

Statement of Corporate Intent

2024-25



Our work with First Nations people is important to us. We have a great appreciation for the knowledge and connection that First Nations people have with water and land, and we are committed to building, supporting and strengthening our partnerships with First Nations peoples across our operations.

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Agreement

This Statement of Corporate Intent for the period 1 July 2024 to 30 June 2025 has been agreed between



The Honourable Daniel Mookhey MLC
Treasurer



The Honourable Courtney Houssos MLC
Minister for Finance



Peter Duncan AM
Chair WaterNSW



Andrew George
Chief Executive Officer WaterNSW

About WaterNSW

We're the people taking care of the state's water at the source – capturing, storing, delivering.

WaterNSW operates the state's dams, capturing and storing water, and then supplying it ready for distribution – for the environment, agriculture, industry and the community.

With 41 major dams and hundreds of waterways across the state, we play a vital role at the source of the state's water, delivering two thirds of all water used in NSW.

Our people are dam safety specialists, operators, engineers, catchment protectors, water quality experts, hydrologists, scientists, and licensing and customer service experts, amongst a range of other expertise.

WaterNSW has a number of functions involved in capturing, storing and delivering water:

- ✓ We manage dams like Warragamba, Burrinjuck and Burrendong and protect the Greater Sydney drinking water catchment
- ✓ We supply water to customers, communities and the environment
- ✓ We build, maintain and operate essential infrastructure
- ✓ We service customers – from farmers to local councils – providing support for water licensing and approvals, trades and billing, to meet their water needs
- ✓ We own and operate the largest surface and groundwater monitoring network in the southern hemisphere.



We're proud custodians and expert operators of a vital natural resource. We are driven to use our knowledge, passion and expertise to manage water responsibly and support the resilience of NSW.



We're local partners. We live and work side-by-side with our customers and communities across NSW.



WaterNSW is a State-Owned Corporation and one of the main government agencies tasked with managing water in NSW. We follow the government rules and regulatory frameworks, implementing the rules to deliver water when and where it's needed. In this sense, we follow the rules, we don't make the rules.



Our work with First Nations people is important to us. We have a great appreciation for the knowledge and connection that First Nations people have with water and land, and we are committed to building, supporting and strengthening our partnerships with First Nations peoples across our operations.

Our objectives

WaterNSW is established under the *Water NSW Act 2014* and the *State Owned Corporations Act 1989*.

WaterNSW operates under an Operating Licence granted by the Independent Pricing and Regulatory Tribunal (IPART).

Our principal objectives under the *Water NSW Act 2014* are to

- a) Capture, store and release water in an efficient, effective, safe and financially responsible manner.
- b) Supply water in compliance with appropriate standards of quality.
- c) Ensure that declared catchment areas and water management works in such areas are managed and protected so as to promote water quality, the protection of public health and public safety, and the protection of the environment.
- d) Provide for the planning, design, modelling and construction of water storages and other water management works.
- e) Maintain and operate works efficiently and economically and in accordance with sound commercial principles.

WaterNSW's role in the water sector

We're at the source of the state's water.

WaterNSW is one of the main government agencies tasked with managing water in NSW. We follow the government rules and regulatory frameworks, implementing the rules to deliver water when and where it's needed.

The NSW Department of Climate Change, Energy, the Environment and Water (the Department) makes the rules, we implement the rules and the Natural Resources Access Regulator (NRAR) enforces the rules.

While we deliver the state's water for use by communities, farmers, the environment and industry, it's ultimately our customers, like local councils and Sydney Water, that treat and supply the water to households.

In this sense, we follow the rules, we don't make the rules. We're at the dams and waterways, we're not at the taps.

Department



Makes the rules

Governed by the *NSW Water Management Act 2000*.

Responsibilities:

- Planning and policy development
- Establishing regulatory frameworks for regional and metropolitan water in NSW
- Setting of mandatory licensing conditions resulting from water sharing plans

WaterNSW



Implements the rules

Established under the *Water NSW Act 2014*.

