilities services revenue	7751	5720
Rookwood Weir project funding ²	34	4409
Grants	9597	11,440
Community service obligation - irrigation	17,857	16,800
Community service obligation - urban (Cloncurry)	6965	6602
Total revenue from contracts with customers	371,668	358,565

1. Irrigation revenue is earned based on the tariffs set by the Queensland Government and irrigation customer water usage. Tariffs for some WSSs are set below the level necessary to recover the cost of supplying water to irrigators. Queensland Government funding is provided to Sunwater via a CSO to offset reduced revenue.
2. Rookwood Weir project funding is earned when Sunwater is acting as principal in its capacity as owner's representative and project manager for the Rookwood Weir project. Revenue is in respect of activities related to the construction of the weir and ancillary works. The funding is received at development milestones and revenue is recognised over time reflecting the pattern of costs incurred. Revenue is not recognised in respect of weir construction, as Sunwater is acting as an agent of the Queensland Government and not the principal contractor.

Table 1.2. Disaggregation of revenue from contracts with customers

	Industrial customers	Irrigation customers	Urban water	Drainage	Water allocations	Consulting and facilities services revenue	Government (Rookwood Weir, grants and CSOs)	Total
2024								
Timing of recognition	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At a point-in-time	44,256	14,848	5297	-	3989	7751	-	76,141
Over time	184,942	41,894	13,305	1057	19,876	-	34,453	295,527
Total	229,198	56,742	18,602	1057	23,865	7751	34,453	371,668
Number of customer contracts	577	4351	141	119	70	31	6	5295
2023								
At a point-in-time	44,998	7583	3257	-	7283	5720	-	68,841
Over time	177,357	41,641	12,019	1094	18,362	-	39,251	289,724
Total	222,355	49,224	15,276	1094	25,645	5720	39,251	358,565
Number of customer contracts	533	4409	146	122	78	37	6	5331

Note 2: Other income

	2024	2023
	\$'000	\$'000
Interest income ¹	5404	5179
Rent received	75	72
Gain on disposal of non-current assets	147	149
Fees and other income	1749	1509
Total other income	7375	6909

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

Note 3: Expenses

A. Operating expenditure

	2024	2023
	\$'000	\$'000
Contracted services ¹	38,218	184,655
Electricity	28,387	23,710
Insurance	17,303	14,337
Materials, plant hire and fleet	13,391	11,252
Legal services	1083	1962
Telephone and data lines	1814	1986
Travel and accommodation	4819	3321
Rates and land tax	2906	3030
ICT equipment and software	12,988	10,550
Corporate and administrative expenses	4714	(970)
Total operating expenditure	125,623	253,833

1. Contracted services exclude \$71.8 million of contractor costs charged against the Rookwood Weir project provision in addition to \$38.1 million of costs released from the provision (2022-23 – included an increase in provision of \$117.4 million) (refer note 14).

B. Employee benefits

	2024	2023
	\$'000	\$'000
Salaries and allowances ¹	53,318	49,540
Annual leave, banked time and time off in lieu (TOIL)	7024	6075
Long service leave expenses	1968	1522
Employer superannuation contributions	9225	7635
<i>Employee-related expenses</i>		
Workers' compensation premium	168	233
Payroll tax	5103	3517
Other employee-related expenses	2691	2512
Total employee benefits	79,497	71,034

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

Annual leave, banked time and time off in lieu

Liabilities for annual leave, banked time and time off in lieu (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 expensed in the period in which they are paid. Amounts paid to employees for long service leave are claimed from the scheme as and when leave is taken.

Sick leave

As sick leave is non-vesting, 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 GOC Act 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 there will probably be sufficient future taxable profits available to use them.

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.

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. 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 assumed 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 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.

Key estimates and judgements

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only when sufficient future taxable profits will probably be available to use for those temporary differences and losses. Judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profit.

Rookwood Weir transfer

Judgement has been applied to the application of income tax legislation, liabilities to goods and services tax and associated duties payable to the Queensland Revenue Office on the transfer of Rookwood Weir and connected transactions. Queensland Revenue Office has provided 'in-principle' ex gratia relief for stamp duty on the transaction with final stamping in progress at 30 June 2024.

(i) Income tax expense

	2024	2023
	\$'000	\$'000
Income tax equivalents (credit)/expense		
Adjustments of current tax for prior periods ¹	(74)	(2260)
	(74)	(2260)
Income tax equivalents (credit)/expense is attributable to:		
(Loss) from continuing operations	(74)	(2260)

1. Adjustments for prior years.

In 2022-23, Sunwater identified an unclaimed Division 40F deduction in relation to its irrigation assets. Sunwater lodged amended NTER returns for the year ended 30 June 2019, 30 June 2020 and 30 June 2021 which generated tax losses to be claimed in income year ended 30 June 2022, effectively reversing the income tax expense raised in 2021-22.

ii) Reconciliation of income tax expense

	2024	2023
	\$'000	\$'000
Profit/(loss) before income tax	10,764	(154,787)
Tax expense (benefit) at the Australian rate of 30% (2023:30%)	3229	(46,436)
Non-deductible entertainment	12	10
Sundry items	227	20
Prior year (over) provision	4	(2260)
Previously unrecognised tax losses now recouped	-	(1677)
De-recognition of temporary differences	(3546)	48,083
	(74)	(2260)
Income tax (credit)/expense		
Current tax	(74)	(2260)
	(74)	(2260)

(iii) Movement in deferred tax balances

	Net balance at 1 July	Adjustments ¹	Adjusted net balance at 1 July	Charged to Income Statement	Net balance at 30 June	Deferred Tax Asset (DTA)	Deferred Tax Liability (DTL)
2024	\$'000	\$000	\$000	\$'000	\$'000	\$'000	\$'000
Employee benefits	1850	82	1932	390	2322	2322	-
Property, plant and equipment	33,708	-	33,708	(835)	32,873	54,118	(21,245)
Provisions	41,135	(82)	41,053	(35,636)	5417	5417	-
Leases	1242	-	1242	13	1255	6843	(5588)
Other	(2032)	-	(2032)	16,953	14,921	15,958	(1037)
Tax losses	2787	4	2791	15,623	18,414	18,414	-
Deferred tax assets/ (liabilities) before set off	78,690	4	78,694	(3492)	75,202	103,072	(27,870)
Set off DTL against DTA						(27,870)	27,870
De-recognition	(78,690)	(4)	(78,694)	3492	(75,202)	(75,202)	-
Net tax assets	-	-	-	-	-	-	-

