

Sydney
WATER

**Statement of
Corporate Intent
2025-26**



Acknowledgement of Country

Sydney Water respectfully acknowledges the Traditional Custodians of the land and waters on which we work, live and learn. We pay respect to Elders past and present.



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1. Agreement*

This 2025-26 Statement of Corporate Intent (SCI) has been prepared and submitted to the Shareholding Ministers in accordance with the State Owned Corporations Act 1989 and Sydney Water Act 1994.

The existing Statement of Expectations reflects the priorities and expectations of the previous government and is currently being updated to ensure that expectations of the current government are conveyed.

Sydney Water Corporation has identified the following key priority areas for the coming year:

- prioritise investments and services through meaningful engagement with customers and stakeholders (including Government agencies) to address key risks (e.g. asset failure, water quality, public health, water security), service key areas of population growth, minimise the pressure on customer bills and enhance resilience to climate change;
- enacting our price determination from IPART for 2025-30;
- operate the organisation 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;
- contribute to communities through the better integration of land use planning and provision of water and wastewater services in a timely way to support the Government's priority for the provision of housing and 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.

* The SCI presented is based on the Sydney Water's IPART submission, submitted in September 2024. In September 2025, Sydney Water will receive the final determination from IPART. This may result in changes to the financial plan presented in this document. Sydney Water is engaging with NSW Government throughout the process.



1.1 Agreement

This 2025-26 Statement of Corporate Intent for the Sydney Water Corporation has been agreed between:



.....
Niall Blair
Chair
Sydney Water Corporation



.....
Paul Plowman
Acting Chief Executive Officer
Sydney Water Corporation

and



.....
The Hon. Daniel Mookhey MP
Shareholder



.....
The Hon. Courtney Houssos MP
Shareholder

Date..... 28/11/2025

Sydney Water Corporation
1 Smith Street
Parramatta NSW 2150

Board of Directors
The Hon. Niall Blair (Chair)
Craig Roy
Christine Covington
Professor Don Nutbeam
Greg Couttas
Dr. Alex Fisher
Michael Shur
Michelle Tierney





2. Objectives

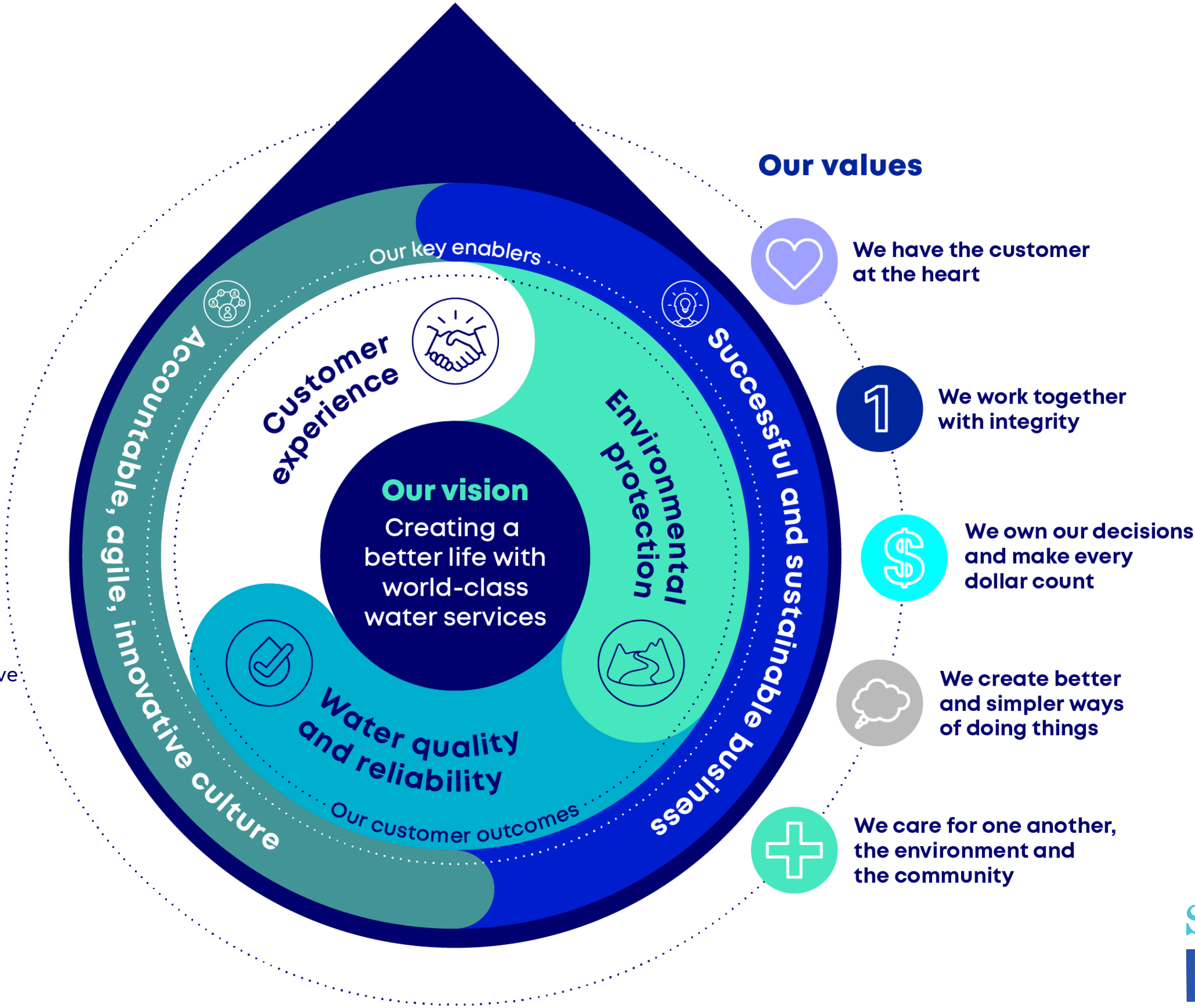
The *Sydney Water Act 1994* (section 21) and the *State Owned Corporations Act 1989* (SOC Act) (section 20E) set out the principal objectives of the Corporation, namely to be a successful business, and to protect the environment and public health. Our vision and strategy respond to a complex and changing operating environment and deliver on customer outcomes. We have recently evolved our strategy to address customer priorities identified through the Our Water, Our Voice customer-engagement program.

