

Annual Report

2024-2025

sunwater

About this report

Sunwater Limited is pleased to present its annual report providing an overview of its financial and non-financial performance for the 12 months to 30 June 2025. This report includes a summary of the activities carried out to meet the key performance indicators set out in Sunwater's 2024–25 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 its 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/publicationscheme.

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

Scope

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

Translation and interpreting assistance

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

Acknowledgement of Country

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

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

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Message from the Chair

Sunwater's annual report for 2024-25 highlights the organisation's performance in delivering essential water services that support growth and prosperity throughout regional Queensland.

I was honoured to join Sunwater as Chair of the Board on 28 August 2025. Alongside my fellow new directors, I look forward to providing guidance and support to the Sunwater leadership team as we take on the responsibility of enhancing the wellbeing of regional communities. Collectively we have a commitment to improving water security across Queensland and we are eager to contribute meaningfully to the organisation's ongoing success.

The new Queensland Government has articulated its strategic expectations for State-owned water entities. These expectations set a clear focus for Sunwater to:

1. **focus on the reliability and operational efficiency of existing water assets.** This includes prioritisation of funding to ensure assets are maintained to operate reliably and efficiently over time.
2. **maximise value from existing water assets.** This includes ensuring regional Queenslanders benefit from assets operating to deliver affordable, reliable, and sustainable water supply.
3. **strategically prioritise and deliver water projects on time and on budget.** This includes prioritising projects with the greatest need, delivering projects in a cost-effective manner that respects Queensland taxpayer funds, and ensuring timely advice on project cost and schedule status.
4. **focus on customer service.** This includes working closely with customers to ensure infrastructure and services are aligned to needs.

This Annual Report outlines how Sunwater is working to meet these expectations.

I would like to acknowledge the service of the previous Chair Lisa Caffery and Directors, whose dedication helped shape Sunwater's recent achievements. In the months ahead, I and the new Board will visit Sunwater assets around Queensland to meet with the committed team members delivering high-quality, safe water services. Their ongoing dedication to Sunwater is commendable and essential to ensure the organisation can deliver water for prosperity for the people of Queensland.

Looking forward, the Queensland water sector faces many challenges and opportunities. We are prepared to ensure that Sunwater's strategic direction enables it to adapt and respond effectively. Many stakeholders have a keen interest in the future of bulk water supply and infrastructure in regional Queensland, and together with my fellow directors, I am eager to engage with them, listen to their perspectives, and work collaboratively toward shared goals.

Jeff Seeney
Chair

Message from the Chief Executive Officer

Sunwater is committed to providing a secure bulk water supply that supports prosperity and growth across regional Queensland. In 2024–25, our people worked safely to maintain our assets to a high standard, ensuring water was available to sustain agricultural production, industries and towns.

Delivering water for prosperity

Water is an essential resource that underpins the social, economic and environmental health of our communities—a concept that closely aligns with Sunwater’s purpose of *Delivering Water for Prosperity*. Supporting our purpose are our values: *Value People*, *Work Together* and *Take Responsibility*. These values serve as our compass, establishing the standards and behaviours to which we hold ourselves and each other accountable.

Performance overview

Over the past twelve months, Sunwater has shown resilience and operational excellence, achieving significant milestones that reinforce our position as a leader in water infrastructure. Our financial performance reflects a solid foundation and prudent management of our assets and resources. However, our performance was primarily influenced by a substantial dam improvement and capital works program throughout the year, focused on delivering reliable water services to our customers across agriculture, mining, industry and communities in regional Queensland.

Culture of safety

The safety and wellbeing of our people underpins Sunwater’s performance as a business. We encourage a culture of transparency and continuous improvement, and have programs in place to promote safety across all aspects of our work. With a geographic footprint of more than 750,000 square kilometres, our people often travel long distances and work in remote locations, at times alone or in small teams. Confidence and trust in our people and our systems are essential for success in these environments.

Our people

Sunwater has highly capable and engaged people who take great pride supporting the aspirations of our customers and stakeholders. I am privileged to lead a team that works safely and diligently every day, whether to provide critical water supply, ensure the integrity of our assets or keep the community informed and safe during extreme weather events.

We appreciate the important role Sunwater plays in providing employment opportunities, particularly for regional Queensland. We welcome graduates and apprentices to our business each year to provide pathways for the next generation of water industry professionals. By investing in our workforce, we make sure our people have the skills and expertise needed to deliver a safe, reliable and affordable water supply.

Water infrastructure leader

Sunwater recognises the responsibilities that come with providing vital bulk water services in Queensland today and for the future. In 2024–25, we continued to prioritise water security for the long-term through the delivery of critical infrastructure projects.

Work is progressing for a new Paradise Dam wall on the Burnett River to ensure a reliable water supply for the Bundaberg region. Sunwater and our alliance partners are focused on safely completing preparatory activities required for major construction. Sunwater also welcomes the opportunity to provide new water infrastructure to boost reliability, and planning is well advanced for new weirs at Barlil and Cooranga in the Burnett region.

We continue to invest in our Dam Improvement Program, which ensures our dams satisfy guidelines and safely manage excess volumes of water during extreme rainfall events. Planning and design work is underway at Tinaroo Falls, Kroombit and Fred Haigh dams, while a comprehensive risk monitoring program is in place for all our referable assets.

Sunwater is committed to operating sustainably and providing value to our customers and the community. In May, we advised the Queensland Government that the Burdekin Falls Dam Raising and Improvement Project would not progress further at this time. The decision allows Sunwater to appropriately sequence our program of works to deliver water for prosperity across regional Queensland. Work undertaken to date will ensure the project is well positioned to be revisited in the future.

Regional prosperity

In August 2024, customers began putting water from Rookwood Weir to productive use. This new asset has provided a significant boost to Central Queensland's water security and will drive economic growth and job creation for generations to come. Sunwater also strengthened its regional footprint in the north-west of the state, opening a new office in Cloncurry. Our presence will allow for more direct engagement with customers and the community in a location well placed for industrial expansion opportunities.

Wet season management

Sunwater successfully navigated another busy wet season, which experienced several significant rainfall events. Our Operations Centre was stood up for Tropical Cyclone Alfred in March and the North Queensland Weather Event in February. The latter resulted in the state's largest dam, Burdekin Falls, reaching a peak level of 218.12 per cent—the third highest recorded since the dam began operating in 1984. I commend the tireless efforts of the team for safely managing our assets and keeping the community updated. Their performance was underpinned by careful preparation and training, and robust communications protocols.

Customers and community

By fostering partnerships with stakeholders, we are better positioned to address the demands of an increasingly complex operating environment. Our commitment to transparency and accountability ensure that we build trust and deliver mutually beneficial outcomes for all parties involved.

I would like to thank customers who contributed to Sunwater's Queensland Competition Authority irrigation price review submission. It was an extensive process and customer insights proved invaluable to our proposal. It has been pleasing to see year-on-year improvement in the satisfaction results from our annual customer survey dating back to 2019. We will continue to look for new ways to strengthen relationships and increase confidence in the way we deliver for our customers.

The communities we serve provide the true measure of our credibility and social licence to operate. We take seriously our obligation to keep them informed about our operations and the benefits and risks associated with our assets. In 2024, we hosted an open day at Bjelke-Petersen Dam near Moffatdale, which allowed us to promote safety and bring together locals and community groups. We also held numerous school information sessions, attended emergency preparation events and ran a successful wet season safety campaign.

A sustainable business

Sunwater is focused on ensuring the work we do reflects the changing environment in which we operate and longer term challenges and opportunities. As a responsible dam owner, it is important we account for future shifts in climate and weather patterns, technological advancements and evolving regulations.

We continue to introduce new technology that allows us to improve efficiencies and safety. Remotely piloted aircraft are being integrated into monitoring and inspection programs, while the use of real-time 'smart scheme' data will support better management of our precious water resources. We are expanding our legal and regulatory framework to implement more sustainable practices, while also making sure our costs of doing business are responsible and appropriate. We consider the potential future impacts of climate change when planning for new infrastructure, upgrading existing assets or undertaking emergency preparations.

Our commitment

Sunwater is dedicated to fulfilling the expectations of our customers, the community and our shareholders. We remain focused on maximising water availability through improved efficiencies and management practices, building new bulk water infrastructure or augmenting our existing asset base. We look forward to supporting regional Queensland's prosperity and growth by providing safe and secure water delivery today and into the future.

Glenn Stockton AM
Chief Executive Officer

FY 2025 Summary

FINANCIAL

1.7%
return on average assets

0.4%
return on equity

\$215,619,565
EBITDAI

\$198,389,435
funds from operations

\$1,623,769
net profit after tax

OPERATIONS

1039 GL
water delivered

4826 GL
total combined storage volume

77%
total capacity

30 Aug 2024
First water from Rookwood Weir
(Managibei Gamu)

20 Feb 2025
New office opened in Cloncurry

SAFETY

23
Emergency Action Plans activated

14.3
All Injury Frequency Rate¹

7.1
Total Recordable Injury Frequency
Rate²

CUSTOMERS

4645
customers

59.21
customer satisfaction score

22
Rookwood Weir Water Supply

3
Customer Experience
programs held

ENVIRONMENT

Nil
material breaches

PEOPLE

746
Sunwater employees³

83
employee engagement score

88
employees attended mental health
leadership training

106
employees attended driver
education courses

Launched 2026–28 Diversity and
Inclusion Strategy

COMMUNITY

>400
people attended Bjelke-Petersen
Dam Open Day

>800
students reached by school
education program

>30,000
followers on social media channels

>10,000
subscribers to Sunwater App

INDUSTRY

20
speaking engagements

110
industry events

17
technical papers presented

10
awards

¹ Calculated per million hours worked

² Calculated per million hours worked

³ Number of people directly employed

About us

More than a century ago, regional Queensland’s first major water supply scheme began with the Dawson River Irrigation Project. As the state’s agriculture needs grew, so did the need for more water supply schemes and a stable water supply. Over the decades, further regional dams, weirs and pipelines have been developed to support Queensland’s growing economy and, in 2000, Sunwater became regional Queensland’s major bulk water provider. Its operations span four regions—North, Central, Burnett and Lower Mary and South—from Mareeba in the state’s far north, to Mount Isa in the west, and to Toowoomba and St George in the south.

Water is critical to the lives and livelihoods of Sunwater’s more than 4600 customers and to Queensland’s overall economic wellbeing. Sunwater’s purpose is clear—delivering water for prosperity.

To this end, Sunwater captures, stores and distributes water for irrigation, industrial and urban use across regional Queensland via its extensive network of bulk water infrastructure, which includes:

- 19 dams
- 65 weirs and barrages
- 595 kilometres of water channels
- 70 pump stations
- 1951 kilometres of pipeline
- five water treatment plants.

Sunwater’s storages can hold up to 6715 gigalitres (GL) of water, which would fill almost 2.7 million Olympic swimming pools. Each year, Sunwater delivers about 40 per cent of the water used commercially in Queensland.

Our strategic goals

Sunwater’s five strategic goals aim to improve its capability and ensure the safety of its stakeholders, customers and people to ensure the organisation can deliver water sustainably now and in the future.

Safe and engaged people	Building a culture that cares for and supports the safety, health and wellbeing of its people and the communities in which it operates, to meet or exceed customer and stakeholder expectations and ensure everyone goes home safely at the end of each workday.
A sustainable business	Remaining reliable, resilient and adaptable by effectively managing assets, reducing environmental impact and nurturing relationships to meet the changing demands of customers, communities and business.
A stakeholder-centric business	Actively working with all stakeholders—including customers, shareholders, industry groups and traditional custodians—to minimise the impact of 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.

Our values

Sunwater's business is guided by its key values. We:

- **value people** – Everyone matters, and we are committed to zero harm for all our people
- **work together** – We are our best when we work together as one Sunwater and with our customers front of mind
- **take responsibility** – We all have a part to play to deliver on our promises and challenge our thinking.

Our people

At 30 June 2025, Sunwater had a total full-time equivalent (FTE) workforce of 785.5, working in diverse roles across the state. Approximately one third of its people work from its 34 offices and depots located throughout regional Queensland, with the remainder based at the Brisbane office and Rocklea Hydraulics Laboratory.

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

Our customers

Sunwater's customers fall into three broad categories:

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

Sunwater continuously seeks to more efficiently meet its customers' needs, minimise costs and enhance service delivery by:

- making the most of the available water supply
- ensuring infrastructure assets are operated and maintained efficiently, safely and reliably
- planning for upgrades and constructing new infrastructure, prioritising projects with the greatest need
- anticipating needs and continuously improving the way things are done.

Our communities

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

Sunwater operates on Aboriginal 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.

Our governance

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

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

Sunwater has two shareholding Ministers; currently, these are:

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

Until 27 October 2024, Sunwater's shareholding Ministers were:

- 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 2024–25, Sunwater delivered 1039 GL of water for irrigation, industrial and urban usage across regional Queensland.

Queensland has experienced several years of high rainfall, which has benefited Sunwater's storages. During the 2024–25 wet season, many dams exceeded 100 per cent capacity. Currently, 15 dams are at or above 70 per cent capacity.

At 30 June 2025, the total combined storage volume was approximately 4826 GL, with total capacity at 77 per cent.

