

Statement of Corporate Intent



2022-23



Contents

- 3 Agreement
- 4 Who we are
- 5 What we do
- 6 Where we operate
- 7 Corporate strategy
- 8 Strategic initiatives
- 9 Building a sustainable future
- 10 Statement of expectations
- 11 Financial summary
- 12 Performance target summary
- 13 Representation and commitment statement



In the spirit of reconciliation WaterNSW acknowledges the Traditional Custodians of Country throughout Australia and their connections to land, sea and community.

We pay our respect to their Elders past and present and extend that respect to all

Aboriginal and Torres Strait Islander

peoples today.

Agreement



This Statement of Corporate Intent for the period 1 July 2022 to 30 June 2023 has been agreed between

A handwritten signature in black ink, appearing to read "P. Duncan".

Peter Duncan AM
Chair, WaterNSW

A handwritten signature in blue ink, appearing to read "Matt Kean".

The Honourable Matt Kean MP
Treasurer and Minister for Energy

A handwritten signature in blue ink, appearing to read "Andrew George".

Andrew George
Chief Executive Officer, WaterNSW

A handwritten signature in blue ink, appearing to read "Damien Tudehope".

The Honourable Damien Tudehope MLC
Minister for Finance and Employee Relations

Who we are



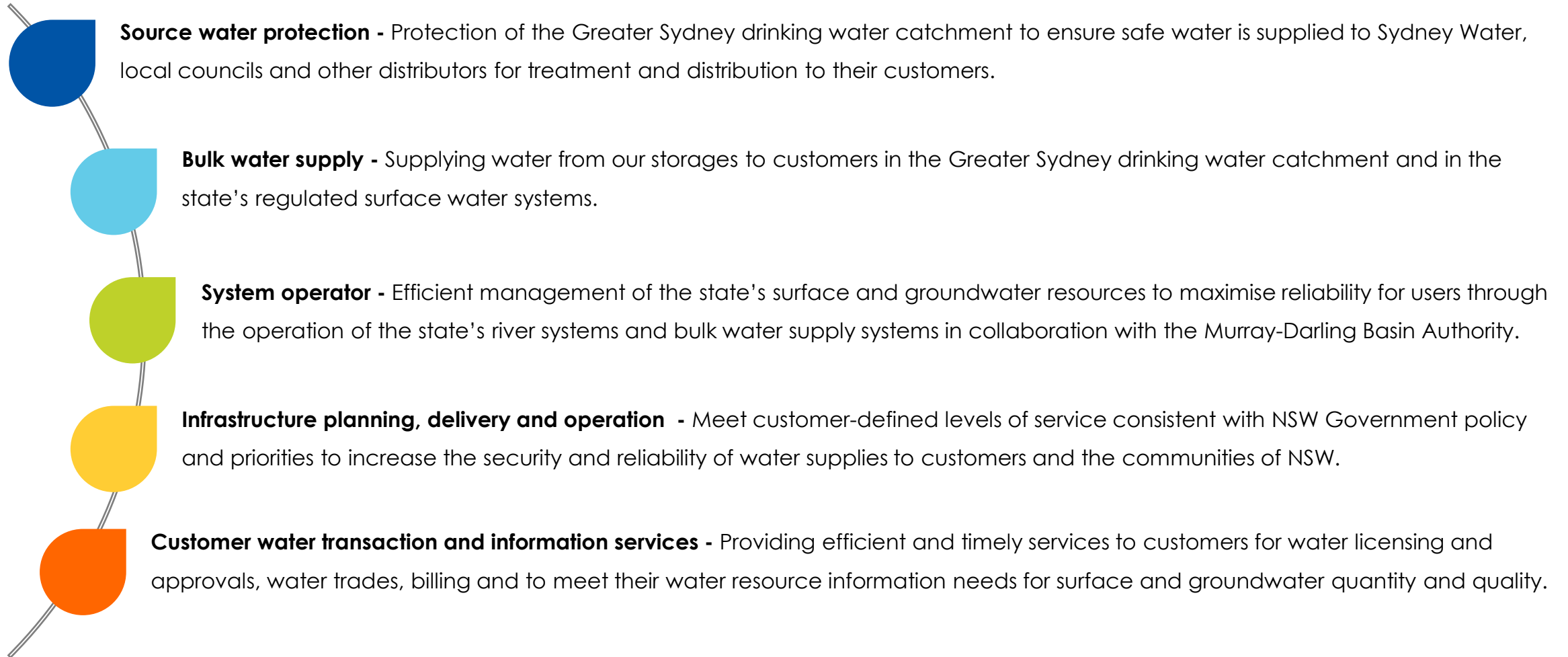
WaterNSW is a State-Owned Corporation established under the *WaterNSW Act 2014*. We operate under an Operating Licence issued and monitored by the Independent Pricing and Regulatory Tribunal.