Responsibilities:

- Supply of the state's water from the source
- Licensing and approvals for most customers
- Water allocation and licence trades
- Water resource information
- Water monitoring services on behalf of other agencies, such as DCCEE and the Bureau of Meteorology
- Operation of state's river systems

NRAR



Enforces the rules

Established under the *NSW Natural Resources Access Regulator Act 2017*.

Responsibilities:

- Compliance and enforcement of regulatory framework for water
- Management rules

WaterNSW Corporate Strategy 2021-2026



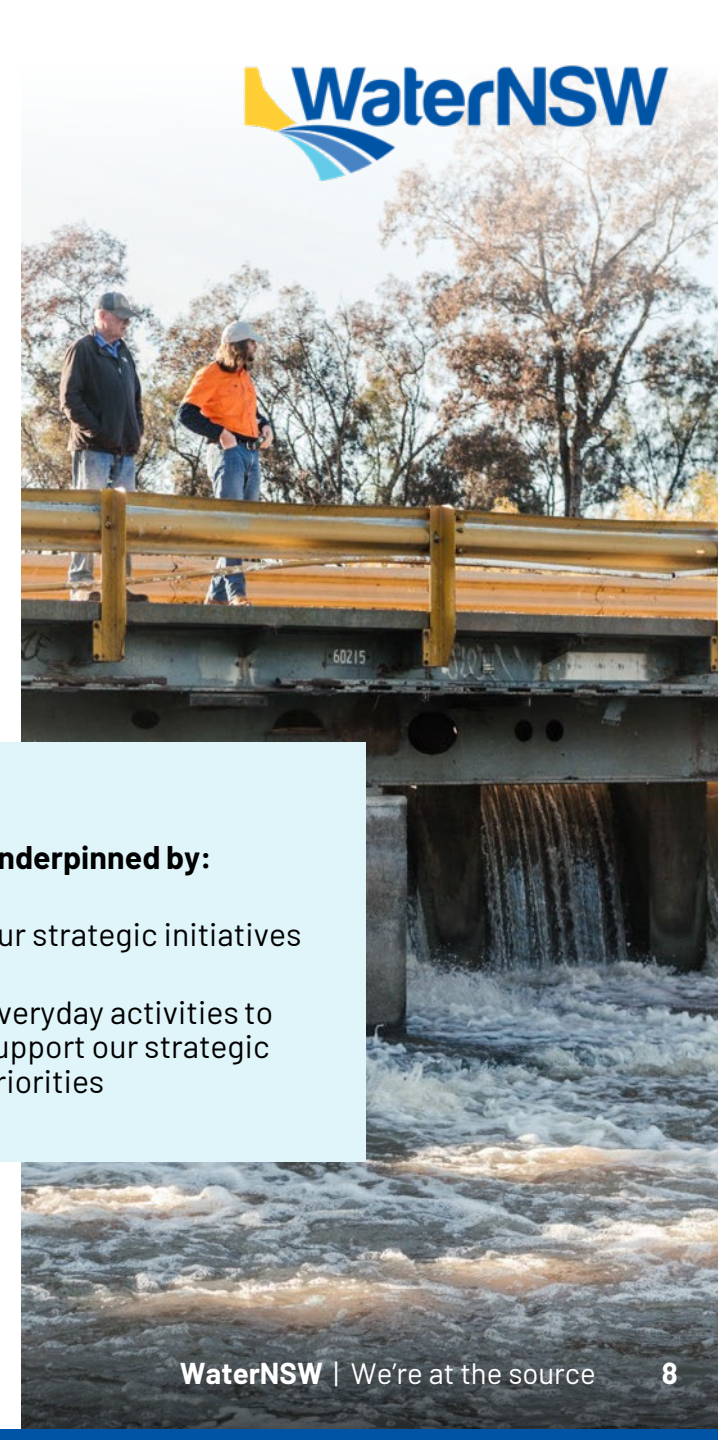
Our vision

To support the resilience of NSW communities through our leadership in delivering water services, for generations to come.