Most of Sunwater's water supply schemes (WSS) 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.

Of the water available for allocation in 2024–25:

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

Specific water scheme statistics for 2024–25 are available at sunwater.com.au/water-data/report-statistics/

Year in review

Safe and engaged people

Sunwater genuinely cares for the health and wellbeing of its people, maintaining a strong safety culture that is designed to ensure everyone returns home safely at the end of every day.

This includes programs and controls to ensure the safety of all its people, as well as a commitment to proactively sharing lessons learnt across the organisation.

Safety performance

Over the past year, Sunwater recorded an All Injury Frequency Rate (AIFR) of 14.3 per million hours worked, compared with a target of 45.

Sunwater also measures its Total Recordable Injury Frequency Rate (TRIFR), which is a measure of any injury requiring more than first aid treatment. In the past year, Sunwater's TRIFR was 7.1 per million hours worked, compared with the target of five.

With the completion of Rookwood Weir last financial year, work undertaken in 2024–25 shifted from major construction to routine operation and maintenance of Sunwater's assets and infrastructure. As a result, the 2024–25 results show a correlated decrease in work-related injuries. There were also far fewer hours worked in total, magnifying the effect of a single injury on the AIFR.

Sunwater's results indicate a good reporting culture and commitment to continually improving safety practices.

Proactive health and safety initiatives

Driver safety

Sunwater's operations team drives on average 4.3 million kilometres per year, predominantly on Queensland's regional roads. Driver safety is therefore of paramount importance to the organisation.

With this in mind, Sunwater has implemented a wide-ranging program of driver education, focused on raising the general skill level of its people.

Two programs ran during the financial year – 'Operating Vehicles in the Field' and 'Low Risk Driving Behaviours' – with more than 100 participants.

Mental health training

Sunwater actively manages psychosocial hazards in the workplace, and their potential to impact its people. As one of the pillars in managing psychosocial risk, mental health training sessions were held for staff in leadership positions across the organisation. These aimed to equip them with the knowledge, tools and confidence to:

- support their teams during a crisis
- identify and address mental health concerns
- foster a positive workplace culture.

On a personal level, the sessions are designed to enhance leaders' ability to manage psychosocial factors and promote mental health in the workplace. On an organisational level, it is anticipated that increased understanding will help improve employee engagement, performance and retention.

Sunwater has conducted sessions in Brisbane and its regional locations, with 88 participants overall.

Customer Experience (CX) program

Understanding the organisation's regional operations and how they contribute to the success of its customers' businesses is critical for every member of Sunwater's team. Regardless of their role or location, every team member contributes either directly or indirectly to the customer experience.

This is why Sunwater runs a CX program for its people, providing participants with the opportunity to meet a regional team, visit local operations and assets, and hear directly from customers about their experiences.

During 2024–25, CX programs were held in Bundaberg, Emerald and Goondiwindi, attended by 50 team members.

A sustainable business

Dam safety management program

Sunwater's Dam Safety Management Program ensures its assets are maintained in accordance with state and national standards.

Sunwater regularly undertakes a variety of work to help understand and manage its portfolio of referable dams. This includes annual and comprehensive inspections, dam safety reviews, studies and investigations, and Comprehensive Risk Assessments to identify potential risks and possible controls to mitigate them.

These are key input studies for dam safety assessments, which define the additional studies, investigations and safety improvements required at a portfolio level.

Leslie Dam dead storage project

In April 2025, Sunwater completed an innovative project to access additional water held below Leslie Dam's minimum operating level, known as 'dead storage'.

Sunwater developed a pontoon-mounted floating pump that will increase the dam's usable storage capacity by 1700 megalitres (ML) during drought, providing a further seven months of water supply to the local community.

The removable pump enables water to be delivered to the Southern Downs Regional Council's offtake, which cannot usually access water when the dam storage level falls below 14 per cent. The pump will be mobilised when water levels fall below the dam's outlet and stored when not needed.

Critical minerals

The Julia Creek–Richmond Critical Minerals Zone in northwest Queensland comprises several proposed projects that could tap into the growing global market for critical minerals.

Several mining lease holders in the region are currently in the exploration phase, and Sunwater is well positioned to support their water requirements should they progress to an operational phase.

A stakeholder-centric business

Engaging with customers

Irrigation Pricing Review

The Queensland Competition Authority (QCA) published its final report on Sunwater's irrigation pricing proposal for the 2025–26 to 2028–29 period in February 2025.

In May 2025, the Queensland Government set irrigation prices for the 2025–26 to 2026–27 period. It also announced a continuation of the 15 per cent discount for eligible irrigators, who will be able to apply for a rebate on their water bills for the 2025–26 and 2026–27 financial years.

The discount is targeted at owner-operated irrigators, where at least one owner or beneficiary of the business earns their income from primary production. The discount scheme will be administered by the Queensland Rural and Industry Development Authority.

Pricing from 1 July 2027 will be determined by the Queensland Government following further advice from QCA. Over the coming two years, QCA will undertake a review of the potential use of the regulated asset base (RAB) approach to pricing.

Customer satisfaction

Annual customer satisfaction surveys underpin Sunwater's commitment to continuously improving customer service.

Since 2019, Sunwater has seen a steady improvement in customer satisfaction, achieving a rating of 59.21 in April 2025, against a target rate of 40. This means nearly 60 per cent of customers who responded to the survey would speak positively about Sunwater.

To date, the feedback has driven improvements in customer engagement, flexible water supply arrangements and long-term water security planning.

The feedback gathered will further refine Sunwater's service delivery and customer support.

Engaging with communities

Paradise Dam

With development of a detailed business case progressing and several packages of enabling works underway, stakeholder engagement for the Paradise Dam Improvement Project continues to be of critical importance.

Sunwater has continued to engage regularly with the Paradise Dam Reference Group (PDRG), irrigators, Traditional Owners and the community to ensure they are kept informed at every step of the project.

During 2024–25, three meetings of the independently chaired PDRG were held. Sunwater is also continuing to engage with the Wakka Wakka Native Title Aboriginal Corporation and the Bailai, Gurang, Gooreng Gooreng and Taribaleng Bunda Registered Native Title Body Corporate regarding the development of an Indigenous Land Use Agreement and cultural heritage management.

Bjelke-Petersen Dam Open Day

Strong community relationships provide Sunwater with valuable opportunities to share information about how its dams operate and how the public can prepare for severe weather events. They also help build a bank of credibility and trust that can be drawn on during emergency situations.

In October 2024, Sunwater held an Open Day at Bjelke-Petersen Dam outside Murgon. More than 400 members of the public attended, participating in guided tours of the dam wall, spillway and outlet works, safety demonstrations, drone displays and various other activities.

School education program

During November and December 2024, Sunwater delivered a school education program to more than 800 students in the Central and Burnett and Lower Mary regions. The program is part of a broader public safety strategy, with lessons focused on safety around Sunwater assets.

Other community engagement activities

As part of wet season preparedness activities, Sunwater attended the Fitzroy River Barrage Open Day in Rockhampton and Disaster Ready Saturday in Mackay, distributing information packs and talking with the community about how to prepare for the wet season.

In December, Sunwater also held a dedicated community information session in Mareeba to present to regional mayors and local disaster management groups about preparations for wet season.

Reconciliation Program

In November 2024, Sunwater began implementing an internal Reconciliation Program, focused on involving its people in a conversation about new ways of working before beginning the formal process to deliver the First Nations Commitment Statement. A key deliverable of the program is a Reconciliation Action Plan readiness report, which will be delivered to the Board in August 2025.

Safeguarding communities

Sunwater takes a proactive approach to raising community awareness of how to stay safe on or near its water storages, sharing information and updates through the Sunwater App, website and social media, and through community events and education initiatives. Paid advertising campaigns are also used to target specific risk behaviours.

Wet season safety campaign

Sunwater took a fresh approach to its annual wet season preparedness campaign for 2024–25, engaging North Queensland Cowboys co-captain Tom Dearden to help raise awareness of the need for Queenslanders to stay informed and prepared during heavy rainfall events by downloading the Sunwater community app.

The statewide campaign ran from 14 October 2024 to 31 March 2025 and included broadcast (television and radio), print, digital and billboard advertising. As a result, subscriptions to the app increased by 12.5 per cent during the wet season. Subscriptions to the app have subsequently exceeded 10,000.

Engaging with industry

As an Australian water industry leader, Sunwater recognises the value of engaging with industry to share knowledge, achievements and innovations.

By participating in key conferences and major events, Sunwater's people benefit from opportunities to keep informed about industry developments and innovations, as well as networking with peers.

Sunwater strategically identifies the engagement activities that will help position it as a leader in 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 2024–25, Sunwater's people attended key water industry conferences including the Australian Water Association (AWA) North Queensland Conference in July, the QWater Conference in October, the Australian National Committee on Large Dams (ANCOLD) Conference in November, and the AWA Ozwater Conference in May.

In October, Sunwater was invited to present on challenges and lessons learnt during the Rookwood Weir Project at the International Commission on Large Dams (ICOLD) conference in New Delhi.

Chief Development Officer Mal Shepherd kicked off the ANCOLD Conference in Adelaide with an inspiring opening address at the pre-conference masterclass. Sunwater presented seven papers in the technical program, covering key areas from dam hydrology and safety management to the vital role of community engagement in improving public safety outcomes.

At QWater on the Sunshine Coast, Sunwater participated in the Senior Leaders Panel Discussion on shared goals in sustainable water practices and presented on arc fault risk management and geographic information system technology.

Industry recognition

Sunwater continues to be recognised as a leader in the water industry.

Rookwood Weir (Managibei Gamu) has continued to garner accolades. In July, the project achieved another industry first when the Infrastructure Sustainability Council (ISC) awarded it an “excellent” rating for sustainability performance during the weir’s construction. This is the first time a weir in Australia or New Zealand has been certified for an ISC “As Built” rating.

As part of the rating, Rookwood Weir was commended for its innovative fishlock and turtle passage, which help local river species safely navigate the weir with the flows of the Fitzroy River. It also achieved significant energy and carbon savings during construction, with reductions achieved in both the amount of cement required for the build and the volume of earth to be extracted.

The project received a further three awards during 2024–25:

- the Australian Construction Achievement Award from the Australian Constructors Association
- the Project Excellence Award from Engineers Australia (Queensland Branch)
- the Water Project Award from Engineers News Record.

Awards were also received for the Rolling Thunder and Coolmunda Variable Counterweight projects.

Several individuals were also recognised during the year. At the annual Australian National Committee on Large Dams (ANCOLD) conference in November, Board Director Dave Stewart received the Honorary Lifetime Achievement Award, while Dam Safety Engineering Manager Tom Ridgway received the Inaugural Emerging Professional Award. At the Australian Water Association (AWA) Ozwater conference in May, Chief Development Officer Mal Shepherd was awarded the prestigious Lifetime Achievement Award.

Engaging with all levels of government

During the financial year, elections were held for state and federal government, with resultant changes in several government stakeholders. Sunwater has worked hard during the financial year to forge strong new relationships and strengthen existing relationships with its government stakeholders at every level.

Sunwater engages regularly with state and federal government departments relevant to its business. It also consults regularly with Ministers and their staff to ensure Sunwater meets its regulatory requirements and contributes to policy development and implementation in areas relevant to its business.

Operational excellence

Operationalisation of Rookwood Weir (Managibei Gamu)

The first water from Rookwood Weir (Managibei Gamu) began flowing to customers in Central Queensland in August 2024, boosting the region’s water security and supporting economic growth.

More than 36,000 ML of water from the weir has been allocated to agricultural use, enabling a range of businesses to expand or diversify their operations.

During the financial year, Sunwater successfully onboarded 22 new customers in the Rookwood Weir Water Supply Scheme.

During the flood event in March 2025, Rookwood Weir (Managibei Gamu) reached 167.7 per cent capacity, the highest level since it began operating in November 2023. Despite the severe weather, the weir operated as designed, with no impacts on the infrastructure.

Recreation facility upgrades

Sunwater has continued to progress its program of recreation facility upgrades during the financial year.

In July 2024, Sunwater completed the upgrade of the recreation facility at Leslie Dam near Warwick, with the installation of new shelters, barbeques, playground equipment and toilet amenities.

New balustrading was installed at Tinaroo Falls Dam between October 2024 and March 2025, and at Wuruma Dam in June 2025. In October/November 2024, the access road and carpark area at Isis Balancing Storage was upgraded. Solar powered lighting was installed at the boat ramps at Teemburra and Kinchant dams in June 2025. Work is continuing at these storages.

Work to refurbish site facilities at Bjelke-Petersen Dam began in the final quarter of 2024–25.

Wet season preparedness

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

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

Major weather events

In the early months of 2025, higher-than-average sea surface temperatures off the Queensland coast led to numerous rainfall events, some of which were the highest ever recorded.

A protracted monsoonal event between 30 January and 11 February impacted Sunwater's North and Central regions, recording more than 1000 mm of rain in 48 hours at its peak. Despite record rainfalls, Sunwater's dams and weirs performed as they should.

During the 2024–25 wet season, Sunwater successfully operated affected assets to minimise damage and collaborating with local disaster management groups to ensure the safety of local communities. Close collaboration with the Bureau of Meteorology, local disaster management groups and government agencies enabled Sunwater to manage flows and keep communities safe and informed.