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

	Net balance at 1 July	Adjustments ¹	Adjusted Net Balance at 1 July	Charged to Income Statement	Net balance at 30 June	Deferred Tax Asset (DTA)	Deferred Tax Liability (DTL)
2023	\$'000	\$000	\$000	\$'000	\$'000	\$'000	\$'000
Employee benefits	1677	-	1677	173	1850	1850	-
Property, plant and equipment	10,615	(6759)	3856	29,852	33,708	33,708	-
Provisions	22,982	-	22,982	18,153	41,135	41,135	-
Leases	1182	-	1182	60	1242	1242	-
Other	(1911)	35	(1876)	(156)	(2032)	21	(2053)
Tax losses	-	4464	4464	(1677)	2787	2787	-
Deferred tax assets/ (liabilities) before set off	34,545	(2260)	32,285	46,405	78,690	80,743	(2053)
Set off DTL against DTA	-	-	-	-	-	(2053)	2053
De-recognition	(34,545)	2260	(32,285)	(46,405)	(78,690)	(78,690)	-
Net Tax Assets	-	-	-	-	-	-	-

1. Adjustment to opening balance primarily relates 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 regarding the following items, because it is not currently assessed as probable that future taxable profit will be available against which the Group can use the benefits therefrom.

	2024	2024	2023	2023
	\$'000	\$'000	\$'000	\$'000
	Gross amount	Tax effect	Gross amount	Tax effect
Deductible temporary differences	198,597	59,579	253,011	75,903
Unused tax losses ¹	52,077	15,623	9,290	2,787
	250,674	75,202	262,301	78,690

1. 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.

	2024	2023
	\$'000	\$'000
Cash at bank and on hand	26,193	9,484
Deposits at call	18,305	16,239
Cash at bank and on deposit	44,498	25,723
Cash held as security	18,790	24,651
Cash and cash equivalents	63,288	50,374

Deposits at call is surplus cash of the Group's subsidiaries held with Queensland Treasury Corporation (QTC) in Cash Funds and is available for withdrawal at call subject to notification requirements.

Sunwater's surplus cash is held in the Queensland Government's cash pooling arrangement, the GOC Advance Facility (refer note 6), which at 30 June 2024 held \$172.99 million (2023 – \$125.83 million).

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

At 30 June 2024, the Group held cash of \$51.14 million in relation to the Rookwood Weir water sales (2023 – \$4.62 million). This cash has been determined to be held on trust for the Queensland Government and has therefore not been recognised in these financial statements. This cash will be transferred to the Queensland Government in due course.

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

	2024	2023
	\$'000	\$'000
Profit/(loss) for the year	10,838	(152,527)
Depreciation and amortisation	42,811	47,880
Impairment of assets	103,816	132,386
Bad and doubtful debts	105	(7500)
Net (gain)/loss on disposal of non-current assets	(85)	(121)
Interest received	(4919)	(5018)
Interest paid	14,338	13,233
Interest on lease liabilities	1304	1180
Change in assets and liabilities:		
(Increase) in inventories	(1032)	(138)
(Increase) in deferred tax assets	(25,784)	(1219)
Decrease in receivables and other assets	8786	9610
Increase in trade and other payables	11,461	22,414
(Decrease)/increase in provisions	(142,088)	68,590
(Decrease)/increase in deferred revenue	(16,390)	7807
(Decrease) in income tax payable	-	(2334)
Increase in deferred tax liabilities	25,784	1219
Net cash inflow from operating activities	28,945	135,462

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 impairment.

	2024	2023
	\$'000	\$'000
Trade receivables		
Trade receivables	6146	11,231
Accrued revenue	22,628	24,104
Loss provision	(760)	(655)
	28,014	34,680
Other receivables		
Advance facility	172,995	125,830
Prepaid income tax	-	2922
GST receivable 'net'	3337	3054
Pre-payments	328	268
	176,660	132,074
Trade and other receivables	204,674	166,754

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.

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. Trade receivables have not had a significant increase in credit risk since they originated. The Group has applied the simplified approach to measuring credit losses which 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 impairment of receivables are set out below:

	2024	2023
	\$'000	\$'000
At 1 July	655	8155
Allowances reversed	-	(7600)
Allowances added	105	100
Carrying amount at 30 June	760	655

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 4.88 per cent in 2023-24 (3.35 per cent 2023).

In 2023-24, new advance facilities were established to hold funds from the Queensland Government, solely to be used for the Paradise Dam Improvement Project and Burdekin Falls Dam Raising and Improvement Project. The funds were delivered through an equity contribution.

The facilities hold cash advanced by Sunwater amounting to \$172.995 million, net cash advanced to the facilities amounts to \$47.165 million (2023 – \$51.560 million advanced). These facilities can be drawn upon as required. 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.

	2024 \$'000	2023 \$'000
Trade creditors	9879	6448
Other creditors and accruals	32,298	42,898
	42,177	49,346

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 2024 (2023 – \$nil capitalised). Other borrowing costs are expensed.

	2024 \$'000	2023 \$'000
Unsecured		
QTC loan	369,118	369,053
	369,118	369,053
Represented by:		
Current	–	–
Non-current	369,118	369,053
	369,118	369,053

Financing arrangements

The loans from QTC are interest bearing. Sunwater non-current borrowings have no fixed repayment date. The terms of the loan facilities are reviewed with QTC annually. Borrowings are subject to the annual approval of the Queensland Treasurer and have previously been sourced from the approved borrowing program. \$nil was drawn during the year (2023 – \$nil) from the approved borrowing program for 2023–24.

The Group monitors capital based on agreed financial covenants (EBITDA Debt Service Coverage Ratio and Total Debt to Total Capital Ratio). In 2022-23, QTC provided Sunwater with a limited waiver letter in respect of one of its covenant performance ratios. The waiver remained in place until 1 July 2024, at which point it was no longer required.

The Group has a rolling \$150 million working capital facility with QTC. This facility is repayable on demand and operates as an overdraft which is used to cover temporary funding shortfalls. The facility was undrawn as at 30 June 2024 (2023 – undrawn).

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

Fair value

	2024		2023	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$'000	\$'000	\$'000	\$'000
Borrowings	369,118	343,342	369,053	343,465

Changes in liabilities arising from financing activities

The amounts disclosed under Financing Activities in the Consolidated Statement of Cash Flows relate to cash transactions arising from the Group's long-term borrowing with QTC.

Note 9: Financial risk management

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

The Group's financial risk management policies aim to focus primarily on counterparty risks and the unpredictability of the financial markets and to minimise potential adverse effects on its financial performance.