- We operate the state's rivers and water supply systems in accordance with the rules set out by regulators.
- With more than 40 dams across the state, we supply two-thirds of water used in NSW to regional towns, irrigators, Sydney Water Corporation and local water utilities.
- We own and operate the largest surface and groundwater monitoring network in the southern hemisphere and build, maintain and operate essential infrastructure.

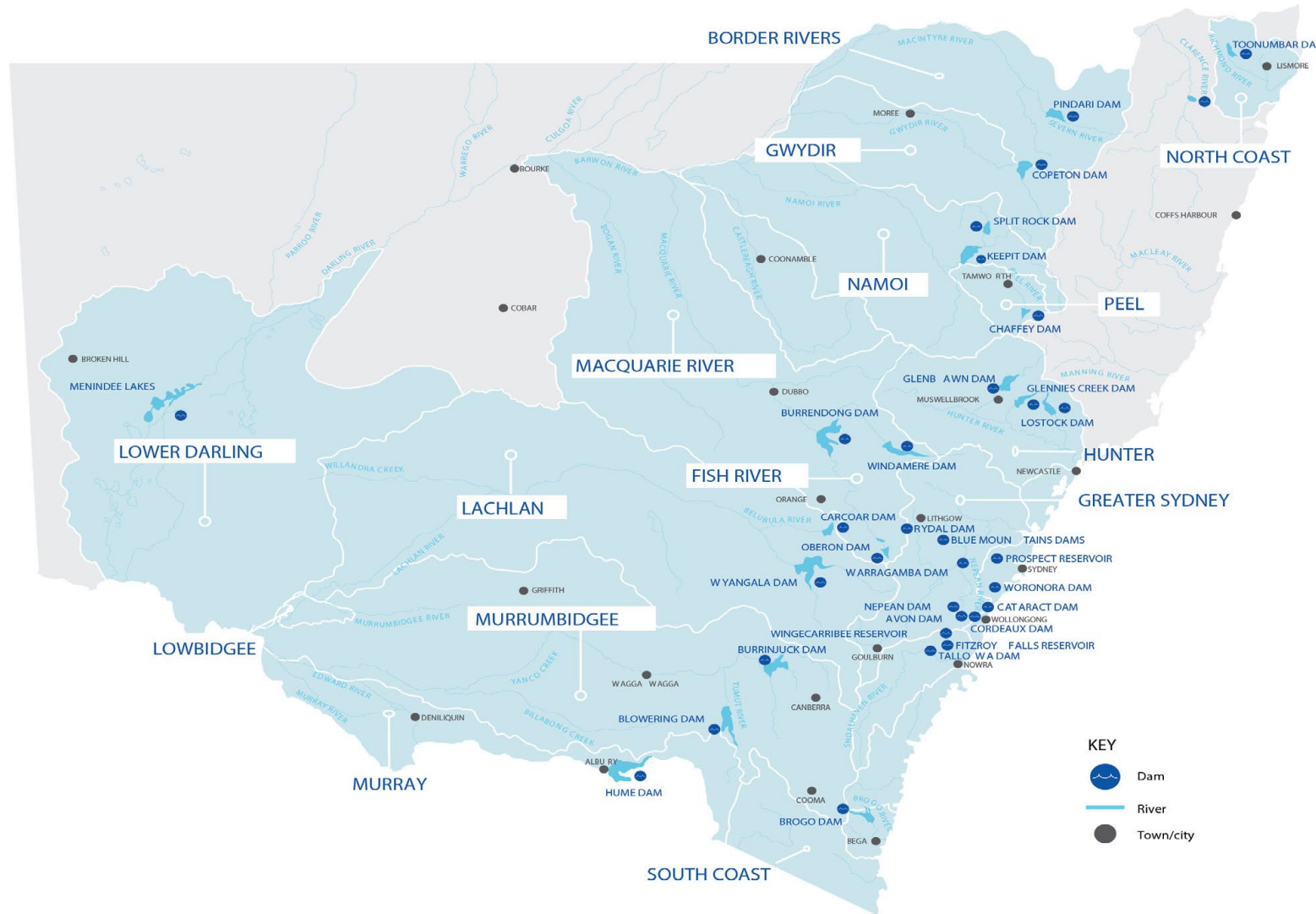
Our values are the principles and behaviours that drive us to succeed as both teams and individuals every day at WaterNSW. They reflect who we are and what we represent.