Regional footprint

Sunwater increased its regional footprint with the opening of a new Cloncurry office in February 2025.

Located in the heart of Cloncurry township, the new office enables Sunwater to better service its customers and stakeholders in the region and strengthens its local team to operate and maintain Julius Dam and the Northwest Pipeline.

Improvements in information and operational technology

Smart Schemes

Sunwater's Smart Schemes project incorporates back-to-base metering, telemetry technology and hydraulic modelling to improve visibility of water orders and the operational efficiency of its WSSs.

With completion of the Macintyre Brook pilot imminent, Sunwater has begun deploying Smart Schemes in the Dawson River WSS. Three additional schemes (Upper Condamine, Nogoa Mackenzie, and Boyne River and Tarong WSSs) are expected to be completed in the next five years.

Remotely piloted aircraft

As a water service provider servicing regional Queensland, Sunwater faces the challenge of managing and operating bulk water infrastructure across its extensive geographical footprint. New technologies such as remotely piloted aircraft (RPAs) have been integrated into monitoring and inspection programs across Sunwater's entire geographical footprint, enabling Sunwater to more efficiently capture detailed information on assets including channels and dams, particularly where access is restricted by topography or adverse conditions such as flooding or fires.

RPA-based bathymetry enables Sunwater to understand subsurface conditions, and the erosion and scouring caused by floods. RPAs are used to identify and track invasive species such as white ants near Sunwater's assets, generating treatment reports that underpin pest management plans. In addition, Light Detection and Ranging (LiDAR) capture enables Sunwater to monitor bank stability and conduct floodplain mapping and inundation modelling, which can then provide actionable information to local governments and the community.

Sunwater is currently piloting an RPA-In-A-Box solution, which can be operated remotely and reduce the need for operators to be physically on site.

Water infrastructure leader

Paradise Dam Improvement Project

Sunwater has been working hard to progress the detailed business case for the design and construction of a new Paradise Dam wall and is committed to delivering this project in a timely manner.

This includes working closely with the Office of the Coordinator General (OCG) to help it develop a detailed understanding of the project for the identification of options under the *State Development and Public Works Organisation Act 1971* (Qld).

The detailed business case, including project costs and timeframes, will be delivered to the Queensland Government in early 2026.

In the meantime, Sunwater has been continuing with a range of enabling and preparatory work, including:

- geotechnical investigations to inform the dam design and the quantity of material needed to build the dam, which helps determine project cost as well as the approach to construction
- quarry investigations to identify local sources of construction materials including coarse aggregates and sand deposits – two of the main inputs to manufacturing concrete
- construction of physical 2D and 3D hydraulic modelling sites, with test results used to improve dam design, assess downstream and upstream impacts, and test the dam under various conditions before the design is finalised
- road improvements to enhance safety and allow for increased traffic movements during construction
- replacement of a low-level crossing at Degilbo Creek with a new 57-metre dual lane bridge to improve flood resilience
- roadworks to upgrade intersections including major junctions at Booyal-Dallarnil Road and the Bruce Highway, and Booyal-Dallarnil Road and Paradise Dam Road.

Dam Improvement Program

The objective of Sunwater's Dam Improvement Program (DIP) is to ensure its storages function safely, store and pass excess water during extreme weather events and provide reliable water supply for customers, while complying with regulatory requirements and contemporary design and safety standards.

During 2024–25, Sunwater completed initial dam safety assessments for its entire portfolio and completed planning for interim controls on three dams to mitigate identified risks. Filter patch construction was begun for Fred Haigh Dam and draft designs completed for the Fairbairn Dam filter patch. Designs were completed for passive dowels at Kroombit Dam and planning for construction was begun, with delivery expected to commence in early 2026.

Planning for improvement works at Tinaroo Falls Dam was completed in June 2025, and detailed evaluation of improvement options will begin in July 2025.

Barlil and Cooranga weirs

Sunwater has been progressing the planning and development of Barlil and Cooranga weirs, in line with Queensland Government commitments. Stakeholder engagement, cultural heritage surveys, preliminary design, and geotechnical and environmental investigations have commenced. The weirs are expected to improve water reliability for existing allocations in the Burnett region.

It is proposed that Barlil Weir will be located on Barambah Creek approximately 24 km downstream of Bjelke-Petersen Dam. Cooranga Weir is proposed to be located on the Boyne River approximately 50 km downstream of Boondooma Dam.

Our people

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

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

Our workforce

At 30 June 2025, Sunwater had a total FTE workforce of 785.5, comprising both permanent and temporary directly employed Sunwater employees.

Sunwater employs people at 34 offices and depots across regional Queensland, supported by centralised professional services in Brisbane.

Employment category	2024-25 Actual	2024-25 Budget
Senior executive FTE	7	7
Common law contract FTE (excluding senior executives)	56.4	41
Enterprise Agreement FTE	668.1	728
Apprentice FTE	7	11
Total SCI FTE	738.5	785
Contractor and labour hire ¹	47	60
Total positions	785.5	845

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

Developing talent

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

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

Industrial relations

Renewal of Enterprise Agreement

At 30 June 2025, Sunwater's Enterprise Agreement was in the final phases of negotiation to reach 'in principle' agreement with unions and employee representatives.

Throughout negotiations, Sunwater has continued to provide employee and union representatives opportunities to engage with eligible Sunwater employees, while liaising with the Queensland Government to ensure clarity on expectations and compliance with relevant policies and legislation.

Supporting union membership

Sunwater respects its employees' right 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 that affect them.

Forced redundancies

Sunwater is committed to no forced redundancies. During the financial year, there were no forced redundancies.

Our leadership team

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

During the year, there were no changes to the ELT. On 28 August 2025, the Sunwater Limited Board comprised Jeff Seeney (Chair) and Directors, John Cotter, John Davis, Gail Jukes, Katy Steele and Dr Kayleen Walsh.

Sunwater operates under the organisational structure shown on page 24.

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 and 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, and 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 Bcom (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. He is a graduate of the AICD.

Kellie Breen | Chief People Officer
BBus (HRM) GAICD

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

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

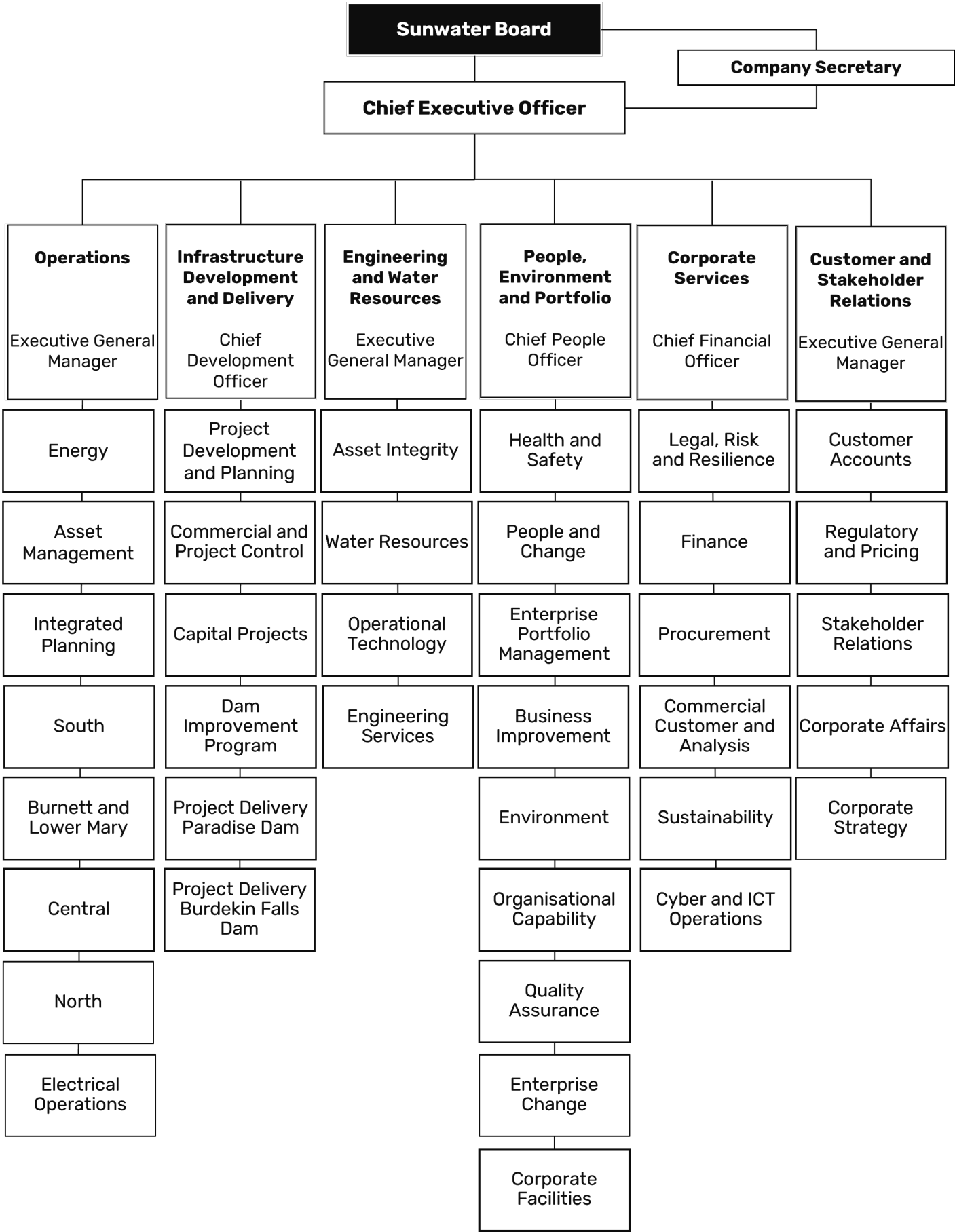
Toby Rice | Executive General Manager Engineering and Water Resources
BEng (Civil) BSc (Ecology) MIEAust CPEng EngExec NER APEC Engineer IntPE (Aus)

Toby Rice was appointed Executive General Manager Engineering and Water Resources on 13 May 2024. Toby leads Sunwater's engineering, 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 of building and leading high-performing teams in business and on major infrastructure projects across Australia. As an engineering executive and chartered civil engineer, he has led both the pre-contract and execution phases of some of Australia's most significant infrastructure projects, encompassing design, engineering services, technology deployment, asset management and quality assurance.

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

Organisational chart



Sustainability

including Environmental, Social and Governance (ESG)

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

Our approach

Sunwater's approach to sustainability is underpinned by five pillars—people, governance, prosperity, resilience and reliability, and planet. These pillars guide the organisation to responsibly deliver water today for a more prosperous tomorrow.

They are supported by programs and initiatives that guide 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 operations during adverse conditions
- measures how it performs as a steward of nature.

Sunwater's 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 relevant water supply, river improvement and planning legislation, and Queensland Government infrastructure, energy and climate commitments.

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

Flood risk

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

Ecological footprint and biodiversity

- Assessing the ecological condition of Sunwater-owned land and identifying opportunities to improve the condition and achieve offsets where necessary.
- Implementing circular economy principles and waste management strategies.
- Minimising impacts on native fish populations and preventing 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.

Lower carbon future

- Incorporating energy efficiency considerations in the development, maintenance and operation of Sunwater's assets and implementing measures where they are prudent and efficient.
- Investigating actions to reduce emissions where they are prudent and efficient.
- Improving quantification of Sunwater's greenhouse gas emissions.

Infrastructure design

- Incorporating potential climate change considerations to understand the impact of droughts and floods on proposed developments.
- Employing adaptive planning in project decision-making with long-term performance and flexibility in mind.

Drought impacts

- Undertaking studies to better understand water security risks.
- Developing comprehensive drought response plans to ensure coordinated activities across all stakeholders.
- Integrating potential climate change adaptation considerations into Sunwater's long-term strategic plans for each operational area.

Water security projects

- Maintaining a pipeline of work through studies or activities to inform future supply and demand parameters across Sunwater's schemes.

Resilience and reliability

- Continuing to play an important role in regional development to ensure a secure and sustainable water future for regional Queensland.
- Delivering infrastructure that prepares for an evolving risk landscape, ensuring Sunwater meets the needs of communities and key stakeholders in the face of unexpected disruption and crisis.
- Safeguarding Sunwater's people, information, physical assets and infrastructure through proactive risk management.

Social

Sunwater takes 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. It aligns with requirements set out in the *Water Supply (Safety and Reliability) Act 2008* (Qld), *Human Rights Act 2019* (Qld) and considers the recommendations in the Queensland Government Sponsorship Policy framework.

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

Social diversity and inclusion

- Recognising that some groups experience greater barriers to employment and advancement than others, Sunwater developed its 2026–28 Diversity and Inclusion Strategy and Action Plan. The plan focuses on:
 - increasing representation and creating employment and development opportunities for First Nations peoples
 - advancing gender equity by supporting the inclusion and leadership of women in science, technology, engineering and mathematics
 - building a workplace where all individuals feel valued, respected and inspired to perform at their best.

Health and wellbeing

- Well established health, safety and wellness policies and systems.
- Training and tools deployed to support mental health.
- Embedded pre-employment and periodic health assessments.