The Group uses different methods to measure different types of risk to which it is exposed. including:

- sensitivity analysis in the case of interest rate risk
- a counterparty credit rating analysis for credit risk
- a contract ageing analysis for liquidity risk.

The Board has endorsed principles for overall risk management, and policies covering specific areas, such as:

- mitigating interest rate and credit risk
- use of derivative financial instruments
- investment of liquid assets.

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 2023-24, 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 risk is managed through an impact assessment when prices change, which is then discussed with the Queensland Government.

Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose Sunwater and its subsidiaries to cash flow interest rate risk, whereas borrowings issued at fixed rates expose them to fair value interest rate risk.

The Group manages its interest rate risk in consultation with QTC in accordance with policies approved by the Board. Interest rate risk is measured monthly by monitoring changes in yields over the debt duration profile.

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

Financial instruments

2024	Interest rate risk				
	Carrying amount	Profit	-1%	Profit	+1%
			Equity		Equity
	\$'000	\$'000	\$'000	\$'000	\$000
Cash and advance facility	236,223	(1082)	(1082)	1082	1082
QTC borrowings	369,118	3560	3560	(3560)	(3560)
Overall effect on profit and equity		2478	2478	(2478)	(2478)

2023	Carrying amount	Profit	-1%	Profit	+1%
			Equity		Equity
	\$'000	\$'000	\$'000	\$'000	\$000
Cash and advance facility	176,204	(1498)	(1498)	1498	1498
QTC borrowings	369,053	3546	3546	(3546)	(3546)
Overall effect on profit and equity		2048	2048	(2048)	(2048)

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 which is 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 2024 and 30 June 2023 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	4300	361	16	22	212	1234	6145
Amount provided at 100%	4	12	4	1	14	719	754
Remaining carrying value of trade receivables	4296	349	12	21	198	515	5391
Expected credit loss rate	0.58%	0.58%	0.58%	0.58%	0.58%	0.58%	0
Amount provided	-	2	-	-	1	3	6
Total provided 30 June 2024	4	14	4	1	15	722	760
Carrying value of trade receivables	8983	709	37	197	225	1200	11,351
Amount provided at 100%	4	8	3	5	22	609	651
Remaining carrying value of trade receivables	8979	701	34	192	203	591	10,700
Expected credit loss rate	0.23%	0.23%	0.23%	0.23%	0.23%	0.23%	0.23%
Amount provided	-	2	-	-	1	1	4
Total provided 30 June 2023	4	10	3	5	23	610	655

In 2023-24, 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 2024 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	2024 \$'000	2023 \$'000
Cash at bank and at call invested in Australian institutions rated AA- or higher ¹	5	63,287	50,373
Other cash and cash equivalents	5	1	1
Receivables – current	6	28,014	34,680
		91,302	85,054

1. 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 had an approved borrowing program of \$40 million, which was undrawn in the year. Drawdowns are determined through the state borrowing program and adherence to covenant requirements. In 2023-24, the Group had a rolling working capital facility of \$150 million with QTC. This facility was not drawn on during the year (2023 - \$nil) but operates as an overdraft used to cover temporary funding shortfalls and is repayable on demand. The Group received approval from QTC to increase the working capital facility by \$100 million in 2023-24.

Additional liquidity may be provided from time to time from the Queensland Government to fund large-scale activity that Sunwater undertakes to maintain or improve its infrastructure assets. This funding is provided in the form of equity contributions.

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.

2024	Carrying amount	Less than one year	1-5 years	Over five years	Total cash flows (contractual)
	\$'000	\$'000	\$'000	\$'000	\$'000
Payables	42,177	42,177	-	-	42,177
Borrowings ¹	369,118	12,803	51,480	368,147	432,430
Leases	22,811	6785	17,904	807	25,496
Deposits payable	18,790	13,317	5473	-	18,790
	452,896	75,082	74,857	368,954	518,893
2023					
Payables	49,346	49,346	-	-	49,346
Borrowings ¹	369,053	11,993	48,240	368,147	428,380
Leases	24,228	5992	17,708	3826	27,526
Deposits payable	24,652	18,348	6304	-	24,652
	467,279	85,679	72,252	371,973	529,904

1. 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 Australian Equivalents to International Financial Reporting Standards (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 types of assets form a network. 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 are used:

Asset class	Depreciation rate
Land	Land is not depreciated
Buildings and land improvements	0.67 to 20 per cent [5–150 years]
Plant and equipment	6.67 to 33.33 per cent [3–15 years]
Water infrastructure	0.5 to 10 per cent [10–200 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 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 cash-generating unit (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 (cash generating units). Each of the Group's WSSs and pipelines are regarded as a cash generating unit. Each hydroelectricity generating station is regarded as a cash generating unit.

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

In assessing the value-in-use (recoverable amount) of the water infrastructure assets, the net present value of future cash flows is determined for each cash generating unit, 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.

Additionally, the DIP is a significant investment in the assets of the Group. Cash flows have been included that represent the ongoing cost of delivering these projects, leading to value-in-use calculations for those assets being negative, resulting in impairment of the carrying value of assets and allocated corporate assets in those schemes.

For assets supplying water for irrigation customers, revenue reflects the Queensland Government set pricing plus any applicable CSO expected to be received and agreed accordingly. Most of these schemes have a negative net present value. Therefore, new capital investment is impaired during the year regardless of price adjustments.

Significant inputs to impairment testing

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

Input	Impact of asset valuation	Infrastructure CGUs 30 June 2024	Infrastructure CGUs 30 June 2023
Discount rate	Value-in-use would be expected to increase as the discount rate decreases	Pre-tax WACC range between 5.8 and 14.1 per cent	Pre-tax WACC range between 6.1 and 10.3 per cent
CPI rate	Value-in-use would increase as CPI increases	Long-term RBA published CPI	Long-term RBA published CPI
Cash flow period	Value-in-use would increase as period of discounting increases	5 years (with an estimate of terminal value)	5 years (with an estimate of terminal value)
Cash flows		Cash flows are sourced from the Board approved five-year Corporate Plan	Cash flows are sourced from the Board approved five-year Corporate Plan
Regulated revenue	Value-in-use 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	Value-in-use would increase if future CSO increases.	CSO agreement to continue in perpetuity	CSO agreement to continue in perpetuity

Key estimates and judgements

Management uses five-year cash flows reflecting the operational and capital requirements of the business. Within those cash flows there are significant assumptions about activities and their related cash flows both revenue and cost. Material changes in those assumptions – e.g. Sunwater has included CSOs in the perpetuity calculation – would have a reasonably significant impact on the impairment outcome.