Our purpose

Water, delivered when and where it matters.



Our strategic priorities



Delivering operational excellence



Developing our people and capabilities



Respected by the customers and communities that we serve



Working together in partnership



Building a sustainable future

Underpinned by:

Our strategic initiatives

Everyday activities to support our strategic priorities

Our values

Think customer | Drive change | Deliver excellence | Achieve together | Value our people | Own it

Our strategic initiatives for FY25



Delivering operational excellence

- Cost transformation program
- Strengthening regulatory performance
- Digitally enhanced services



Developing our people & capabilities

- Future workforce strategy
- Workplace culture programs



Respected by the customers and communities we serve

- Corporate affairs enhancement plan



Working together in partnership

- Growing non-regulated revenue
- Renewable energy program
- Finalise our Pricing proposal and supporting financial plan FY26-FY30



Building a sustainable future

- Implement our ESG program

Statement of Expectations

The Statement of Expectations is available at waternsw.com.au

Purpose



The statement of expectations is issued by our Shareholding Ministers and Portfolio Minister to:

- help WaterNSW ensure our strategic direction aligns with the Government's expectations
- clarify the Government's key priorities relevant to the work of WaterNSW while we continue to operate in a commercial manner.

Basis of preparation



This 2024-25 Statement of Corporate Intent (SCI) has been prepared and submitted to the Shareholding Ministers in accordance with the *State Owned Corporations Act 1989* and the *Water NSW Act 2014*.

The strategic direction of the 2024-25 SCI aligns with the Statement of Expectations/ Priorities issued by the previous government on 26 April 2022.

Review








WaterNSW is working with the Government to reevaluate its Statement of Expectations in due course to ensure our priorities align with the Government's priorities.

Statement of Expectations

Our corporate strategy is strongly aligned to the statement of expectations through our strategic priorities and the delivery of our strategic initiatives.

Expectations

	Operational excellence	People & capabilities	Customers & community	Working together	Sustainable future
					
Align with Government's strategic planning	✓		✓	✓	✓
Strive for excellence in customer service and experience	✓	✓	✓	✓	✓
Build trust with the community and stakeholders	✓		✓	✓	✓
Focus on environmental outcomes	✓		✓	✓	✓
Minimise cost of living pressures	✓		✓	✓	
Ensure the government's investment of its capital is used efficiently	✓		✓	✓	✓
Deliver services safely	✓	✓	✓	✓	
Maintain high standards of public accountability and governance		✓	✓	✓	
Ensure robust procurement and employment practices that support the economic and social outcomes of the state		✓			✓

Financial projections summary

	2024-25 \$ million	2025-26 \$ million	2026-27 \$ million
Revenue	493.5	576.2	648.4
Operating expenditure	335.0	358.2	361.8
Earnings before interest, tax, depreciation and amortisation	158.5	218.0	286.6
Earnings before interest and tax	50.3	101.1	165.0
Operating profit before tax	(40.7)	(7.4)	36.4
Net profit after tax	(29.2)	(5.9)	24.8
Net debt	2,163.4	2,387.5	2,764.9
Capital expenditure	221.9	274.9	488.9
Dividend	40.0	40.0	45.0

Dividend policy

WaterNSW's financial distribution policy is consistent with NSW Treasury's Policy and Guidelines Paper TPG21-10 *Capital Structure and Financial Distribution Policy for Government Businesses*.

Dividend forecasts are based on the principles of maintaining a steady dividend profile, positive retained earnings, and an investment grade credit rating.

Dividends are proposed by the Board of WaterNSW in May of each year, with acceptance or variation by the Voting Shareholders in June.

The Net loss after tax in FY25 and FY26 is due to higher operating and interest costs and smoothing of regulated revenue over IPART's regulatory period from FY26 to FY30.

