

Statement of Corporate Intent



2023-24



Contents

- 3 Agreement
- 4 Our objectives
- 5 Our business
- 6 Our functions
- 7 Corporate strategy
- 8 Strategic initiatives
- 9 Statement of Expectations
- 10 Financial summary
- 11 Performance target summary
- 12 Representation and commitment statement



WaterNSW acknowledges the traditional custodians of the lands and waters on which we work and pay our respects to all elders past, present and emerging.



Agreement



This Statement of Corporate Intent for the period 1 July 2023 to 30 June 2024 has been agreed between

A handwritten signature in black ink, appearing to read "P. Duncan", written over a horizontal line.

Peter Duncan AM
Chair, WaterNSW



A handwritten signature in black ink, appearing to read "Daniel Mookhey", written over a horizontal line.

The Honourable Daniel Mookhey MLC
Treasurer

A handwritten signature in blue ink, appearing to read "Andrew George", written over a horizontal line.

Andrew George
Chief Executive Officer, WaterNSW

A handwritten signature in blue ink, appearing to read "Courtney Houssos", written over a horizontal line.

The Honourable Courtney Houssos MLC
Minister for Finance

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.

Principal objectives

- 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.

Partnership with other water agencies in NSW

WaterNSW is one of four main agencies tasked with implementing the regulatory framework and managing water in NSW.

While the agencies work together to achieve the best possible economic, social, cultural and environment outcomes for the people of NSW, each agency has its own roles and responsibilities.

WaterNSW works in partnership with the [Department of Planning and Environment](#), [Natural Resource Access Regulator](#) and [NSW Office of Environment and Heritage](#).

Our business



WaterNSW supplies two-thirds of water used in NSW. But we are more than a system operator.

- We are catchment protectors and water quality experts.
- We maintain and operate the assets that supply water to our customers and communities and skilfully manage the system through floods and drought.
- We are advocates for our customers and educators to the broader community.

WaterNSW delivers five main functions:



Corporate strategy



Our purpose

Water, delivered when and where it matters

Our vision

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

Our strategic priorities

These five strategic priorities reflect what is important to our stakeholders, communities and customers.



Strategic initiatives



Delivering operational excellence

Cost Transformation Program

Future operations

Digital Transformation

Respected by the customers and communities we serve

Reconciliation Action Plan

IPART Pricing Submission

Developing our people and capabilities

Capability Uplift and Early Entry Programs

Safety and Wellbeing

Working together in partnership

Develop new revenue streams

Building a sustainable future

Environmental, Social and Governance

Strategy and Action Plan

Renewable Energy Program

Statement of expectations



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.



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

The statement of expectations is available on the Corporate Governance page at watnsw.com.au.

Government expectation	WaterNSW strategic priorities
Align with the Government's strategic planning	Respected by the customers and communities we serve Working together in partnership
Strive for excellence in customer service and experience	Delivering operational excellence Developing our people and capabilities Respected by the customers and communities we serve
Build trust with the community and stakeholders	Delivering operational excellence Building a sustainable future Respected by the customers and communities we serve Working together in partnership
Focus on environmental outcomes	Building a sustainable future
Minimise cost of living pressures	Delivering operational excellence (including cost efficiencies)
Ensure the Government's investment of its capital is used efficiently	Delivering operational excellence (including cost efficiencies) Respected by the customers and communities we serve Working together in partnership
Deliver services safely	Delivering operational excellence
Maintain high standards of public accountability and governance	Building a sustainable future Respected by the customers and communities we serve Working together in partnership
Ensure robust procurement and employment practices that support the economic and social outcomes of the state	Developing our people and capabilities Respected by the customers and communities we serve Working together in partnership

Statement of expectations review



This 2023-24 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 2023-24 SCI aligns with the Statement of Expectations/Priorities issued by the previous government on 26 April 2022.