Management selects 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 value-in-use. This is reflected in the following sensitivity analysis.

The terminal value calculated using the Gordon growth model contributes a material proportion of the value-in-use of cash generating units. Management has selected growth rates that do not exceed long-term inflation growth rates for its irrigation assets and has selected a growth rate of zero for pipelines. The lower growth rate reflects that these assets tend to have lower growth potential due to their customer base. An indication of sensitivity to changes in growth rates follows.

Sensitivity analysis

Sensitivity analysis is undertaken on the impact of changes in the significant factors and key assumptions, including weighted average cost of capital (WACC) on the impairment charge.

The Nogoa Mackenzie WSS is the most sensitive to changes in all assumptions. It offers an impairment range of positive \$14.7 million to negative \$8.3 million for a change of -/+ one per cent (1%) in WACC, and negative \$3.9 million to positive \$5.3 million for a change of -/+ in terminal growth rate.

No other CGU is sensitive to movements of WACC or terminal growth rate that would impact impairment.

An increase in the terminal growth rate in respect of pipelines by one per cent (1%), leads to an increase of \$371 million in the value-in-use of those assets.

Rookwood Weir transfer

In 2023-24, the construction of Rookwood Weir reached practical completion and the Queensland Government transferred the weir and land to Sunwater following wet commissioning. The transfer was executed in the form of a non-monetary capital grant.

The Group has applied AASB13 *Fair Value Measurement* to measure the fair value of the non-monetary assets received. As there is no observable market to inform the valuation, the Group has applied the income approach (net present value of future cash flows) to calculate the fair value of the asset being received.

The transferred assets are subject to impairment testing where there is an indicator of impairment. The Rookwood Weir asset transfer took place on 21 June 2024 at fair value. At 30 June 2024, there were no indicators of impairment.

Movements

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

	Land	Buildings and improvements	Plant and equipment	Water infrastructure	Work in progress	Total PPE
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2022						
Cost	7084	17,174	15,891	1,491,663	208,074	1,739,886
Accumulated depreciation	-	(5685)	(12,301)	(439,482)	-	(457,468)
Accumulated impairment	-	-	(522)	(387,218)	(160,619)	(548,359)
Net book amount	7084	11,489	3,068	664,963	47,455	734,059
Year ended 30 June 2023						
Additions	-	-	-	-	75,204	75,204
Disposals	(2)	(56)	(29)	(2)	-	(89)
Transfer between classes	1868	101	1693	104,064	(107,726)	-
Transfer to intangibles	-	-	-	-	(20)	(20)
Assets held for distribution	-	-	-	38	-	38
Depreciation expense	-	(444)	(1141)	(36,487)	-	(38,072)
Impairment (loss)	-	-	(3591)	(16,247)	(97,733)	(117,571)
Transfer between classes (impairment)	-	-	-	(98,861)	98,861	-
At 30 June 2023						
Cost	8950	17,219	17,559	1,595,670	175,531	1,814,929
Accumulated depreciation	-	(6129)	(13,446)	(475,875)	-	(495,450)
Accumulated impairment	-	-	(4,113)	(502,326)	(159,491)	(665,930)
Net book amount	8950	11,090	-	617,469	16,040	653,549
Year ended 30 June 2023						
Additions	-	-	-	-	143,415	143,415
Disposals	-	(21)	1	(30)	-	(50)
Transfer between classes	-	255	2562	55,076	(57,893)	-
Assets held for distribution	-	-	-	(11)	-	(11)
Depreciation expense	-	(437)	(420)	(35,741)	-	(36,598)
Impairment (loss)	-	-	(2143)	(14,086)	(87,454)	(103,683)
Transfer between classes (adjustment)	-	(2573)	-	5005	(2432)	-
At 30 June 2024						
Cost	8950	17,211	18,108	1,678,216	261,055	1,983,540
Accumulated depreciation	-	(6459)	(12,446)	(511,335)	-	(530,240)
Accumulated impairment	-	(2438)	(5662)	(539,199)	(249,379)	(796,678)
Net book amount	8950	8314	-	627,682	11,676	656,622

Impairment: CGUs

CGUs for which impairment losses were recognised/(reversed) for water infrastructure during the financial year are:

Nogoa Mackenzie Water Supply Scheme

This CGU includes Fairbairn Dam and Blackwater Pipeline.

Boyne River and Tarong Water Supply Scheme

This CGU includes all the water infrastructure assets in the scheme including Boondooma Dam and Tarong Pipeline.

Mareeba-Dimbulah Water Supply Scheme

Bundaberg Water Supply Scheme

Upper Condamine Water Supply Scheme

Burdekin Haughton Water Supply Scheme

Other CGUs

This impairment write down is primarily due to corporate assets allocated to CGUs.

Total

	2024	2024	2023	2023
	Loss/ (Reversed)	Recoverable amount	Loss/ (Reversed)	Recoverable amount
	\$'000	\$'000	\$'000	\$'000
Nogoa Mackenzie Water Supply Scheme	74	42,899	(69)	42,805
Boyne River and Tarong Water Supply Scheme	(131)	9748	9678	4393
Mareeba-Dimbulah Water Supply Scheme	56	-	2628	-
Bundaberg Water Supply Scheme	692	-	4252	-
Upper Condamine Water Supply Scheme	-	-	5853	-
Burdekin Haughton Water Supply Scheme	196	-	5452	-
Other CGUs	15,342	-	7183	-
Total	16,229		34,977	

Impairment: Work in progress

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

Paradise Dam Improvement Project

Burdekin Falls Dam Raising and Improvement Project

Corporate assets allocated to work in progress

Other asset under construction projects

Total

	2024	2024	2023	2023
	\$'000	\$'000	\$'000	\$'000
	Loss/ (Reversed)	Recoverable amount	Loss/ (Reversed)	Recoverable amount
Paradise Dam Improvement Project	42,502	-	34,300	-
Burdekin Falls Dam Raising and Improvement Project	28,584	-	28,672	-
Corporate assets allocated to work in progress	4874	-	20,663	-
Other asset under construction projects	11,494	-	14,098	-
Total	87,454	-	97,733	-

The impairments reflected above are due to the investment that Sunwater must make to its infrastructure assets to ensure that they meet current safety requirements.

Assets under construction include WSSs where the revenue water charges are at a lower bound or lower price which is not sufficient to hold the carrying value of the scheme assets.