Human rights

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

Public safety engagement and communication program

- An annual public safety communication and engagement plan to support:
 - emergency preparedness
 - wet season awareness
 - 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 awareness training 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 activities including dam open days and outreach activities.

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

Our principles

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

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

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

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

Principle 1: Foundations of management and oversight

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

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

In 2024–25, there were three committees:

- 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. Professional development opportunities for Board members to develop and maintain the skills and knowledge required to fulfil their role and understand the Sunwater business are provided through a combination of internal and external briefings, workshops, internal education sessions and site visits. Sunwater encourages its directors to interact with customers and employees.

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

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

- KPIs are set and approved annually by the Board, and are tailored for each role and aligned to strategic goals and the SCI
- regular performance feedback is provided during the year. There are six- and 12-monthly performance reviews, in which the CEO and senior executives provide evidence and commentary of their success in achieving agreed KPIs
- remuneration is determined by the Board in accordance with prescribed principles for GOCs in the Chief and Senior Executive Employment Arrangements
- at-risk performance payments for the CEO and senior executives are capped at 15 per cent of total fixed remuneration. The Board determines the performance targets for the CEO and senior executives, as well as the overall performance outcome and any performance payments.

Principle 2: Structure the Board to add value

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

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

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

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

- a register of disclosures and interests is included in Board papers at each meeting, with the Chair leading a dedicated agenda item that ensures there are clear expectations
- all Conflict of Interest Management Plans for Board members are reviewed by the Board, during the directors' and executives' disclosure and conflict agenda item
- a conflict of interest management options flow chart, based on the Queensland Crime and Corruption Commission (CCC) and New South Wales Independent Commission Against Corruption joint publication, *Managing Conflicts of Interest in the Public Sector: Toolkit*, is used to assist with the development of Conflict of Interest Management Plans
- prior to the release of Board papers, an administrative review is undertaken of the register of disclosures and interests, and matters identified are assessed
- annual training is embedded into directors' professional development timetable
- the Directors' and Executives' Conflict of Interest Procedure provides for scenarios where a potential or perceived conflict of interest is determined not to be a conflict.

The Board Performance Evaluation Procedure requires the Board to undertake an annual evaluation of the performance of the Board, individual directors, the Chair and board committees, with an independent assessment undertaken every three years. An independent Board performance review was undertaken in June 2024.

In 2024–25, the Board Performance Evaluation was conducted internally via a quantitative survey completed by each director. Each director also had a qualitative interview with the Chair for a 360-degree evaluation. The Chair of the Safety, People and Environment Committee undertook the same interview with respect to the Chair's performance. The 2024–25 quantitative survey took the form of a questionnaire comprising:

- the Board's roles and responsibilities
- Board leadership, teamwork and management relations
- Board meetings
- two free-text questions regarding the three most pressing needs of the Board, and any other comment that would help the Board refine current operations and increase its effectiveness.

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

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

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

As part of the Board's commitment to continuously improve its governance practices, feedback on the Board's performance is also provided by a director after each meeting and suggestions for improvement are noted. Details of directors' terms of office, experience, expertise and attendance at Board and committee meetings and remuneration are outlined on pages 46 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 that recognise the interests of employees, customers and the community, as well as corporate social responsibility obligations.

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

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

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

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

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

Principle 4: Safeguarding integrity in financial reporting

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

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

The committee is made up of four independent non-executive directors who have appropriate financial experience and understand the water industry. Sunwater's 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.

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 2024–25 Financial Statements present a true and fair view and are in accordance with accounting standards.

Details about committee members, meetings and attendance are on page 44 of this report.

Principle 5: Timely and balanced disclosures

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

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

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

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

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

Principle 6: Respect shareholders' rights

Sunwater is committed to ensuring effective communication with its shareholding Ministers. As required by the GOC Act, shareholding Ministers are advised 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
- the annual SCI, including the annual budget
- the 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 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

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

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

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

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

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

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

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

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

Sunwater is currently undergoing a program of work to uplift its risk maturity through the Enterprise Risk Compliance and Assurance Framework project. This includes a review of the material risk set and risk appetite statements by the Board in June 2025. The enhanced Enterprise Frameworks will be submitted to the Board via the Audit and Risk Committee in August 2025.

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 44 of this report.

Remuneration: Directors and senior executives

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

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

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 2024–25 for the 2023–24 financial year, which is included in the executive remuneration summaries on page 95.

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

Remuneration: staff

Remuneration for the majority of Sunwater staff is determined by the Sunwater Enterprise Agreement in accordance with the Queensland Government-approved bargaining framework. Further information about the current Enterprise Agreement is on pages 59 to 60 of this report.

Remuneration for employees under common law contracts is based on the median salary of each evaluated position and the employee's individual performance. Sunwater does not have a performance payment scheme for 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 Corporations (Wholly-Owned Companies) Instrument 2016/785* and are not required to prepare and lodge a separate Audited Financial Report and Director's Report. For reporting purposes, the subsidiaries are consolidated into Sunwater's Financial Report.

Government directions and notifications

On 26 May 2025, Sunwater was directed by its shareholding Ministers to comply with the *Sunwater Irrigation Water Pricing Direction Notice (No.1) 2025* pursuant to the *Water Act 2000* (Qld) when charging irrigation water prices and associated fees from 1 July 2025 to 30 June 2027

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 (DLGWV)
- 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 2024–25.

Internal audit

Internal audit is a key part of Sunwater’s corporate governance framework. The Audit and Risk Committee defines the internal auditor’s scope of work through the Internal Audit Charter, and risk-based annual plan approved by the Audit and Risk Committee. Internal audit is an independent function that assists the Board and management in the effective discharge of their responsibilities. In 2024–25, Sunwater’s internal audits were performed via a co-source model between internal resources and external accounting firms and, in some more technical cases, by independent external firms.

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

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

Infrastructure maintained to reflect customer requirements

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

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

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

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

Insurance renewal program

Sunwater renews its extensive insurance portfolio each year as part of its 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

Current

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

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

Until 27 October 2024

Hon Cameron Dick MP, Deputy Premier, Treasurer and Minister for Trade and Investment

Hon Glenn Butcher MP, Minister for Regional Development and Manufacturing and Minister for Water

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
Jeff Seeney	John Cotter	John Davis	Gail Jukes	Katy Steele	Dr Kayleen Walsh

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

Assets	Infrastructure	Technology
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Our performance

Non-financial performance indicators

	Actual 2024-25	Target 2024-25	Commentary
All Injury Frequency Rate (AIFR) ¹	14.3	<45	
Total Recordable Injury Frequency Rate (TRIFR)	7.1	<5	Sunwater implemented a targeted Active Safety Leadership program in the fourth quarter of 2024-25. This program focused on line leadership and supervisors' daily actions with frontline workers, targeting support for critical risk management. Since the program was implemented, the trend has steadily improved. The results of the program will form the basis of leadership accountabilities to safety for the coming financial year.
Lost Time Injury Frequency Rate (LTIFR)	0.5	<1	
Compliance with environmental standards and laws	Nil	Nil	No material breaches identified.
Employee engagement	83%	>65%	
Full-time equivalent (FTE) ²	786	845	Sunwater had 786 full-time equivalent positions, against a budget of 845 (including contractors and project allocated positions).
Customer satisfaction ³	59.21	>40	Noteworthy improvement in customer satisfaction since 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 (excludes third party contractors generally associated with project related work). FTE represented as part of this non-financial performance indicator does not include consideration of vacancy rate or time of year for recruitment.

3. Sunwater is targeting a net promoter score of greater than 40. The net promoter score provides a snapshot of Sunwater's overall customer experience; if customers are more likely to recommend the business, that points to a high level of customer satisfaction and a positive customer journey.

Financial performance indicators

	Unit	Actual 2024-25	Target 2024-25	Commentary
Return on average assets (ROAA)	%	1.7	(8.1)	ROAA is driven by a favourable EBIT against budget. This is primarily due to higher revenue from Rookwood water allocation sales and lower operating costs.
Return on equity (ROE)	%	0.4	(32.5)	Result is due to \$1.6 million net profit after tax being \$111 million favourable to budget.
Earnings before interest, tax, depreciation, amortisation and impairment (EBITDAI)	\$'000	215,620	161,974	Result due to higher revenue from Rookwood water allocation sales and lower operating costs.
Funds from operations (FFO) ¹	\$'000	198,389	143,532	The variance has the same material drivers as the EBITDAI variance, except for the lower financing charges due to debt not requiring to be drawn in the year.
Net profit after tax (NPAT)	\$'000	1624	(109,060)	The result has the same material drivers as FFO, except for a lower impairment charge of \$53.8 million, due to reduced expenditure on dam improvement projects.
Current ratio	Ratio	3.6	2.2	The favourable current ratio is primarily due to higher cash and advance facility balances from equity injections.
EBITDAI interest coverage	Times	12.5	8.8	Driven by improved EBITDAI and lower financing costs, Sunwater retained significant headroom against the SCI target of 8.8 times.

1. The FFO target reported in the Statement of Corporate Intent 2024-25 was overstated by \$60.9 million and has been adjusted in the FFO metric above.

Sponsorship, advertising, corporate entertainment, donations and other activities

Activity	Actual 2024-25 (\$)	Budget 2024-25 (\$)
Sponsorships		
Regional sponsorships	19,364	55,000 ¹
Corporate sponsorships ²	21,027	72,000
Total sponsorships over \$5000	40,391	127,000
Total sponsorships below \$5000	63,972 ³	-
TOTAL (1)	104,363	127,000
Corporate entertainment		
Employee (value improvement) awards ceremony	5,037	15,000
Office Christmas celebrations	27,579	40,000
Other (total of meetings and events below \$5000)	22,563 ⁴	10,000
TOTAL (2)	55,179	65,000
Advertising		
Wet season advertising campaign ⁵	116,575 ⁶	103,000
Public safety advertising campaign ⁷	219,284	258,000
TOTAL (3)	335,859	361,000
TOTAL (1)+(2)+(3)	495,401	553,000

1. The regional sponsorship budget, restated from the Sunwater Statement of Corporate Intent to the correct value of \$55,000, supports community engagement across all regions.
2. Combined sponsorship budget for events and activities associated with Sunwater's corporate memberships.
3. Smaller sponsorships engaging multiple stakeholders across regional Queensland. Total sponsorship was below the revised budget of \$127,000 for the year.
4. Recognition of service including long-term employees and leavers.
5. Annual advertising budget to disseminate emergency preparedness messaging for downstream communities.
6. Spend includes extending engagement of wet season ambassador Tom Dearden. This was funded through savings identified in other initiatives.
7. Bi-annual campaign focused on a specific public safety issue that Sunwater wishes to address with the community.

Financial Report
for the year ended 30 June 2025
Sunwater Limited and its subsidiaries
ACN 131 034 985

sunwater

Directors' Report

The Board of Directors of Sunwater Limited and its subsidiaries (collectively the Group) is pleased to present its report together with the financial report of the Group for the financial year ended 30 June 2025 and the Independent Auditor's Report thereon.

Directors

The names of Directors in office during all or part of the financial year are:

Director name	Date appointed	Date ceased
Lisa Caffery (Chair)	1 October 2021	n/a
Stuart Armitage	17 June 2021	n/a
Leeha James	1 October 2021	n/a
David Stewart	3 December 2015	n/a
Jane Williams	1 October 2020	n/a
Gail Jukes	1 October 2023	n/a

Further information about Directors' qualifications, experience and terms of appointment is on pages 46 to 48 of this report.

Company Secretaries

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

Julie Tealby

BBus CPA FGIA FCIS GAICD

Julie was appointed Company Secretary on 30 January 2021; she was previously Alternative 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 girls' college.

Brie Weatherstone

LLB BCom (Finance) MBA

Brie was appointed Alternate Secretary on 23 May 2023. Brie is the General Counsel of Sunwater with oversight of legal, insurance, property, risk and resilience functions and has been a member of the Sunwater team since 2015. She 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.

Registered office

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

Principal activities

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

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

Operating and financial review

The Group's consolidated profit after tax is \$1.62 million (2024: Profit \$10.84 million). The reduced profit is largely impacted by asset impairments related to the Dam Improvement Program (DIP) partially offset by water allocation sales.

Revenue

The Group's total revenue for the year is \$469.30 million (2024: \$379.04 million). The commissioning of new water infrastructure at Rookwood Weir (Managibei Gamu) and Mareeba-Dimbulah Water Supply Scheme in 2024 has resulted in an increase of \$78 million of water allocations in 2025.

Expenditure

The Group's total operating expenses were \$163.53 million (2024: \$126.62 million) and largely aligned with the prior year that included \$38.1 million net credit release of the provision for the Rookwood Weir project obligations.

Depreciation, amortisation and impairments for the year of \$196.76 million (2024: \$146.63 million) continue to be a significant expense due to the Group's substantial asset infrastructure investments, primarily on the DIP, advancing the Paradise Dam Improvement Project and other significant projects.

The finance costs for the year of \$17.23 million (2024: \$16.47 million) include interest expense of \$16.59 million (2024: \$15.64 million) on the Group's debt held with the Queensland Treasury Corporation (QTC) and interest paid on finance lease obligations.