Our customer outcomes

-  **Customer experience**
Deliver a great customer experience
-  **Water quality and reliability**
Provide safe, clean, reliable drinking water every day
-  **Environmental protection**
Ensure we protect our waterways and environment now and for the future

Our key enablers

-  **Accountable, agile, innovative culture**
Enable our customer outcomes through an accountable, agile, innovative culture
-  **Successful and sustainable business**
Enable our customer outcomes by being a successful and sustainable business



3. Business Overview

Business Scope

- Sydney Water delivers essential water to over five million people in Sydney, the Illawarra and the Blue Mountains. These services include:
 - supplying drinking water in compliance with the Australian Drinking Water Guidelines
 - collecting and treating wastewater to regulated standards
 - recycling treated wastewater for non-drinking purposes, partially re-using treatment by-products and responsibly disposing of treated wastewater
 - managing stormwater in defined areas
 - identifying rainfall-resilient sources of drinking water to meet the future needs of fast-growing Greater Sydney and surrounding regions.

Regulatory Operating Environment

- In addition to its principal Acts, Sydney Water operates within a statutory and regulatory framework established through other legislation such as the *Protection of the Environment Operations Act 1997* and various regulations.
- Another key source of regulation is the *Independent Pricing and Regulatory Tribunal Act 1992*. Under this Act, the Independent Pricing and Regulatory Tribunal (IPART) determines Sydney Water’s prices (for regulated services) and acts as the Operating Licence regulator
- NSW Health primarily regulates Sydney Water under the *Public Health Act 1991*. As required by section 35 of the *Sydney Water Act 1994*, there is a Memorandum of Understanding (MoU) between Sydney Water and NSW Health.
- The NSW Environment Protection Authority (EPA) is the primary environmental regulator for NSW. As required by section 35 of the *Sydney Water Act 1994*, there is a MoU between Sydney Water and EPA.