The carrying value of corporate assets has been allocated across all CGUs and where the value-in-use calculation does not support that carrying value the allocated assets have been impaired.

Note 11: Intangible assets

Accounting policy

Software

Software is a combination of acquired and developed software which have a finite life and are 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 a 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 a 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, or 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, by comparing their carrying amounts with their recoverable amounts. No recognition threshold is applied.

Impairment

Intangible assets 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.

In 2023-24, the Group received unsold water allocations as part of the transfer of Rookwood Weir from the State by way of a non-monetary capital grant. Management judgement has been applied as to the methodology used to value these assets. Due to the availability of an observable market price for water allocations in the same scheme as the assets being valued and other schemes, an average of prices achieved has been used to determine fair value, taking into account key differences.

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 2022				
Cost	54,582	8	58,147	112,737
Accumulated amortisation	(34,970)	-	-	(34,970)
Accumulated impairment	(359)	-	(49,038)	(49,397)
Net book amount at 1 July 2022	19,253	8	9109	28,370
Movements in financial year				
Transfer from work in progress	20	-	333	353
Amortisation expense	(4134)	-	-	(4134)
Impairment gain/(loss)	(15,139)	-	324	(14,815)
At 30 June 2023				
Cost	54,602	8	58,480	113,090
Accumulated amortisation	(39,104)	-	-	(39,104)
Accumulated impairment	(15,498)	-	(48,714)	(64,212)
Net book amount at 30 June 2023	-	8	9766	9774
At 1 July 2023				
Cost	54,602	8	58,480	113,090
Accumulated amortisation	(39,104)	-	-	(39,104)
Accumulated impairment	(15,498)	-	(48,714)	(64,212)
Net book amount at 1 July 2023	-	8	9766	9774
Movements in financial year				
Additions ¹	-	-	85,781	85,781
Amortisation expense	-	-	-	-
Impairment gain/(loss)	-	-	(133)	(133)
At 30 June 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 30 June 2024	-	8	95,414	95,422

1. Rookwood Weir transfer

In addition to the weir assets transferred from the State in the year, unsold water allocations were also transferred to Sunwater. These intangible assets were valued using observable prices achieved on the Rookwood WSS for similar water allocations.

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 which applies in the year of application
- 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 Cashflow
- 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 \$10,000) 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 the Brisbane and regional offices. 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 ICT 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 2024	Number of right-of-use assets leased	Range of terms	Average remaining lease term	Extension options
Brisbane office	4	4 to 10 years	4.2 years	Yes
Regional offices and premises	9	2 to 11 years	3.8 years	Yes
Light and heavy fleet	237	2 to 8 years	1.4 years	Modifiable
Plant and equipment	1	1.8 years	1.8 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 2022	15,252	4164	35	19,451
Additions	2310	3796	257	6363
Disposals	(51)	(3)	-	(54)
Depreciation expense	(2656)	(2926)	(92)	(5674)
At 30 June 2023	14,855	5031	200	20,086
Cost	23,080	12,682	257	36,019
Accumulated depreciation	(8225)	(7651)	(57)	(15,933)
Net book amount	14,855	5031	200	20,086
At 1 July 2023	14,855	5031	200	20,086
Additions	396	4322	85	4803
Disposals	-	(50)	-	(50)
Depreciation expense	(2772)	(3341)	(100)	(6213)
At 30 June 2024	12,479	5962	185	18,626
Cost	23,476	14,519	342	38,337
Accumulated depreciation	(10,997)	(8557)	(157)	(19,711)
Net book amount	12,479	5962	185	18,626

Lease liabilities

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

	2024	2023
	\$'000	\$'000
Current	5710	4903
Non-current	17,101	19,325
	22,811	24,228

The total cash outflow for leases during 2023-24 was \$7.48 million (2022-23 – \$6.64 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

	2024	2023
	\$'000	\$'000
Interest on lease liabilities	1304	1180
Expenses relating to short-term leases and low value assets	3525	3069
	4829	4249

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 they were 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 into the Consolidated Statement of Comprehensive Income on a systematic basis over the useful life of the associated asset.

	2024	2023
	\$'000	\$'000
Current		
Income received in advance	13,766	32,026
Deposits payable	13,317	18,348
Other	37	49
	27,120	50,423
Non-current		
Income received in advance	111,450	109,564
Deposits payable	5,474	6,303
Grant income – Rookwood Weir water allocations	85,331	-
Grant income – Rookwood Weir	39,731	-
	241,986	115,867

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).

Income received in advance

Income received in advance consists of advance payments of \$125.2 million, split between current and non-current and being amortised over the life of the contracts to which they relate.

Grant income

In 2023-24, Rookwood Weir and unsold water allocations were transferred from the Queensland Government to the Group by way of a non-monetary capital grant and fair valued using the income approach. The grant income on the weir is deferred and will be released to match depreciation or impairments on a systematic basis. The unsold water allocations will be released as the water allocations are sold and transferred to customers and revenue will be 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.

	2024	2023
	\$'000	\$'000
Current		
Compensation for handover of assets	6600	6600
Contract provision	-	134,384
Rookwood asset transfer obligations	15,618	-
Employee benefits	7739	6437
Dividends	10,838	
Legal costs	-	119
	40,795	147,540
Non-current		
Bridge demolition	1500	1500
Make good commitments on leases at the end of their term	180	180
	1680	1680

Compensation for handover of assets

Sunwater is working through specific arrangements to transfer the ownership of some of its assets (Fairbairn Dam recreation area and LN1 drain in Central Queensland) to another local government entity. This transfer will be accompanied by a payment to compensate for required works to bring the assets up to a standard to be set out in the agreement reached.

Contract provision

A provision had been recognised for the best estimate of unavoidable costs in respect of the Group's contract obligations resulting from the Rookwood Weir project. The provision represented Management's assessment of the costs required to fulfil the contract which exceeded the remaining economic benefits that the contract will generate. The remaining activities in the contract were expected to be delivered within 2024. The remaining costs to complete had been determined from detailed project forecasts reviewed by Management and included an allowance for risks inherent in a project of this type. This represented Sunwater's best estimate of the total costs to completion. Economic benefits had been determined from the remaining funding, either held as a contract liability (income received in advance) or to be received from the Queensland Government, and represented the unrecognised value of the agreed funding for the project.

In 2023-24, this provision has been largely utilised as the weir and ancillary structures progressed to completion and commissioning. In the calculation of Management's best estimate, described above, provision was made for contingencies related to expected inundations of the site causing works to be paused and restarted. These events did not occur. The provision was reviewed by Management to determine its best estimate of the remaining obligations and the impact of the transfer of the weir.