Financial position

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

The Group delivered a capital works program of \$168.95 million, which included extensive enabling works at Paradise Dam, progressing the Burdekin Falls Dam Raising and Improvement Project and multiple infrastructure enhancement projects to provide water security to customers.

The Group's interest-bearing liabilities are \$369.18 million (2024: \$369.12 million). The Group carries other interest-bearing liabilities in the form of lease finance amounting to \$53.53 million. No drawdown was required from the State Borrowing Program facility during the year, with the Group funding capital expenditure through available funds and the receipt of equity contributions from the Queensland and Australian Governments.

The Group received \$141.98 million of equity in the financial year (2024: \$151.59 million) from the State.

Dividends

The Group's dividend policy is stated in the Statement of Corporate Intent (SCI). It considers the return shareholding Ministers expect on the Queensland Government's investment.

In 2025, the Sunwater Board recommended a first and final dividend of \$nil (2024 - \$10.84 million). No dividend has been provided within these financial statements for this financial year.

Significant changes in the state of affairs

There have been no significant changes in the Group to the end of the 2025 financial year.

Events since the end of the financial year

No matter or circumstance has arisen since the end of the financial year significantly affecting the Group's operations, results or statement of financial position that would require adjustment in the financial statements or disclosure, under Australian Accounting Standards Board (AASB) 110 *Events after the Reporting Period*.

Likely developments and expected results of operations

The State has requested that Sunwater advance the construction of two new weirs at Barlil and Cooranga to provide increased water security and reliability to irrigation customers in those areas.

In May, Sunwater advised the Queensland Government that the Burdekin Falls Dam Raising and Improvement Project would not progress further at this time. The decision allows Sunwater to appropriately sequence its program of works to deliver water for prosperity across regional Queensland.

The Group continues to be focused on the delivery of its wider dam safety program including progression of Paradise Dam Improvement Project and works on Kroombit and Tinaroo Falls dams through its DIP. The dam safety program including dam improvement plan is expected to reduce profits significantly until complete.

Environmental regulation and performance

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

There was no significant environmental incident reported to the Department of Environment and Science (DES) in the financial year.

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.

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

Insurance of Directors and Officers

During the financial year, the Group paid a premium of \$0.48 million (excluding GST) to insure the Directors, Company Secretary and Executive Officers of Sunwater and its wholly owned subsidiaries.

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

This does not include liabilities incurred by Directors or Officers arising from:

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

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

Relief from financial reports for wholly owned subsidiaries

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

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

Directors' shareholding

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

Meetings of Directors

The number of Directors' meetings (including meetings of committees of the Board) and the number of meetings attended by each Director for the year ended 30 June 2025 are:

Director	Board meetings		Audit and Risk Committee meetings		Safety, People and Environment Committee meetings		Project and Investment Committee meetings	
	A	B	A	B	A	B	A	B
Lisa Caffery	11	11	3	4	4	4	4	4
Stuart Armitage	11	11	3	4	-	-	-	-
Leeha James	10	11	-	-	4	4	-	-
Gail Jukes	11	11	4	4	-	-	3	3
David Stewart	10	11	4	4	-	-	4	4
Jane Williams	11	11	-	-	4	4	-	-

A – number of meetings attended as a member

B – number of meetings held during the year

Auditor's Independence Declaration

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

A copy of the Auditor's Independence Declaration is included on page 49 of this financial report as required under section 307C of the *Corporations Act 2001* (Cth) and forms part of the Directors' Report.

Rounding of amounts

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

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



Lisa Caffery

Chair

27 August 2025



Gail Jukes

Director

27 August 2025

Sunwater Board is governed by a Board of six Directors

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

Appointment	<ul style="list-style-type: none"> Appointed 1 October 2021 Term of appointment to 30 September 2025
Experience and expertise	<ul style="list-style-type: none"> Founder and principal of a regionally based environmental, social and governance (ESG) advisory firm on stakeholder relations, performance management and social research with extensive governance expertise across a broad range of areas including resources, healthcare, government, social enterprise and the not-for-profit sectors
Other current directorships	<ul style="list-style-type: none"> Director of Central Highlands Community Services Ltd (not for profit) Director of Central Highlands Science Centre Inc (not for profit) Director of Aura Services Pty Ltd Director of Caffery Group Pty Ltd Director of Mater Misericordiae Limited
Former directorships in past three years	<ul style="list-style-type: none"> Deputy Chair of Central Queensland Hospital and Health Service Board (statutory authority)
Special responsibilities	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Appointed 17 June 2021 Reappointed 1 June 2024 Term of appointment to 31 May 2028
Experience and expertise	<ul style="list-style-type: none"> Darling Downs irrigation farmer, involved in various leadership positions across rural and agricultural industries including four years as President of Queensland Farmers' Federation Awarded the Peter Kenny Medal in 2020 for ongoing contribution to improving and developing sustainable outcomes within the Queensland agriculture sector
Other current directorships	<ul style="list-style-type: none"> Chair of Are you bogged mate? Limited (not for profit) Director of Food Leaders Australia – Toowoomba and Surat Basin Enterprise Limited (not for profit)
Former directorships in past three years	<ul style="list-style-type: none"> Director of Cotton Australia Limited Director of GasFields Commission Queensland (statutory body)
Special responsibilities	<ul style="list-style-type: none"> Member of Audit and Risk Committee

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

Appointment	<ul style="list-style-type: none"> Appointed 1 October 2021 Reappointed 1 June 2024 Term of appointment to 31 May 2028
Experience and expertise	<ul style="list-style-type: none"> Lawyer specialising in workplace health and safety, litigation and compensation law
Other current directorships	<ul style="list-style-type: none"> Director of James Law Pty Ltd
Former directorships in past three years	<ul style="list-style-type: none"> Nil
Special responsibilities	<ul style="list-style-type: none"> Chair of Safety, People and Environment Committee

Gail Jukes, Director – non-executive
BCom FCPA AICD

Appointment	<ul style="list-style-type: none"> Appointed 1 October 2023 Term of appointment to 30 September 2026
Experience and expertise	<ul style="list-style-type: none"> Over 20 years of senior finance experience from various industries including local government, higher education, infrastructure and resources
Other current directorships	<ul style="list-style-type: none"> Director of Uniseed Management Pty Ltd UIIT 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)
Former directorships in past three years	<ul style="list-style-type: none"> Nil
Special responsibilities	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Appointed 3 December 2015 Reappointed 1 October 2018 Reappointed 1 October 2021 Term of appointment to 30 September 2025
Experience and expertise	<ul style="list-style-type: none"> Civil engineer with experience in Australia and internationally, specialising in large dams, water supply, irrigation and other infrastructure projects. Recognised by Engineers Australia in 2009 as one of Australia's 100 most Influential engineers, has been awarded the River Murray Water Medal by the Murray Darling Basin Authority, and is an Honorary Life Member of ANCOLD.
Other current directorships	<ul style="list-style-type: none"> Director of Australian Dams & Water Consultants Pty Ltd Director of Eungella Water Pipeline Pty Ltd Director of North West Queensland Water Pipeline Pty Ltd
Former directorships in past three years	<ul style="list-style-type: none"> Nil
Special responsibilities	<ul style="list-style-type: none"> Chair of Project and Investment Committee Member of Audit and Risk Committee

Jane Williams, Director – non-executive
AICD

Appointment	<ul style="list-style-type: none"> Appointed 1 October 2020 Reappointed 1 October 2023 Term of appointment to 30 September 2027
Experience and expertise	<ul style="list-style-type: none"> Experience working in rural and regional Queensland, with qualifications and long-term experience in serving and leading boards
Other current directorships	<ul style="list-style-type: none"> Chair of Central West Hospital and Health Service (statutory authority) Director of CheckUP Australia Limited (not for profit) Director of Health Workforce Qld Limited (not for profit) Director of Health and Wellbeing Qld (statutory body) Director of Royal Flying Doctor Service Ltd Director of Burnett Water Pty Ltd
Former directorships in past three years	<ul style="list-style-type: none"> Director of RFDS Foundation Limited
Special responsibilities	<ul style="list-style-type: none"> Member of Safety, People and Environment Committee

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Sunwater Limited

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

Independence declaration

As lead auditor for the audit of Sunwater Limited for the financial year ended 30 June 2025, 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.



Lisa Fraser
as delegate of the Auditor-General

25 August 2025

Queensland Audit Office
Brisbane

General information

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

The financial statements are presented in Australian dollars.

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

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

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

Sunwater Limited Group

Financial Statements 2024–2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2025

	Notes	2025 \$'000	2024 \$'000
Revenue from contracts with customers	1	452,546	371,668
Other income	2	16,754	7,375
Total revenue and other income		469,300	379,043
Expenses			
Operating expenditure	3A	(163,532)	(125,623)
Employee benefits	3B	(90,092)	(79,497)
Depreciation and amortisation	10,11,12	(46,394)	(42,811)
Impairment of assets	10,11	(150,372)	(103,816)
Loss on disposal of assets		(56)	(62)
Operating profit		18,854	27,234
Finance costs		(17,230)	(16,470)
Profit before income tax		1,624	10,764
Income tax credit	4	-	74
Profit for the year		1,624	10,838
Other comprehensive income		-	-
Total comprehensive income for the year		1,624	10,838

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 2025

	Notes	2025 \$'000	2024 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	5	62,514	63,288
Trade and other receivables	6	364,589	204,674
Inventories	25	4,259	4,504
Assets held for distribution	25	-	255
Total current assets		431,362	272,721
Non-current assets			
Property, plant and equipment	10	622,881	656,622
Right-of-use assets	12	20,632	18,626
Intangible assets	11	47,512	95,422
Total non-current assets		691,025	770,670
Total assets		1,122,387	1,043,391
LIABILITIES			
Current liabilities			
Trade and other payables	7	45,570	42,177
Provisions	14	24,734	40,795
Lease liabilities	12	6,788	5,710
Other current liabilities	13	42,159	27,120
Total current liabilities		119,251	115,802
Non-current liabilities			
Provisions	14	1,903	1,680
Borrowings	8	369,184	369,118
Lease liabilities	12	17,838	17,101
Other non-current liabilities	13	172,900	241,986
Total non-current liabilities		561,825	629,885
Total liabilities		681,076	745,687
Net assets		441,311	297,704
EQUITY			
Contributed equity	16	530,437	388,454
Retained earnings		(89,126)	(90,750)
Total equity		441,311	297,704

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 2025

	Notes	Contributed equity \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 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
Total comprehensive income for the year		-	1,624	1,624
Transactions with owners in their capacity as owners:				
Equity funding		141,983	-	141,983
Dividends provided for or paid		-	-	-
Balances at 30 June 2025		530,437	(89,126)	441,311

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 2025

	Notes	2025 \$'000	2024 \$'000
Operating activities			
Receipts from customers		436,608	356,493
Payments to suppliers and employees		(287,866)	(383,256)
Net receipts/(payments)		148,742	(26,763)
Government grants		8,439	9,596
Community service obligations received		24,734	24,294
Interest received		81	485
Income taxes received/(paid)		-	2,996
GST recovered		13,900	18,337
Net cash from operating activities	5	195,896	28,945
Investing activities			
Payments (to)/from advance facility	6	(149,581)	(47,165)
Payments for property, plant and equipment	10	(168,956)	(104,123)
Interest received		14,379	5,274
Proceeds from sale of property, plant and equipment	10	11	147
Net cash used in investing activities		(304,147)	(145,867)
Financing activities			
Equity funding	16	141,983	151,587
Dividends paid		(10,838)	-
Interest paid	8	(15,199)	(14,338)
Principal elements of lease payments	12	(7,142)	(6,174)
Interest paid on leasing liabilities	12	(1,392)	(1,304)
Net movement to borrowings	8	65	65
Net cash from financing activities		107,477	129,836
Net increase in cash and cash equivalents		(774)	12,914
Cash and cash equivalents at 1 July 2024		63,288	50,374
Cash and cash equivalents at 30 June 2025	5	62,514	63,288

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

Notes to Financial Statements for the year ended 30 June 2025

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 comprising Sunwater Limited (the Company) and its subsidiaries, which together are referred to as the Group or Sunwater.

Statement of compliance

The financial statements are general purpose financial statements which:

- have been prepared in accordance with the requirements of the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB), the Corporations Act 2001 (Cth) and the provisions of the Government Owned Corporations Act 1993 (Qld)
- have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value
- are presented in Australian dollars, with all amounts in the financial report being rounded off in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* to the nearest thousand dollars, unless otherwise indicated
- comparative information reflects the audited 2023-24 financial statements
- adopt all new and amended *Accounting Standards and Interpretations* issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or after 1 July 2024 except if there is a practical impediment, in which case management provide further disclosure.

Going concern

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

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

Other accounting policies

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

Critical accounting estimates and judgements

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

- 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.

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 water supply scheme 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 regional councils.	Recognised over time as the water is made available to the customer.
Drainage	Fixed fee for capital infrastructure and maintenance of drainage systems to remove excess water.	Recognised over time as the customer simultaneously receives and consumes benefits.
Water allocations	Water allocations are saleable/tradeable rights that may be granted by the Crown free of charge in a Resource Operations Plan under the <i>Water Act 2000</i> (Qld). Water allocations are an entitlement to a share of available water from Sunwater's sources and the authority to take water from a catchment.	Permanent allocation sales are recognised at 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.
Community service obligations	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.