Principal statistics	
Service an estimated 5.4 million people	Provide drinking water to about 2.15 million properties
In 2023-24, Sydney Water provided 548,807 million litres of drinking water	Collect over 579,759 million litres of wastewater per year
We supply water from 11 major dams through 13 water delivery systems that run through 22,864 km of pipes	26,861km of wastewater pipes
Regulated Asset Base (RAB) of \$26.4 billion at June 2024, with a Depreciated Replacement Value (DRC) of \$58.0 billion	RAB annual forecast growth rate of 9.9% p.a. on average over the next 3 years (FY26-28)



4. Financial Summary

\$m (nominal)	2025-26	2026-27	2027-28
Revenue	3,969	4,710	5,323
Operating expenses	1,656	1,755	1,860
Earnings before interest tax depreciation and amortisation (EBITDA)	2,313	2,955	3,462
Earnings before interest and tax (EBIT)	1,723	2,298	2,737
Profit before tax	755	1,263	1,573
Net Profit after tax	528	884	1,101
Net Debt	19,473	22,412	24,828
Regulated Asset Base (RAB)	33,153	36,448	39,500
Capital expenditure	3,279	3,547	3,375
Dividends Declared	443	280	239






Total revenue is forecasted to be \$4.0 billion in 2025-26. Revenue projections are consistent with Sydney Water's IPART price proposal submitted in September 2024, adjusted for several changes to assumptions, which includes updated water demand forecasts and infrastructure contributions. Increasing revenue is driven by the proposed price increases to regulated products and services and the phased introduction of Infrastructure Contributions, which support the funding of growth capital expenditure.

2025-26 is the first year of Sydney Water's next 5 year pricing period. Subject to Government decisions and after IPART's determination in 2025, Sydney Water plans to expand its capital investment program. This will support Sydney Water to continue to deliver high quality resilient and reliable services, environmental outcomes and enabling growth in Greater Sydney. The capital investment program in the three years from 2025-26 includes investment for Greater Sydney Water Strategy (Resilient and Reliable Water Supply) and growth.

The capital expenditure budget includes \$3.3 billion in 2025-26 and \$10.2 billion over the three years to 2027-28. The capital portfolio includes significant investment in water and wastewater network, wastewater treatment plant renewals, growth infrastructure in line with growth forecasts and investment in corporate programs including Information Technology.

Sydney Water has prepared this SCI consistent with the Government's policies on Capital Structure Policy for Government Businesses and Financial Distribution Policy for Government Businesses.

5. Performance Measures

Outcomes and objectives	Performance measures
<p>Customer Experience</p>  <p>Deliver a great customer experience:</p> <ul style="list-style-type: none"> Fair and affordable bills Positive customer experience Informed and empowered customers Safe swimming and recreation 	<ul style="list-style-type: none"> Affordability Customer satisfaction Water literacy index Public access and recreation
<p>Water quality and reliability</p>  <p>Provide safe, clean, reliable drinking water every day:</p> <ul style="list-style-type: none"> Safe and clean water Secure water supply Saving water together Reliable water 	<ul style="list-style-type: none"> Drinking water quality Available water supply (Measure adjusts to Rainfall Independent Supply from FY26) Drinking water use (residential) System leakage Water continuity
<p>Environmental protection</p>  <p>Ensure we protect our waterways and environment now and for the future:</p> <ul style="list-style-type: none"> Prevent pollution Recover resources Cool, green and natural places Net zero carbon emissions Climate resilient systems 	<ul style="list-style-type: none"> Quality of treated wastewater Pollution and environmental harm incidents Volume of recycled water available Natural area and green infrastructure land actively managed Net carbon emissions (tCO2e) Climate risk maturity health check
<p>Accountable, agile, innovative culture</p>  <p>Enable our customer outcomes through an accountable, agile, innovative culture:</p> <ul style="list-style-type: none"> Embrace ownership and accountability Foster agility and adaptability Inspire and drive innovation 	<ul style="list-style-type: none"> Safety – TRIFR (Combined – Contractor and Employee) Employee Experience Index Diversity and Equity Index Proportion of revenue spent on Research & Innovation
<p>Successful and sustainable business</p>  <p>Enable our customer outcomes by being a successful and sustainable business:</p> <ul style="list-style-type: none"> Efficient & Financially Sustainable Business Community trusts and values us Value-driven digitalisation 	<ul style="list-style-type: none"> Sustainable Investment Efficiency (Return on Invested Capital, ROIC) EBITDA Delivering Infrastructure when it is required (OMD) Digitalisation Index