As a result of the transfer of the weir, the contract was rescinded and thus no provision was required at 30 June 2024. \$53.7 million was released to the Consolidated Statement of Comprehensive Income in the year from this provision.

Rookwood Weir asset transfer obligations

On transfer of the Rookwood Weir asset to Sunwater on 21 June 2024, Management has reviewed the outstanding obligations to third parties on assumption of the weir. Based on this review, Management has made provision for certain costs where there is a constructive obligation to reach a conclusion to these matters. The value of the new provision in respect of Rookwood Weir is \$15.6 million.

Bridge demolition

Sunwater, as the 100 per cent parent 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 reassessed its estimate to complete the required work. Timing of the works is unknown due to water height impacting access to complete the work.

Employee benefits

Refer to note 3b on employee expenses for accrued annual leave, banked time and TOIL. These employee benefits are considered short-term as they are expected to be settled wholly within 12 months of the reporting period.

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.

	Compensation for handover of assets	Bridge demolition	Contract provision	Rookwood asset transfer obligations	Employee benefits	Dividends	Legal costs	Make good
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2023	6600	1500	134,384	-	6437	-	119	180
Provisions added	-	-	-	15,618	1302	10,838	-	-
Provisions released to income statement	-	-	(53,768)	-	-	-	(119)	-
Payments made during the year	-	-	(80,616)	-	-	-	-	-
Carrying amount at 30 June 2024	6600	1500	-	15,618	7739	10,838	-	180
Represented by:								
Current	6600	-	-	15,618	7739	10,838	-	-
Non-current	-	1500	-	-	-	-	-	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. 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 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 market gearing ratio, which is calculated as total borrowings divided by total capital. Total capital is calculated as total equity plus total borrowings.

The Group maintained an investment-grade credit rating:

	2024	2023
	\$'000	\$'000
Total borrowings	369,118	369,053
Total equity	297,704	146,117
Total capital	666,822	515,170
Market gearing ratio	55%	72%

The Group's current ratio at 30 June 2024 was 2.36 (2023 – 0.88).

Loan covenant

The Group monitors capital on the basis of agreed financial covenants (EBITDA Debt Service Coverage Ratio and Total Debt to Total Capital Ratio). In 2022–23, QTC provided Sunwater with a limited waiver letter in respect of its covenant performance ratio. The Group provided QTC with forecasts of future cash flows and how it expected to remedy the matter. The driver resulting in the waiver was the increase in the provision for the Rookwood Weir project, which impacted the ratio calculation in 2023–24. The waiver remained in place until 1 July 2024, at which point it was no longer required.

The Rookwood Weir project provision recognised in 2022–23 also caused the relationship between debt and equity to change, resulting in a higher market gearing ratio and increasing the financial covenant. In 2023–24, the market gearing ratio has fallen below 70 per cent, resulting in the hurdle rate for the covenant of EBITDA Interest Coverage to fall from 4.5 to 4.0 times.

Dividends

Accounting policy

Provision is made for any dividend declared which has been appropriately authorised and 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.

	2024	2023
	\$'000	\$'000
Ordinary shares		
2024 first and final dividend of \$5.42 million (2023 – \$nil) per share declared at 30 June	10,838	-
	10,838	-

(a) Dividends paid

In the prior year, the Sunwater Board recommended a 2022–23 dividend of \$nil which was accepted by shareholding Ministers considering the significant capital programs the Group will be undertaking in future periods.

(b) Dividends declared

In 2023–24, the Sunwater Board recommended a first and final dividend of 100% of the Group's audited net profit after tax which has been approved by shareholding Ministers on 26 June 2024 (2022–23 – \$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	2024	2023
	\$'000	\$'000
Issued and paid-up capital:		
Two ordinary shares of \$194.226 million each	388,454	236,867

(b) Movements in ordinary share capital	Number of shares	Contribution per share	Total
		\$'000	\$'000
Opening balance 1 July 2023	2	118,433	236,867
Equity funding	-	75,793	151,587
Closing balance 30 June 2024	2	194,226	388,454

In 2023-24, the Queensland Government provided \$150.7 million in equity injections to fund the Paradise Dam Improvement Project (\$58.3 million) and Burdekin Falls Dam Raising and Improvement Projects (\$92.4 million). This equity was in the form of an equity contribution which has no impact on the respective shareholdings of owners. Other equity funding of \$0.9 million was received in respect to other capital growth projects.

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 can 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
			2024	2023
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 Director's 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 winding 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 are as follows:

	2024 \$'000	2023 \$'000
ICT projects	719	767
Water infrastructure projects	57,225	56,147
	57,944	56,914
Payable: within one year	57,944	56,914

Dam Improvement Program (included in water infrastructure projects)

The Group has a significant commitment to a DIP in the coming years. Two DIP projects that are currently in progress with future committed costs are:

Paradise Dam

Sunwater's Paradise Dam Improvement Project is planning for a new Paradise Dam wall on the Burnett River. Concept design and a detailed business case for the new dam wall are progressing. Costs and delivery timeframes will be confirmed as part of the detailed business case, which will be shared with government for consideration in early 2026. Sunwater is continuing a range of planned enabling work including geotechnical investigations, road upgrades, concrete mix design trials, the design of a workers' accommodation village, and environmental approvals.

Burdekin Falls Dam

Sunwater is progressing planning activities for the Burdekin Falls Dam Raising and Improvement Project including an EIS, geotechnical and topography investigations, cultural heritage and ecology surveys, preliminary design, and procurement of the alliance design partner.

Note 19: Contingencies

The Group had the following contingent assets and liabilities at 30 June 2024:

Contingent liabilities

- In 2020–21, Sunwater received an informal notification of a potential class action in relation to the integrity of, and resulting actions in relation to, the lowering of the Paradise Dam wall. No formal action has been launched, any basis for such an action is unknown, and no further communication has been received to date.
- Sunwater has taken up a provision for obligations resulting from the transfer of the Rookwood Weir asset. Sunwater's liability is contingent on the extent of various compensation, of which claims are not fully known; therefore, the amount of the provision could change.
- The Rookwood Weir asset transfer on 21 June 2024 triggered a stamp duty liability. Sunwater pre-applied for ex gratia relief, which was approved in principle in April 2024. At 30 June 2024, final approval of ex gratia relief on the final transfer documents had not been given and therefore the liability remains contingent.
- At 30 June 2024, 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 eventual outcome of these disputes or their financial consequences.