Water NSW is working with the Government to reevaluate its Statement of Expectations in due course to ensure our priorities align with the Government's priorities. Related to this process WaterNSW will be focusing on the following key priority areas for the coming year:

- add to the Regulated Asset Base in a financially sustainable manner that balances the investment drivers (growth and climate change), fiscal and economic conditions, and the impact on customer prices and returns to shareholders;
- prioritise investments and services through meaningful engagement with customers and stakeholders (including Government agencies) to service key areas of population growth, minimise the pressure on customer bills and enhance resilience to climate change;
- contribute to the delivery of thriving and liveable communities through the provision of water to support the Government's priorities to support a growing population and the enhancement of waterway health
- operate in a way that is consistent with the Government's Net Zero Plan, including Stage 1 of that plan to fast-track emissions reduction over the next decade; and
- build trust with customers, stakeholders and the community through providing transparent, meaningful and timely information and engagement.

Financial summary



	2023-24	2024-25	2025-26
	\$ million	\$ million	\$ million
Revenue	477.6	516.0	538.4
Operating expenses	254.6	243.4	237.1
Earnings before interest, tax, depreciation and amortisation	222.9	272.6	301.2
Earnings before interest and tax	119.0	160.3	186.0
Operating profit before tax	48.8	66.9	65.3
Net profit after tax	33.5	46.2	45.2
Net debt	2,019.2	2,204.4	2,458.1
Capital expenditure	269.9	289.2	352.9
Dividend	40.0	40.0	40.0

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.

Performance target summary



Measure	2023-24	2024-25	2025-26
Returns to shareholders	\$88.5 million	\$96.4 million	\$103.9 million
Regulated operating expenditure	\$223.3 million	\$209.0 million	\$207.2 million
Regulated capital expenditure	\$253.4 million	\$280.2 million	\$348.9 million
Target capital structure	51.8% net debt to RAB*	52.7% net debt to RAB*	54.3% net debt to RAB*
EBITDA	\$222.9 million	\$272.6 million	\$301.2 million
Incident severity rate	Zero class 4 or 5 incidents No more than one class 3 incident	Zero class 4 or 5 incidents No more than one class 3 incident	Zero class 4 or 5 incidents No more than one class 3 incident
Customer service	5.61 out of 10 survey score for ease of doing business	To be determined once new survey structure is developed	To be determined once new survey structure is developed
Quality of water available for supply	Meets agreed standards more than 97.5% of the time	Meets agreed standards more than 97.5% of the time	Meets agreed standards more than 97.5% of the time
Water delivery	Operational losses are no more than 3% of total sales volumes	Operational losses are no more than 3% of total sales volumes	Operational losses are no more than 3% of total sales volumes
Employee engagement	2.5% improvement on prior year	2.5% improvement on prior year	2.5% improvement on prior year
Deliver our Strategic Plan	100% of strategic initiatives meet expectations	100% of strategic initiatives meet expectations	100% of strategic initiatives meet expectations
Environment	100% of ESG program plan met	100% of ESG program plan met	100% of ESG program plan met

Representation and commitment statement



The Board of WaterNSW confirms that:

- Key performance indicators within the 2023-24 SCI 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 standards recommended for Australian Securities Exchange (ASX) listed companies and where appropriate and relevant, WaterNSW has applied any additional requirements that are set out in *Internal Audit and Risk Management Policy for the General Government Sector* (TPP20-08) for the NSW Public Sector.
- 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, as listed in *State Owned Corporations: Applicable TPPs under the Commercial Policy Framework*.
- 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 SOCs.
- WaterNSW agrees to provide information during the year to NSW Treasury, as the representative of the Voting Shareholders, as specified in the State Owned Corporation Reporting Obligation Requirements.
- WaterNSW will seek to align wage outcomes to the *NSW Government's Fair Pay Policy for 2023-24*.
- WaterNSW has agreed to comply with the requirements of New South Wales Industrial Relations Guidelines: Building and Construction Procurement July 2013 (Updated September 2017) [previously referred to as Premier's Memoranda M2013-04].