What we do



Where we operate



WaterNSW provides bulk water delivery and other services daily to tens of thousands of customers across NSW.

We also manage our extensive operational assets, water monitoring and metering networks.

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

Our purpose and vision are supported by five strategic priorities



Strategic initiatives

Delivering operational excellence

- Business Transformation Program
- Water Added Value Environment (WAVE) - digitalisation of key customer processes

Working together in partnership

- Water Sector Reform - partnering with the water sector to develop and implement reforms aimed at improving customer and community outcomes



Building a sustainable future

- Environmental, Social and Governance (ESG) Strategy

Developing our people and capabilities

- Inclusion and Diversity Program
- People Strategy

Respected by the customers and communities we serve

- Reconciliation Action Plan
- Customer and Community Engagement Program
- Regulatory Submission Strategy

Building a sustainable future



Our Environmental, Social and Governance (ESG) strategy will focus on:

- Emissions reductions
- Climate change adaptation and mitigation
- Diversity and Inclusion
- Reconciliation Action Plan
- Waste reduction
- Socially and ethically responsible procurement
- Biosecurity and diversity



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.

Government expectation

WaterNSW strategic priorities

Align with Government's strategic planning

Respected by the customers and community 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 community we serve

Build trust with the community and stakeholders

Delivering operational excellence
Building a sustainable future
Respected by the customers and community we serve
Working together in partnership

Focus on environmental outcomes

Building a sustainable future

Minimise cost of living pressures

Delivering operational excellence
Respected by the customers and community we serve

Ensure the Government's investment of its capital is used efficiently

Delivering operational excellence
Respected by the customers and community we serve
Working together in partnership

Deliver services safely

Delivering operational excellence

Maintain high standards of public accountability and corporate governance

Building a sustainable future
Respected by the customers and community 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 community we serve
Working together in partnership

Financial summary



	2022-23	2023-24	2024-25
	\$ million	\$ million	\$ million
Revenue	434.3	453.7	445.3
Operating expenses	263.2	237.1	243.0
Earnings before interest, tax, depreciation and amortisation	171.1	216.6	202.3
Earnings before interest and tax	79.8	118.5	103.6
Operating profit before tax	15.2	40.6	6.9
Net profit after tax	9.7	27.7	4.3
Net debt	1,964.5	2,071.8	2,213.3
Capital expenditure	164.5	193.4	190.3
Forecast dividend profile	40.0	40.0	40.0

Note: amounts are shown in nominal dollars

Performance targets



Measure	2022-23	2023-24	2024-25
Returns to shareholders	\$72.5 million	\$84.5 million	\$80.5 million
Regulated operating expenditure	\$219.6 million	\$191.5 million	\$199.0 million
Regulated capital expenditure	\$155.7 million	\$190.0 million	\$189.2 million
Capital structure	54.7% net debt RAB*	54.7% net debt to RAB*	55.5% net debt to RAB*
EBITDA	\$171.1 million	\$216.6 million	\$202.3 million
Incident severity rate	Zero class 4 or 5 incidents No more than one class 3 incident	Zero class 3, 4 or 5 incidents No more than one class 2 incident	Zero class 2, 3, 4 or 5 incidents No more than one class 1 incident
Customer satisfaction	5% improvement each year on average to achieve a score of 64.7 by FY27		
Water quality	97.5% of water available for supply meets agreed standards		
Water delivery	Operational losses as a percentage of total sales volumes are no more than 3%		
Employee engagement	5% improvement on prior year result	2.5% improvement on prior year result	2.5% improvement on prior year result
Deliver Corporate Strategy	100% of strategic initiatives meet expectations		

Representation and commitment statement



The Board of WaterNSW confirms that:

- The contents of the SCI meet the statutory requirements set out in section 22 of the *State Owned Corporations Act 19089*.
- Key performance indicators within the 2022-23 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 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. Where appropriate, WaterNSW has applied any additional requirements that are set out in *Internal Audit and Risk Management Policy (TPP20-03)* 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 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 has agreed to comply with the requirement of Premier's Memoranda M2021-13, the NSW Public Sector Wages Policy, and further guidance on executive remuneration contained in the Treasurer's January 2014 letter.
- 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].