Contingent assets

- a) Sunwater holds bank guarantees 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 22 August 2024, except as detailed elsewhere in the Financial Statements, no events have occurred subsequent to the Statement of Financial Position since that dated 30 June 2024 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 \$220,000 (2023 – \$218,585) were paid or payable for services provided by the auditor of the consolidated entity for the audit of the Financial Report of Sunwater and its subsidiaries.

No other services were provided.

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 2024 owned 100 per cent (2023 – 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 2024, the following significant transactions occurred between the Group and other State of Queensland-controlled entities.

	2024 \$'000	2023 \$'000
Interest received from QTC	3034	3660
Interest paid to QTC	14,339	13,233
Water sales, CSOs, grants received	60,517	54,109
Rookwood Weir project funding received	-	10,001
Consultancy and other income	14,189	12,687
Equity funding from the State	151,587	520

In 2023-24, the State transferred the assets and operations of the Rookwood Weir WSS to Sunwater as a going concern by way of a non-monetary capital grant. The transaction was completed on 21 June 2024, with the transfer of the weir and associated assets, including unsold water allocations. Refer to notes 10, 11 and 13.

(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:

Chair

- Lisa Caffery

Non-executive Directors

- Stuart Armitage
- Leeha James
- David Stewart

- Jane Williams
- Peter Scott (resigned 30 September 2023)
- Gail Jukes (appointed 1 October 2023).

ii. Directors' contracts

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

Terms of appointment are as follows:

Directors as at 30 June 2024	Term of appointment	Appointment expiry date
Lisa Caffery	4 years	30 September 2025
David Stewart	4 years	30 September 2025
Gail Jukes	3 years	30 September 2026
Stuart Armitage	3 years	31 May 2028
Leeha James	3 years	31 May 2028
Jane Williams	3 years	30 September 2027

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
Glenn Stockton	Chief Executive Officer
Erin Strang	Chief Financial Officer
Colin Bendall	Executive General Manager, Operations
Kellie Breen	Executive General Manager, People, Environment and Portfolio
Cameron Milliner	Executive General Manager, Customer and Stakeholder Relations
Mal Shepherd	Chief Development Officer
Toby Rice	Executive General Manager, Engineering and Water Resources
Michael Kahler	Executive General Manager, Engineering and Water Resources

iv. Shareholding Ministers

The GOC's shareholding Ministers are identified as part of its key management personnel. As at 30 June 2024, these Ministers were the Honourable Cameron Dick MP, Deputy Premier, Treasurer and Minister for Trade and Investment, and the Honourable Glenn Butcher MP, Minister for Regional Development and Manufacturing and Minister for Water.

Key management personnel compensation

Director remuneration is approved by the Governor-in-Council in accordance with the requirements of the GOC Act. The Board Remuneration Committee reviews the compensation and other terms of employment of senior executives in light of government policy, relevant market comparisons and performance against goals set at the start of the financial year.

v. Key management personnel compensation disclosures by category

	2024	2023
Category	\$'000	\$'000
Short-term employee benefits – cash salary	3227	3178
Short-term employee benefits – cash bonus	387	305
Short-term employee benefits – other	34	-
Post-employment benefits – superannuation	225	206
Total	3873	3689

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

vi. Compensation – Directors

	Short-term benefits		Post-employment benefits		Total	
	Directors' fees		Superannuation			
	2024	2023	2024	2023	2024	2023
Directors' remuneration	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Lisa Caffery, Chair	96	88	12	9	108	97
David Stewart	57	50	7	5	64	55
Vanessa Sullivan	-	12	-	1	-	13
Jane Williams	50	46	6	5	56	51
Leeha James	48	43	6	5	54	48
Stuart Armitage	46	42	6	4	52	46
Peter Scott	-	15	-	2	-	17
Gail Jukes	40	-	5	-	45	-
Total	337	296	42	31	379	327

Directors' remuneration excludes insurance premiums (exclusive of GST) of \$480,895 (2022-23 – \$486,100) 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

2024	Short-term benefits			Post-employment benefits		Total
	Cash salary	Cash bonus ⁴	Other ³	Superannuation	Termination benefits	
Name and title of executive	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Glenn Stockton, Chief Executive Officer	722	91	5	27	-	845
Erin Strang, Chief Financial Officer	430	57	5	27	-	519
Colin Bendall, Executive General Manager, Operations	353	45	5	27	-	430
Kellie Breen, Executive General Manager, People, Environment and Portfolio	359	47	5	27	-	438
Cameron Milliner, Executive General Manager, Customer and Stakeholder Relations	339	40	5	27	-	411
Mal Shepherd, Chief Development Officer	452	63	5	27	-	547
Toby Rice, Executive General Manager, Engineering and Water Resources ²	55	-	-	6	-	61
Michael Kahler, Executive General Manager, Engineering and Water Resources ¹	180	44	4	15	-	243
Total	2890	387	34	183	-	3494

1. Michael Kahler resigned as Executive General Manager, Engineering and Water Resources on 12 January 2024.
2. Toby Rice was appointed as Executive General Manager, Engineering and Water Resources on 13 May 2024.
3. Other includes a contribution payment towards private health insurance and for car parking benefits.
4. Cash bonus relates to performance for the previous financial year.

	Short-term benefits		Post-employment benefits		Total
	Cash salary	Cash bonus	Superannuation	Termination benefits	
2023					
Name and title of executive	\$'000	\$'000	\$'000	\$'000	\$'000
Glenn Stockton, Chief Executive Officer	662	85	25	-	772
Erin Strang, Chief Financial Officer	424	34	25	-	483
Colin Bendall, Executive General Manager, Operations	324	44	25	-	393
Kellie Breen, Executive General Manager, People, Environment and Portfolio	331	44	25	-	400
Cameron Milliner, Executive General Manager, Customer and Stakeholder Relations	314	38	25	-	377
Mal Shepherd, Chief Development Officer	474	60	25	-	559
Michael Kahler, Executive General Manager, Engineering and Water Resources	353	-	25	-	378
Total	2882	305	175	-	3362

viii. Executive employment contracts

The Safety, People and Environment Committee reviews senior executive performance six-monthly, and recommends remuneration levels to the Sunwater Board annually, in accordance with the Queensland Government's Policy for Government Owned Corporation Chief and Senior Executive Employment Arrangements 2014.