	2025	2024
Revenue from contracts with customers	\$'000	\$'000
Industrial water distribution services	246,610	229,198
Irrigation water distribution services ⁽¹⁾	49,460	56,742
Urban water distribution services	16,817	18,602
Drainage	1,088	1,057
Water allocations revenue	100,393	23,865
Consulting and facilities services revenue	7,433	7,751
Rookwood Weir project funding	-	34
Grants	8,439	9,597
Community service obligation – irrigation	15,257	17,857
Community service obligation – urban (Cloncurry)	7,049	6,965
Total revenue from contracts with customers	452,546	371,668

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

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
2025								
Timing of recognition	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At a point-in-time	49,618	5,735	2,877	-	78,792	7,433	-	144,455
Over time	196,992	43,724	13,940	1,088	21,601	-	30,745	308,090
Total	246,610	49,459	16,817	1,088	100,393	7,433	30,745	452,545
Number of customer contracts	651	4,349	150	119	90	40	3	5,402
2024								
At a point-in-time	44,256	14,848	5,297	-	3,989	7,751	-	76,141
Over time	184,942	41,894	13,305	1,057	19,876	-	34,453	295,527
Total	229,198	56,742	18,602	1,057	23,865	7,751	34,453	371,668
Number of customer contracts	577	4,351	141	119	70	31	6	5,295

Note 2: Other income

	2025	2024
	\$'000	\$'000
Interest income	15,004	5,404
Rent received	78	75
Gain on disposal of non-current assets	11	147
Fees and other income	1,661	1,749
Total other income	16,754	7,375

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

Note 3: Expenses

A. Operating expenditure

	2025	2024
	\$'000	\$'000
Contracted services	74,765	38,218
Electricity	30,503	28,387
Insurance	13,698	17,303
Materials, plant hire and fleet	14,447	13,391
Legal services	1,755	1,083
Telephone and data lines	1,350	1,814
Travel and accommodation	4,890	4,819
Rates and land tax	3,059	2,906
ICT equipment and software	10,953	12,988
Corporate and administrative expenses	8,112	4,714
Total operating expenditure	163,532	125,623

Contracted services include a \$6.6 million credit for the release of provisions in 2025 (2024 – includes \$38.1 million net credit release from Rookwood provision). Provision expenses for 2025 are also included in *Legal services* of \$0.75 million for legal matters and *Corporate and administrative expenses* of \$2.61 million for contractual matters (refer note 14).

B. Employee benefits

	2025	2024
	\$'000	\$'000
Salaries and allowances	61,445	53,318
Annual leave, banked time and time off in lieu	8,128	7,024
Long service leave expenses	2,110	1,968
Employer superannuation contributions	10,538	9,225
<i>Employee-related expenses</i>		
Workers' compensation premium	219	168
Payroll tax	5,241	5,103
Other employee-related expenses	2,411	2,691
Total employee benefits	90,092	79,497

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 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. They include related on-costs such as payroll tax, workers compensation premiums, long service leave levies and employer superannuation contributions.

Long service leave

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

Sick leave

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 *Government Owned Corporations Act 1993* (Qld) and the National Tax Equivalents Regime, the Group is required to make payments to the Queensland Government equivalent to the amount of any Commonwealth income tax for which an exemption is received.

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

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

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

(b) Deferred tax balances

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

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

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and tax offsets, to the extent that 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. accelerated capital expenditure deductions on Sunwater water facilities as Sunwater is an irrigation water provider in accordance with section 40-515 of the *Income Tax Assessment Act 1997* (Cth), the Research and Development Tax Incentive regime or other investment allowances. The Group accounts for such allowances as tax credits, which means that the allowance reduces current tax expenses.

(d) Tax consolidation legislation

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

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

The Group has also entered into a tax funding agreement under which the wholly owned entities fully compensate Sunwater Limited for any current tax payable 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 the Sunwater parent entity providing to the wholly owned entities satisfactory evidence of that payment. The wholly owned entities will promptly pay Sunwater the contribution amount and Sunwater will promptly pay to the relevant wholly owned entities the amounts receivable by them under the funding arrangement.

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.

(i) Income tax expense

	2025 \$'000	2024 \$'000
Income tax equivalents (credit)/expense		
Adjustments of current tax for prior periods	-	(74)
	-	(74)
Income tax equivalents (credit)/expense is attributable to: (Loss) from continuing operations	-	(74)

(ii) Reconciliation of income tax expense

	2025 \$'000	2024 \$'000
Profit before income tax	1,624	10,764
Tax expense (benefit) at the Australian rate of 30% (2024:30%)	487	3,229
Non-deductible entertainment	11	12
Sundry items	7	227
Prior year (over) provision	-	4
De-recognition of temporary differences	(505)	(3,546)
	-	(74)
Income tax (credit)/expense		
Current tax	-	(74)
	-	(74)

(iii) Movement in deferred tax balances

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

* Adjustment to opening balance primarily relates to a reclass of the unearned income temporary difference.

	Net balance at 1 July	Adjustments*	Adjusted net balance at 1 July	Charged to Income Statement	Net balance at 30 June	Deferred tax asset (DTA)	Deferred tax liability (DTL)
2024	\$'000	\$000	\$000	\$'000	\$'000	\$'000	\$'000
Employee benefits	1,850	82	1,932	390	2,322	2,322	-
Property, plant and equipment	33,708	-	33,708	(835)	32,873	54,118	(21,245)
Provisions	41,135	(82)	41,053	(35,636)	5,417	5,417	-
Leases	1,242	-	1,242	13	1,255	6,843	(5,588)
Other	(2,032)	-	(2,032)	16,953	14,921	15,958	(1,037)
Tax losses	2,787	4	2,791	15,623	18,414	18,414	-
Deferred tax assets / (liabilities) before set off	78,690	4	78,694	(3,492)	75,202	103,072	(27,870)
Set off DTL against DTA						(27,870)	27,870
De-recognition	(78,690)	(4)	(78,694)	3,492	(75,202)	(75,202)	-
Net tax assets	-	-	-	-	-	-	-

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

(iv) Unrecognised deferred tax assets

Deferred tax assets have not been recognised 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.

	2025	2025	2024	2024
	\$'000	\$'000	\$'000	\$'000
	Gross amount	Tax effect	Gross amount	Tax effect
Deductible temporary differences	205,466	61,640	198,597	59,579
Unused tax losses	43,342	13,002	52,077	15,623
	248,808	74,642	250,674	75,202

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

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.

	2025	2024
	\$'000	\$'000
Cash at bank and on hand	11,824	24,702
Deposits at call	20,348	18,305
Cash at bank and on deposit	32,172	43,007
Cash held as security	30,342	20,281
Cash and cash equivalents	62,514	63,288

Deposits at call is surplus cash of the Group's subsidiaries held with QTC in cash funds and is available for withdrawal at call, subject to notification requirements. Sunwater holds cash surplus to operations in the Queensland Government's cash pooling arrangement, the GOC Advance Facility (refer note 6), which at 30 June 2025 held \$322.58 million (2024 – \$172.99 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 therefore is not available for general use by the Group.

At 30 June 2025, the Group held cash of \$nil million in relation to the Rookwood water sales (2024 – \$51.14 million). The 2024 balance was transferred to the State in 2025. This cash was held on trust for the Queensland Government and therefore was not recognised in these financial statements.

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

	Note	2025 \$'000	2024 \$'000
Profit for the year		1,624	10,838
Depreciation and amortisation	10,11,12	46,394	42,811
Impairment of assets	10,11	150,372	103,816
Bad and doubtful debts	6,9	(28)	105
Net loss/(gain) on disposal of non-current assets		45	(85)
Interest received		(14,925)	(4,919)
Interest paid		15,199	14,338
Interest on lease liabilities	12	1,392	1,304
Change in assets and liabilities:			
Decrease/(Increase) in inventories		245	(1,032)
Decrease/(Increase) in deferred tax assets	4	25,763	(25,784)
(Increase)/Decrease in receivables and other assets		(9,762)	8,786
Increase in trade and other payables		13,377	11,461
Increase/(Decrease) in provisions		(5,000)	(142,088)
(Decrease) in deferred revenue		(3,037)	(16,390)
(Decrease)/Increase in deferred tax liabilities	4	(25,763)	25,784
Net cash inflow from operating activities		195,896	28,945

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.

	2025 \$'000	2024 \$'000
Trade receivables		
Trade receivables	9,322	6,146
Accrued revenue	27,843	22,628
Loss provision	(732)	(760)
	36,433	28,014
Other receivables		
Advance facility	322,576	172,995
GST receivable 'net'	3,225	3,337
Prepayments	2,355	328
	328,156	176,660
Trade and other receivables	364,589	204,674

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:

	2025 \$'000	2024 \$'000
At 1 July	760	655
Allowances (reduced)/added	(28)	105
Carrying amount at 30 June	732	760

An improvement in customer balances greater than 180 days and lower bad debts has led to a reduction in the expected loss allowance in 2025 (refer note 9).

Foreign exchange and interest rate risk

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

Fair value and credit risk

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

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

Advance facility

Under the Queensland Government's cash pooling arrangement, GOCs advance surplus cash to QTC. QTC pays interest on these advances at the QTC Cash Fund rate which averaged 4.88 per cent in 2025 (2024: 4.88 per cent).

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

The facilities hold cash advanced by Sunwater amounting to \$322.58 million, net cash advanced to the facilities amounts to \$149.58 million (2024 - \$47.17 million advanced). Sunwater holds \$157.88 million for a specified purpose. These facilities can be drawn upon as required or as per the equity funding agreements in place. Notification periods of 24 to 48 hours are generally required to access the advances.

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

Note 7: Trade and other payables

Accounting policy

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

	2025 \$'000	2024 \$'000
Trade creditors	11,169	9,879
Other creditors and accruals	34,401	32,298
	45,570	42,177

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 2025 (2024 – \$nil capitalised). Other borrowing costs are expensed.

	2025 \$'000	2024 \$'000
Unsecured		
QTC loan	369,184	369,118
	369,184	369,118
Represented by:		
Current	-	-
Non-current	369,184	369,118
	369,184	369,118

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 (2024 – \$nil) from the approved state borrowing program for 2025.

The Group monitors capital through agreed financial covenants (EBITDA Debt Service Coverage Ratio and Total Debt to Total Capital Ratio).

The Group has a rolling \$150 million working capital facility with QTC. This facility is repayable on demand and operates as an overdraft, which is used to cover temporary funding shortfalls. The facility was undrawn as at 30 June 2025 (2024 – 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

	2025		2024	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$'000	\$'000	\$'000	\$'000
Borrowings	369,184	356,676	369,118	343,342

Changes in liabilities arising from financing activities

The amounts disclosed in the Consolidated Statement of Cash Flows under Financing Activities relate to cash transactions arising from the Group's long-term borrowing with 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 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 2025, 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 and short-term investment.

The Group manages its interest rate risk in consultation with QTC in accordance with policies approved by the Board. Interest rate risk on debt is measured monthly by monitoring changes in yields over the debt duration profile. Interest rate risk on investment is managed by maintaining a short term duration through investing in cash and the advance facility.

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

2025	Interest rate risk				
	Carrying amount	-1%		+1%	
		Profit	Equity	Profit	Equity
		\$'000	\$'000	\$'000	\$'000
Cash and advance facility	385,090	(3,160)	(3,160)	3,160	3,160
QTC borrowings	369,184	3,564	3,564	(3,564)	(3,564)
Overall effect on profit and equity		404	404	(404)	(404)

2024	Interest rate risk				
	Carrying amount	-1%		+1%	
		Profit	Equity	Profit	Equity
		\$'000	\$'000	\$'000	\$'000
Cash and advance facility	236,283	(1,082)	(1,082)	1,082	1,082
QTC borrowings	369,118	3,560	3,560	(3,560)	(3,560)
Overall effect on profit and equity		2,478	2,478	(2,478)	(2,478)

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 are greater than 90 per cent of the total balance due, 100 per cent expected credit loss is provided across all ageing brackets.

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

Historic default rates are applied to the remainder of balances.

The Group has considered impacts on the expected credit losses and believes that fully providing for customers with balances greater than 90 per cent after 180 days of the total balance due provides coverage for customers struggling over an extended period. On the above basis, the expected credit loss for trade receivables as at 30 June 2025 and 30 June 2024 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	7,595	308	7	30	215	1,167	9,322
Amount provided at 100%	3	10	1	2	13	699	728
Remaining carrying value of trade receivables	7,592	298	6	28	202	468	8,594
Expected credit loss rate	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%
Amount provided	-	1	-	-	1	2	4
Total provided 30 June 2025	3	11	1	2	14	701	732
Carrying value of trade receivables	4,300	361	16	22	212	1,235	6,146
Amount provided at 100%	4	12	4	1	14	719	754
Remaining carrying value of trade receivables	4,296	349	12	21	198	515	5,391
Expected credit loss rate	0.58%	0.58%	0.58%	0.58%	0.58%	0.58%	0.58%
Amount provided	-	2	-	-	1	3	6
Total provided 30 June 2024	4	14	4	1	15	722	760

In 2025, 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 2025 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	2025 \$'000	2024 \$'000
Cash at bank and at call invested in Australian institutions rated AA- or higher*	5	62,514	63,288
Receivables – current	6	36,433	28,014
		98,947	91,302

* Inclusive of accrued interest

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

Liquidity risk

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

The Group has an approved borrowing program of \$40 million, which was undrawn in the year. Drawdowns are determined through the State Borrowing Program and adherence to covenant requirements. In 2025, the Group had a rolling working capital facility of \$150 million with QTC. This facility was not drawn on during the year (2024 – \$nil) but operates as an overdraft used to cover temporary funding shortfalls and is repayable on demand. The Group received approval from QTC to maintain the working capital facility at \$150 million in 2026.