Performance target summary

	2024-25	2025-26	2026-27
Returns to shareholders ¹	66.1	66.7	76.8
Regulated ² operating expenditure	289.4	310.7	317.9
Regulated ² capital expenditure	215.5	272.0	486.8
Target capital structure (net debt to regulated asset base)	53.9%	55.4%	57.5%
Earnings before interest, tax, depreciation and amortisation	158.5	218.0	286.6

1. Returns to shareholders includes current income tax, government guarantee fee, dividend declared and return of capital.
No return of capital is projected for the reported financial years.
2. Our regulated business comprises monopoly activities related to bulk water infrastructure and water delivery.
Revenue for these activities is regulated by IPART.

Performance target summary

	2024-25	2025-26	2026-27
Safety - Incident severity rate (employees and contractors)	Zero class 4 or 5 and no more than one class 3 severity incidents	Zero class 4 or 5 and no more than one class 3 severity incidents	Zero class 4 or 5 and no more than one class 3 severity incidents
Safety - Incident severity rate (general public)	Zero class 4 or 5 and no more than one class 3 severity incidents	Zero class 4 or 5 and no more than one class 3 severity incidents	Zero class 4 or 5 and no more than one class 3 severity incidents
Customer service	Aggregate performance against value, trust, service delivery and ease of doing business KPIs is on track	Aggregate performance against value, trust, service delivery and ease of doing business KPIs is on track	Aggregate performance against value, trust, service delivery and ease of doing business KPIs is on track
Quality of water available for supply	Meets agreed standards >97.5% of the time	Meets agreed standards >97.5% of the time	Meets agreed standards >97.5% of the time
Water delivery	Operational losses as a percentage of total sales volumes are no more than 3%	Operational losses as a percentage of total sales volumes are no more than 3%	Operational losses as a percentage of total sales volumes are no more than 3%
Employee engagement	2.5% improvement on prior year	2.5% improvement on prior year	2.5% improvement on prior year
Deliver the Strategic Plan	100% of strategic initiatives meet expectations	100% of strategic initiatives meet expectations	100% of strategic initiatives meet expectations
Environment	Establish target and pathway and climate related disclosure reporting	To be confirmed (based on reductions pathway and investment case)	To be confirmed (based on reductions pathway and investment case)

Representation and commitment statement

The Board of WaterNSW confirms that:

- Key performance indicators within the 2024-25 Statement of Corporate Intent are based on and supported by WaterNSW's Business Plan.
- The Voting Shareholders will be provided with financial and other information to assess the performance against commitments in this SCI and to assess the value of the Shareholders' investment in WaterNSW.
- Asset maintenance policies and processes are adequate and appropriate to manage and control risks associated with physical assets.
- All known key risks and major emerging contingent liabilities, including climate related and cyber security, which could materially impact the current and future results of WaterNSW for the coming year have been disclosed.
- Internal audit and risk management practices are consistent with the Australian Standard AS ISO 31000:2018 and standards recommended for Australian Securities Exchange (ASX) listed companies. Where appropriate and relevant, WaterNSW has referred to Treasury's *Internal Audit and Risk Management Policy for the General Government Sector*(TPP20-08) for the NSW Public Sector, and the *Risk Management Toolkit*(TPP20-08) to support development of our risk management systems.
- The Chief Executive Officer has an employment contract and performance agreement. The performance agreement is appraised every six months. The employment contract entitles the Chief Executive Officer to ongoing employment with WaterNSW.
- WaterNSW adheres to Commercial Policy Framework policies.
- WaterNSW agrees it will pay charges fixed by the Treasurer in respect of government guarantee fees for borrowings from TCorp, in accordance with section 20U of the *State Owned Corporations Act 1989*.
- WaterNSW complies with NSW Treasury accounting circulars and policies applicable for State Owned Corporations.
- WaterNSW agrees to provide information during the year to Treasury, as the representative of the Voting Shareholders, as specified in the State Owned Corporation Reporting Obligation Requirements.
- WaterNSW has agreed to comply with the current government policy M2023-04 *NSW Government Fair Pay and Bargaining Policy 2023*.