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

Remuneration and other terms of employment are formalised in each executive's Senior Executive Employment Agreement. Sunwater executives received a Total Fixed Remuneration (TFR) inclusive of all rewards, including base salary and superannuation for the 2023-24 financial year.

Annual input is sought on remuneration of each role from an independent remuneration expert on market and industry movements. Based upon the market median, the performance of Sunwater and the executive, a new TFR is determined annually, effective 1 July. The Board considers, at its discretion, whether senior executives are eligible for an incentive bonus of up to 15 per cent of TFR from 1 July each year.

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 2023-24, which are published as part of Queensland Treasury's Report on State Finances.

x. Other transactions with key management personnel

There were no other related party transactions of key management personnel to report in 2023-24.

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

There are no other 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

Legislation has been tabled in Australian Parliament and, if passed, will require Sunwater to disclose climate-related risks and opportunities that could reasonably be expected to affect Sunwater.

The AASB has released draft Australian Sustainability Reporting Standards, and the Australian Auditing and Assurance Standards Board is consulting on adopting the sustainability assurance standard being developed by the International Auditing and Assurance Standards Board (ISSA 5000 General Requirements for Sustainability Assurance Engagements).

If passed, the legislation and associated standards would implement mandatory sustainability reporting in Australia in a form broadly aligned with the International Sustainability Standards Board global corporate reporting standards for sustainability reporting.

The Queensland Government publishes an annual Queensland Sustainability Report (QSR) that sets out how it has established its priorities for, and approach to, managing sustainability risks, and provides information on key policies being implemented and reports against performance measures. As the QSR is updated annually, it will continue to reflect emerging best practice reporting on sustainability both within Australia and internationally to meet future reporting and disclosure expectations. In line with its public ownership status, Sunwater will follow the Queensland Government's approach to managing sustainability risks and opportunities and the framework for sustainability reporting as it develops.

The Group considers climate-related risks when assessing material accounting judgements and estimates used in preparing its financial report. Key estimates and judgements identified include the potential for changes in asset useful lives, changes in the fair value of assets, impairment of assets, the recognition of provisions or the possibility of contingent liabilities.

Note 25: Summary of other accounting policies and activities

(a) Inventories

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

(b) 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.

(c) Assets held for distribution

Accounting policy

Non-current assets (or disposal groups) are classified as held for sale or distribution if their carrying amount will be recovered principally through their sale or from a direction from the Queensland Government, rather than through continuing use and a sale or distribution is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to dispose, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property carried at fair value, and contractual rights under insurance contracts, which are specifically exempt from this requirement.

Non-current assets (including those which are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

At 30 June 2024, the Group is working through a specific arrangement for the transfer of ownership of Fairbairn Dam recreation area and LN1 drain in Central Queensland. The Group has taken a provision (refer note 14) for payment to compensate future works to bring the assets up to a standard set out in the arrangement. The carrying value of the assets has been transferred to assets held for distribution.

	2024	2023
	\$'000	\$'000
Fairbairn Dam recreation area and LN1 drain assets	255	244
	255	244

Consolidated Entity Disclosure Statement

As at 30 June 2024

Name of entity	Type of entity	Trustee, partner or participant in Joint Venture	Place formed or incorporated	Percentage share capital held	Australian tax resident or foreign tax resident	Foreign tax jurisdiction (if applicable)
Sunwater Limited	Body corporate	N/A	Australia	n/a	Australian	N/A
North West Queensland Water Pipeline Pty Ltd	Body corporate	N/A	Australia	100%	Australian	N/A
Eungella Water Pipeline Pty Ltd	Body corporate	N/A	Australia	100%	Australian	N/A
Burnett Water Pty Ltd	Body corporate	N/A	Australia	100%	Australian	N/A

Key assumptions and judgements

Determination of tax residency

Section 295 (3A) of the *Corporation Acts 2001* (Cth) requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement be disclosed. In the context of an entity which was an Australian resident, "Australian resident" has the meaning provided in the *Income Tax Assessment Act 1997* (Cth). The determination of tax residency involves judgement as the determination of tax residency can be highly fact dependent. Sunwater Limited and its subsidiaries, identified above, are fully tax resident in Australia and do not operate any other foreign entities, branches, partnerships or trust structures.

Directors' Declaration

In the Directors' opinion:

- a) the consolidated financial statements and notes set out on pages 52–97 are in accordance with the *Corporations Act 2001* (Cth), including:
 - i. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - ii. giving a true and fair view of the consolidated entity's financial position as at 30 June 2024 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 page 98 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 2024 required by section 295A of the *Corporations Act 2001* (Cth).

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



Lisa Caffery
Chair



Gail Jukes
Director

Brisbane
22 August 2024

Brisbane
22 August 2024

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

To the Members of Sunwater Limited

Report on the audit of the financial report

Opinion

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

The financial report comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of 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 2024, 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
<p>Significant judgement is required by management in the determination of the carrying value of property, plant and equipment (water infrastructure assets), which due to prior impairments, is highly sensitive to changes in inputs.</p> <p>The key assumptions used in the financial model include:</p> <ul style="list-style-type: none"> • allocating assets to cash generating units that are the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash flows from other assets or group of assets • irrigation pricing arrangements including likely future pricing trends • estimating future capital expenditure and operating costs • the discount rate and terminal value applied to forecast cash flows. 	<p>My procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • confirming my understanding of the discounted cash flow model, and assessing its design, integrity and appropriateness with reference to common industry practices • evaluating whether the cash generating units used by management are consistent with the entity's internal reporting and my 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 my 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
<p>The straight-line depreciation method required significant judgements for:</p> <ul style="list-style-type: none"> • identifying the significant parts of infrastructure that have different useful lives • forecasting the remaining useful lives of those significant parts. 	<p>My procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • evaluating management's approach for identifying the parts of water infrastructure that have different useful lives, having regard to recent replacement projects and long-term asset management plans • evaluating remaining useful life estimates for reasonableness with reference to management's documented assessments, historical disposal rates, condition assessments for older assets, and long-term asset management plans and budgets.

Other information

Those charged with governance are responsible for the other information.

The other information comprises the information included in the entity's annual report for the year ended 30 June 2024 but does not include the financial report and our auditor's report thereon.

At the date of this auditor's report, the available other information in Sunwater Limited's annual report for the year ended 30 June 2024 was the directors' report.

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

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

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 directors of the company are responsible for the preparation of:

- a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and,

for such internal controls as the directors determine is necessary to enable the preparation of:

- i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii. the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the 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.

Jacques Coetzee

23 August 2024

Jacques Coetzee
as delegate of the Auditor-General

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