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

	Carrying amount	Less than 1 year	1–5 years	Over 5 years	Total cash flows (contractual)
2025	\$'000	\$'000	\$'000	\$'000	\$'000
Payables	45,570	45,570	-	-	45,570
Borrowings*	369,184	13,882	55,898	368,147	437,927
Leases	24,626	7,955	17,952	1,461	27,368
Deposits payable	28,778	23,305	5,473	-	28,778
	468,158	90,712	79,323	369,608	539,643
2024					
Payables	42,177	42,177	-	-	42,177
Borrowings*	369,118	12,803	51,480	368,147	432,430
Leases	22,811	6,785	17,904	807	25,496
Deposits payable	18,791	13,318	5,473	-	18,791
	452,897	75,083	74,857	368,954	518,894

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

Note 10: Property, plant and equipment

Accounting policy

Property, plant and equipment

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

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

All items of PPE 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 PPE including assets under construction to determine whether there is any indication that those assets may have suffered an impairment loss. If any such indicator exists, the recoverable amount of the asset is estimated using a value-in-use (ViU) calculation to determine the extent of the impairment loss (if any). Where the individual asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the 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 cash-generating units

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

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

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

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

The Dam Improvement Program is a significant investment in the assets of the Group to meet Queensland Guidelines on Safety Assessments for Referable Assets (assets with a potential loss of life of two or more persons).

Cashflows included in the Board-approved Corporate Plan represent a high-level estimate of the ongoing cost of delivering this program. Activity on structures to meet the regulatory standards are prioritised; where there is a clear commitment to the plan of delivery for an individual asset, the estimated cost is included in the ViU calculation.

For all other dams and weirs identified as part of the Queensland Guidelines on Safety Assessments for Referable Assets, management has determined that it would not be appropriate to reverse previously incurred impairment for an asset within a CGU until such time as the full assessment including any intervention has been completed on that asset.

For most CGUs where Sunwater provides water for irrigators, the cost of running these schemes is in excess of the revenue, including CSOs, Sunwater received through prices set by Government. The assets therefore do not generate sufficient cash flows to support a carrying value and new investment is impaired as cost is incurred.

Significant inputs to impairment testing

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

Input	Impact of asset valuation	Infrastructure CGUs 30 June 2025	Infrastructure CGUs 30 June 2024
Discount rate	ViU would be expected to increase as the discount rate decreases	Pre-tax weighted average cost of capital (WACC) range between 5.9 per cent and 14.3 per cent	Pre-tax WACC range between 5.8 and 14.1 per cent
CPI rate	ViU would increase as CPI increases	Long-term RBA-published CPI	Long-term RBA-published CPI
Cash flow period	ViU would increase as period of discounting increases	Five years (with an estimate of terminal value)	Five 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	ViU would increase if future regulated revenue increases	QCA irrigation cost-reflective pricing including any additional discounts set by Queensland Government	QCA irrigation cost-reflective pricing including any additional discounts set by Queensland Government
CSO	ViU would increase if future CSO increases	CSO agreement to continue in perpetuity	CSO agreement to continue in perpetuity

Key estimates and judgements

Management 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 ViU. This is reflected in the following sensitivity analysis.

The terminal value calculated using the Gordon growth model contributes a material proportion of the ViU of CGUs. 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 WACC on the impairment charge.

\$'000	Impact of 1% increase in discount rate	Impact of 1% reduction in discount rate	Impact of 1% increase in growth rate	Impact of 1% reduction in growth rate
Impact on impairment charge	(27,986)	24,270	25,208	(30,852)
Most sensitive CGUs				
Nogoa Mackenzie WSS	(10,341)	19,528	20,657	(11,476)
Bowen Broken WSS	(12,875)	522	522	(15,154)
Proserpine WSS	(4,026)	1,844	1,844	(3,499)
St George WSS	(573)	1,991	1,836	(573)

The basis of the ViU cash flows is the Board-approved Corporate Plan. Further adjustments have been made for CGUs with referrable assets where management has determined that it would not be appropriate to temporarily reverse previously incurred impairment.

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

Movements

Movements of the carrying amounts of each class of PPE from the beginning to the end of each year are set out below:

	Land \$'000	Buildings and improvements \$'000	Plant and equipment \$'000	Water infrastructure \$'000	Work in progress \$'000	Total PPE \$'000
At 1 July 2023						
Cost	8,950	17,219	17,559	1,595,670	175,531	1,814,929
Accumulated depreciation	-	(6,129)	(13,446)	(475,875)	-	(495,450)
Accumulated impairment	-	-	(4,113)	(502,326)	(159,491)	(665,930)
Net book amount	8,950	11,090	-	617,469	16,040	653,549
Year ended 30 June 2024						
Additions	-	-	-	-	143,415	143,415
Disposals	-	(21)	1	(30)	-	(50)
Transfer between classes	-	255	2,562	55,076	(57,893)	-
Assets held for distribution	-	-	-	(11)	-	(11)
Depreciation expense	-	(437)	(420)	(35,741)	-	(36,598)
Impairment (loss)	-	-	(2,143)	(14,086)	(87,454)	(103,683)
Transfer between classes (impairment)	-	(2,573)	-	5,005	(2,432)	-
At 30 June 2024						
Cost	8,950	17,211	18,108	1,678,216	261,055	1,983,540
Accumulated depreciation	-	(6,459)	(12,446)	(511,335)	-	(530,240)
Accumulated impairment	-	(2,438)	(5,662)	(539,199)	(249,379)	(796,678)
Net book amount	8,950	8,314	-	627,682	11,676	656,622
Year ended 30 June 2025						
Additions	-	-	-	-	168,954	168,954
Disposals	-	-	-	(55)	-	(55)
Transfer between classes	-	531	2,699	4,920	(23,596)	(15,446)
Assets held for distribution	-	-	-	254	-	254
Depreciation expense	-	(445)	(617)	(36,161)	-	(37,223)
Impairment (loss)	-	-	(493)	(3,872)	(145,860)	(150,225)
At 30 June 2025						
Cost	8,950	17,730	20,125	1,684,431	406,413	2,137,649
Accumulated depreciation	-	(6,892)	(12,427)	(547,938)	-	(567,257)
Accumulated impairment	-	(2,438)	(6,109)	(543,725)	(395,239)	(947,511)
Net book amount	8,950	8,400	1,589	592,768	11,174	622,881

Impairment: Cash-generating units

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

\$'000	2025	2025	2025	2025	2024	2024	2024	2024
CGU	WIP	Loss/(Reversed) Infra	P&E	Recoverable amount	WIP	Loss/(Reversed) Infra	P&E	Recoverable amount
Paradise Dam	104,656	-	-	-	42,502	-	-	-
Burdekin Haughton WSS	38,234	698	-	-	28,584	196	-	-
Bundaberg WSS	142	1,038	-	-	-	692	-	-
Eton WSS	1,685	-	-	-	-	-	-	-
Lower Mary River WSS	972	163	-	-	-	-	-	-
Mareeba-Dimbulah WSS	-	842	-	-	-	56	-	-
Bowen Broken WSS	-	522	-	48,178	-	-	-	102,015
Callide WSS	-	318	-	-	-	-	-	-
Chinchilla Weir WSS	-	(357)	-	703	-	-	-	301
Cunnamulla WSS	-	207	-	-	-	-	-	-
Nogoa Mackenzie WSS	-	27	-	42,026	-	74	-	42,899
Boyne & Tarong WSS	-	-	-	-	-	(131)	-	9,748
Corporate assets	-	-	493	-	4,874	-	2,143	-
Other CGUs	171	414	-	-	11,494	13,199	-	-
Total	145,860	3,872	493		87,454	14,086	2,143	

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 schemes 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 ViU 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 has a finite life and is carried at cost less accumulated amortisation and impairment. Costs of developing products or systems and acquiring software and licences 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 ten 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, 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 by 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 it notes that the plans and associated conditions may be reviewed and changed by the Queensland Government.

Movements

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

	Software \$'000	Trade names \$'000	Water allocations \$'000	Total intangible assets \$'000
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	9,766	9,774
Movements in financial year				
Additions*	-	-	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
At 1 July 2024				
Cost	54,602	8	144,261	198,871
Accumulated amortisation	(39,104)	-	-	(39,104)
Accumulated impairment	(15,498)	-	(48,847)	(63,345)
Net book amount at 1 July 2024	-	8	95,414	95,422
Movements in financial year				
Additions	15,445	-	-	15,445
Disposals**	-	-	(60,991)	(60,991)
Amortisation expense	(2,218)	-	-	(2,218)
Impairment (loss)	-	-	(147)	(147)
At 30 June 2025				
Cost	70,048	8	83,270	153,326
Accumulated amortisation	(41,322)	-	-	(41,322)
Accumulated impairment	(15,498)	-	(48,994)	(64,492)
Net book amount at 30 June 2025	13,228	8	34,276	47,512

* Rookwood Weir transfer – In addition to the weir assets transferred from the State in June 2024, unsold water allocations were also transferred to Sunwater. These intangible assets were valued using observable prices achieved on the Rookwood Weir WSS for similar water allocations.

** During 2025, \$60.991 million of the Rookwood Weir WSS water allocations were sold.

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 USD 5000) 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 2025	No of right-of-use assets leased	Range of terms	Average remaining lease term	Extension options
Brisbane office	5	5 to 10 years	3.8 years	Yes
Regional offices and premises	11	3 to 15 years	3.9 years	Yes
Light and heavy fleet	215	3 to 9 years	1.7 years	Modifiable
Plant and equipment	1	4 years	1 year	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 \$'000	Light and heavy fleet \$'000	Plant and equipment \$'000	Total \$'000
At 1 July 2023	14,855	5,031	200	20,086
Additions	396	4,322	85	4,803
Disposals	-	(50)	-	(50)
Depreciation expense	(2,772)	(3,341)	(100)	(6,213)
At 30 June 2024	12,479	5,962	185	18,626
Cost	23,476	14,519	342	38,337
Accumulated depreciation	(10,997)	(8,557)	(157)	(19,711)
Net book amount	12,479	5,962	185	18,626
At 1 July 2024	12,479	5,962	185	18,626
Additions	3,673	5,299	30	9,002
Disposals	-	(43)	-	(43)
Depreciation expense	(3,068)	(3,776)	(109)	(6,953)
At 30 June 2025	13,084	7,442	106	20,632
Cost	27,122	17,250	372	44,744
Accumulated depreciation	(14,038)	(9,808)	(266)	(24,112)
Net book amount	13,084	7,442	106	20,632

Lease liabilities

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

	2025 \$'000	2024 \$'000
Current	6,788	5,710
Non-current	17,838	17,101
	24,626	22,811

The total cash outflow for leases during 2025 was \$8.53 million (2024 – \$7.48 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

	2025	2024
	\$'000	\$'000
Interest on lease liabilities	1,392	1,304
Expenses relating to short-term leases and low value assets	2,743	3,525
	4,135	4,829

Note 13: Other liabilities

Accounting policy

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

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

	2025	2024
	\$'000	\$'000
Current		
Income received in advance	18,823	13,766
Deposits payable	23,304	13,317
Other	32	37
	42,159	27,120
Non-current		
Income received in advance	103,771	111,450
Deposits payable	5,474	5,474
Grant income – Rookwood Weir WSS water allocations	24,340	85,331
Grant income – Rookwood Weir	39,315	39,731
	172,900	241,986

Income received in advance

Income received in advance consists of advance payments of \$122.6 million split between current and non-current and being amortised over the life of the contracts to which they relate.

Deposits payable

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

Grant income

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

Note 14: Provisions

Accounting policy

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

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

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

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

	2025 \$'000	2024 \$'000
Current		
Compensation for handover of assets	-	6,600
Contract obligations	15,366	15,618
Employee benefits	8,618	7,739
Dividends	-	10,838
Legal costs	750	-
	24,734	40,795
Non-current		
Bridge demolition	1,723	1,500
Make good commitments on leases at the end of their term	180	180
	1,903	1,680

Compensation for handover of assets

Negotiations around the transfer of ownership of some of Sunwater's assets (Fairbairn Dam recreation facility and LN1 drain in Central Queensland) to another local government entity have concluded and the transfer of assets will not proceed. The transfer was to 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. At 30 June 2025, Sunwater no longer has an obligation and therefore the full provision has been reversed to the Consolidated Statement of Comprehensive Income in 2025.

Contract obligations

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

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

Employee benefits

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

Legal obligations

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

Bridge demolition

As the parent company of Burnett Water Pty Ltd, Sunwater has a legal obligation to remove a bridge at Paradise Dam under the *Planning Act 2016* (Qld). In 2022, while the river levels were low, the bridge and infrastructure were safely partially removed. The Group re-assessed its estimate to complete the required work in 2025. Timing of the works is unknown due to water height impacting access to complete the work.

Make good commitment

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

Movements in provisions

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

	Compensation for handover of assets \$'000	Bridge demolition \$'000	Contract obligations \$'000	Employee benefits \$'000	Dividends \$'000	Legal costs \$'000	Make good \$'000
Carrying amount at 1 July 2024	6,600	1,500	15,618	7,739	10,838	-	180
Provisions added	-	223	2,609	879	-	750	-
Provisions released to income statement	(6,600)	-	-	-	-	-	-
Payments made during the year	-	-	(2,861)	-	(10,838)	-	-
Carrying amount at 30 June 2025	-	1,723	15,365	8,618	-	750	180

Represented by:

Current	-	-	15,365	8,618	-	750	
Non-current	-	1,723			-		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.

Note 15: Capital management

Risk management

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

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

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

	2025 \$'000	2024 \$'000
Total borrowings	369,184	369,118
Total equity	441,311	297,704
Total capital	810,495	666,822
Gearing ratio	46%	55%

The Group's current ratio at 30 June 2025 was 3.62 (2024 – 2.36).

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).

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.

	2025 \$'000	2024 \$'000
Ordinary shares		
2025 first and final dividend of \$nil (2024 – \$5.42m) per share declared at 30 June	–	10,838
	–	10,838

(a) Dividends paid

In the prior year, the Sunwater Board recommended a 2024 dividend of \$10.84 million being 100 per cent of the Group's audited net profit after tax which was accepted by shareholding Ministers. The dividend payment was made on 28 November 2024.

(b) Dividends declared

In 2025, the Sunwater Board recommended a first and final dividend of nil (2024 – \$10.84 million). No dividend has been provided this financial year.

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	2025	2024
Issued and paid-up capital:	\$'000	\$'000
Two ordinary shares of \$265.218 million each	530,437	388,454

(b) Movements in ordinary share capital	Number of shares	Contribution per share \$'000	Total \$'000
Opening balance 1 July 2024	2	194,226	388,454
Equity funding	-	70,992	141,983
Closing balance 30 June 2025	2	265,218	530,437

In 2025, the State provided \$141.9 million in equity injections (2024 – \$151.6 million) including a \$20 million contribution from the Australian Government.

Note 17: Investment in subsidiaries

Principles of consolidation

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

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

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

The Group's principal subsidiaries are set out below:

Name of entity	Country of incorporation	Class of shares	Equity holding 2025	Equity holding 2024
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 under the *ASIC Corporations (Wholly-Owned Companies) Instrument 2016/785* and are not required to prepare and lodge an audited Financial Report and Directors' Report.

The Consolidated Statement of Comprehensive Income and Consolidated Statement of Financial Position of the entities party to the Deed of Cross Guarantee are the same as the Consolidated Financial Statements of the Group.

Pursuant to *ASIC Instrument 2016/785*, the wholly owned subsidiaries listed above are relieved from the *Corporations Act 2001* (Cth) requirements for preparation, audit and lodgement of Financial Reports and a Directors' Report. It is a condition of the Class Order that Sunwater Limited and each of the subsidiaries enter a Deed of Cross Guarantee.

The Deed's effect is that Sunwater 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.

Note 18: Commitments

Capital commitments

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

	2025 \$'000	2024 \$'000
Information communication technology projects	422	719
Water infrastructure projects	101,723	57,225
	102,145	57,944
Payable:		
within one year	102,145	57,944

Dam Improvement Program (included in water infrastructure projects)

The Group has a significant commitment to a DIP in the coming years.

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. The detailed business case will be delivered to Queensland Government in early 2026. Sunwater is continuing a range of planned enabling work including geotechnical investigations, road upgrades, concrete mix designs, the design of a workers' accommodation village, and environmental approvals.

Note 19: Contingencies

The Group had the following contingent assets and liabilities at 30 June 2025:

Contingent liabilities

- Sunwater continues to hold a provision for obligations resulting from the transfer of the Rookwood Weir asset and other business contractual arrangements. Sunwater's liability is contingent on the extent of various compensation claims which are not fully known, and thus the amount of the provision could change.
- At 30 June 2025, the Group is dealing with various commercial and legal disputes that occur as a normal part of its business operations. At the date of this report, it is not possible to reliably estimate the merit or the eventual outcome of these disputes or the financial consequences.

Contingent assets

- Sunwater holds bank guarantees 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 27 August 2025, except as detailed elsewhere in the Financial Statements, no events have occurred subsequent to the Statement of Financial Position since that dated 30 June 2025 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 \$308,000 (2024 – \$250,000) 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 2025 owned 100 per cent (2024 – 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 2025, the following significant transactions occurred between the Group and other State of Queensland-controlled entities.

	2025	2024
	\$'000	\$'000
Interest received from QTC	12,558	3,034
Interest paid to QTC	15,199	14,339
Water sales, CSOs, grants received	61,168	60,517
Consultancy and other income	4,637	14,189
Equity funding from the State	141,983	151,587

(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 entity.

(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
- Gail Jukes

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 2025	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	Chief People Officer
Cameron Milliner	Executive General Manager, Customer and Stakeholder Relations
Mal Shepherd	Chief Development Officer
Toby Rice	Executive General Manager, Engineering and Water Resources

iv. Shareholding Ministers

The GOC's shareholding Ministers are identified as part of its key management personnel. At 30 June 2025, these Ministers were the Honourable Ann Leahy MP, Minister for Local Government and Water, and Minister for Fire, Disaster Recovery and Volunteers, and the Honourable Ros Bates MP, Minister for Finance, Trade, Employment and Training.

Key management personnel compensation

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

v. Key management personnel compensation disclosures by category

Category	2025 \$'000	2024 \$'000
Short-term employee benefits – cash salary	3,575	3,233
Short-term employee benefits – cash bonus	357	387
Short-term employee benefits – other	91	69
Post-employment benefits – superannuation	255	225
Total	4,278	3,914

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

vi. Compensation – Directors

Director's remuneration	Short-term benefits		Post-employment benefits		Total	
	Directors' fees ⁽¹⁾		Superannuation			
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Lisa Caffery, Chair	98	96	13	12	111	108
David Stewart ⁽¹⁾	60	59	7	7	67	64
Jane Williams	51	50	6	6	57	56
Leeha James	50	48	6	6	56	54
Stuart Armitage ⁽¹⁾	49	50	6	6	53	52
Gail Jukes	54	40	7	5	61	45
Total	362	343	45	42	407	385

⁽¹⁾ Directors' fees include motor vehicle allowances totalling \$4395 (2024 – \$5930).

Directors' remuneration excludes insurance premiums (exclusive of GST) of \$432,245 (2024 – \$480,895) 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

2025	Short-term benefits			Post-employment benefits		Total
	Cash salary	Cash bonus ⁽²⁾	Other ⁽¹⁾	Superannuation	Termination benefits	
Name and title of executive	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Glenn Stockton, Chief Executive Officer	735	96	13	30	-	874
Erin Strang, Chief Financial Officer	441	57	13	30	-	541
Colin Bendall, Executive General Manager, Operations	368	47	13	30	-	458
Kellie Breen, Chief People Officer	369	50	13	30	-	462
Cameron Milliner, Executive General Manager, Customer and Stakeholder Relations	350	43	13	30	-	436
Mal Shepherd, Chief Development Officer	545	64	13	30	-	652
Toby Rice, Executive General Manager, Engineering and Water Resources	405	-	13	30	-	448
Total	3,213	357	91	210	-	3,871

(1) Other includes a contribution payment towards private health insurance and for car parking benefits including Fringe Benefits Tax thereon.

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

2024	Short-term benefits			Post-employment benefits		Total
	Cash salary	Cash bonus ⁽⁶⁾	Other ⁽⁵⁾	Superannuation	Termination benefits	
Name and title of executive	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Glenn Stockton, Chief Executive Officer	722	91	10	27	-	845
Erin Strang, Chief Financial Officer	430	57	10	27	-	519
Colin Bendall, Executive General Manager, Operations	353	45	10	27	-	430
Kellie Breen, Executive General Manager, People, Environment and Portfolio	359	47	10	27	-	438
Cameron Milliner, Executive General Manager, Customer and Stakeholder Relations	339	40	10	27	-	411
Mal Shepherd, Chief Development Officer	452	63	10	27	-	547
Toby Rice, Executive General Manager, Engineering and Water Resources ⁽⁴⁾	55	-	1	6	-	61
Michael Kahler, Executive General Manager, Engineering and Water Resources ⁽³⁾	180	44	8	15	-	243
Total	2,890	387	69	183	-	3,529

(4) Mr Michael Kahler resigned as Executive General Manager, Engineering and Water Resources on 12 January 2024.

(5) Mr Toby Rice was appointed as Executive General Manager, Engineering and Water Resources on 13 May 2024.

(6) Other includes a contribution payment towards private health insurance and for car parking benefits including Fringe Benefits Tax.

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

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 *Chief and Senior Executive Employment Arrangements*.

All senior executives are engaged on permanent 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) including base salary, fixed allowances and superannuation for the 2025 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 (KMP) of the Queensland Government, aggregate remuneration expenses for all Ministers are disclosed in the Queensland General Government and Whole of Government Consolidated Financial Statements 2025, 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 2025.

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

Sunwater Limited has assessed its obligations under Chapter 2M and section 292A of the *Corporations Act 2001* (Cth) and confirms that it meets the applicable thresholds to prepare a sustainability report containing climate-related financial disclosures in accordance with the AASB Australian Sustainability Reporting Standard *AASB S2 Climate-related Disclosures*.

The entity is required to report from the financial year commencing 1 July 2025.

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

Sunwater Limited's sustainability report will align with the Queensland Government's whole-of-government reporting guidelines and its approach to managing sustainability-related risks and opportunities.

In preparing its financial report, Sunwater Limited considers climate-related risks in the application of material accounting judgements and estimates. These include, but are not limited to, assessments of asset useful lives, fair value measurements, impairment testing, recognition of provisions, and the evaluation 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 2025, the Group resolved that it will not be transferring the ownership of Fairbairn Dam recreation area and LN1 drain in Central Queensland. The Group had taken up 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 were transferred to assets held for distribution and have been re-classified as PPE (refer note 10) in 2025.

Assets held for distribution

	2025 \$'000	2024 \$'000
Fairbairn Dam recreation facility and LN1 drain assets	-	255
	-	255

Consolidated Entity Disclosure Statement

as at 30 June 2025

Basis of preparation

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

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

Entity name	Entity type	Bodies corporate		Tax residency	
		Place formed or incorporated	% of share capital held ⁽ⁱ⁾	Australian tax resident	Foreign jurisdiction(s)
Sunwater Limited	Body corporate	Australia	n/a	Yes ⁽ⁱⁱ⁾	N/A
North West Queensland Water Pipeline Pty Ltd	Body corporate	Australia	100%	Yes ⁽ⁱⁱ⁾	N/A
Eungella Water Pipeline Pty Ltd	Body corporate	Australia	100%	Yes ⁽ⁱⁱ⁾	N/A
Burnett Water Pty Ltd	Body corporate	Australia	100%	Yes ⁽ⁱⁱ⁾	N/A

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

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

Determination of tax residency

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

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

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

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

Australian tax residency

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

Foreign tax residency

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

Directors' Declaration

In the Directors' opinion:

- (a) the consolidated financial statements and notes set out on pages 51 to 98 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 2025 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable,
- (c) the Consolidated Entity Disclosure Statement set out on pages 99 to 100 is true and correct; and
- (d) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee described in the corporate structure.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2025 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
27 August 2025

Brisbane
27 August 2025

INDEPENDENT AUDITOR'S REPORT

To the Board of Sunwater Limited

Report on the audit of the financial report

Opinion

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

The financial report comprises the consolidated statement of financial position as at 30 June 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

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

- a) giving a true and fair view of the group's financial position as at 30 June 2025, 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"> • obtaining an understanding of the discounted cash flow model, and assessing its design, integrity and appropriateness with reference to common industry practices • evaluating whether the cash generating units used by management are consistent with the entity's internal reporting and our understanding of the business • checking, on a sample basis, the accuracy and relevance of the input and data used, including reconciling input data to supporting evidence such as approved budgets • assessing the reasonableness of cash flow forecasts by corroborating the key market related assumptions to relevant internal and external data. The reasonableness of board approved budgets was assessed with reference to their historical accuracy and the budget preparation process • evaluating whether the discount rate applied was within a reasonable range, with reference to market data and industry research • challenging the reasonableness of key assumptions based on our knowledge of the entity and industry • performing a sensitivity analysis to assist in considering the potential impact of reasonably possible changes (downside/upside) in these key assumptions • verifying the mathematical accuracy of the net present value calculations.

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

Refer to note 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 2025, but does not include the financial report and our auditor's report thereon.

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

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

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

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the Directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

This description forms part of my auditor's report.



Lisa Fraser
as delegate of the Auditor-General

27 August 2025

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