6. Statement of Expectations Action Plan

Headline Expectation	High level description of key activities to meet expectation	Headline Expectation	High level description of key activities to meet expectation
Align with the Government's strategic planning	<ul style="list-style-type: none"> Align investments with the Greater Sydney Water Strategy and NSW housing objectives. Annually perform leak detection across roughly 18,600 kilometres of the network for conservation and cost reduction. Ensure safe, affordable, and high-quality water and wastewater services. Develop a new water supply plan that is independent of rainfall to improve drought resilience. 	Ensure the Government's investment of its capital is used efficiently	<ul style="list-style-type: none"> Adopt a proactive strategy for maintenance and renewals through the Service Excellence Roadmap, featuring an integrated plan for optimisation, risk identification and management. Enhance the Property Portfolio by assessing the current portfolio of approximately 3,100 lots to identify non-operational land and ensure optimal usage.
Strive for excellence in customer service and experience	<ul style="list-style-type: none"> Incorporate feedback from the Our Water, Our Voice engagement and the Customer and Community Reference Group to finalize the pricing proposal. Develop a comprehensive scope of work for the Our Water Our Voice 2.0 engagement program. Improve water literacy and education via targeted programs, addressing community needs such as cost of living and water conservation. 	Deliver services safely	<ul style="list-style-type: none"> Promote a collaborative and secure workplace through the Become Better, Safer, Together initiative. Improve safety culture using the WSAA Safety Maturity Framework to enhance Safety Maturity.
Build trust with customers, stakeholders and the community	<ul style="list-style-type: none"> Share data sets and information to improve customer experience. Launch educational campaigns to convey key facts and sustainability initiatives. Upgrade business-to-business value transfer capabilities and collaborate with developers to improve customer engagement. Increase efficiency in capital delivery to manage a larger asset base, fulfilling service obligations to customers and the environment. Enhance the Water Conservation Program by addressing leaks and introducing a smart water meter initiative. 	Build an innovative culture	<ul style="list-style-type: none"> Continue implementing the Innovation & Research Deployment Plan Improve business efficiency and customer satisfaction by leveraging data and digital technology more effectively.
Focus on environmental outcomes	<ul style="list-style-type: none"> Improve existing assets for enhanced environmental performance, including compliance and upgrades to the Water Resource Recovery Facility. Prioritise regulatory projects to adhere to Treatment Plant load and concentration limits. Ensure alignment with Hawkesbury Nepean Framework by July 1, 2025. Enhance preventative maintenance to manage wastewater overflows during wet and dry weather. Implement projects to deliver Net-Zero Carbon Program and investigate Circular Economy opportunities. 	Maintain high standards of public accountability & corporate governance	<ul style="list-style-type: none"> Develop a tailored program framework that builds the capability of our leaders through influence, collaboration and connection. Embedding of refreshed ethical framework
Minimise cost of living pressures	<ul style="list-style-type: none"> Confirm price setting with IPART for 2025-30 to reduce price impacts on customers due to water and wastewater infrastructure investments. Provide payment support via hardship programs and enhance customer awareness through education. 	Ensure robust procurement practices that support the economic, environmental and social outcomes of the State	<ul style="list-style-type: none"> Build organisational and supply chain capabilities to match the scale of the capital investment program, ensuring financial sustainability and addressing community needs. Improve the efficiency of the regional delivery model to meet current demands. Adopt sustainable procurement practices and an Aboriginal Procurement Participation Plan.
		Ensure Sydney Water's workforce is engaged and has the capacity and capability to deliver the required functions	<ul style="list-style-type: none"> Ongoing implementation of the Reconciliation Action Plan and the Diversity, Equity, and Inclusion Plan Integrate our culture roadmap Ensure the 2026 Enterprise Agreement meets all stakeholders' expectations. Implement the people experience program to enhance workforce processes

7. Representation and Commitment Statement

1. The Board of Sydney Water Corporation confirms that:
 - a) Key performance indicators within the 2025-26 SCI are based on and supported by the Corporation's Business Plan.
 - b) 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 the business.
 - c) Asset maintenance policies and processes are adequate and appropriate to manage, and control risks associated with physical assets.
 - d) 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 Sydney Water Corporation for the coming year have been disclosed.
 - e) 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, the corporation 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 their risk management systems.
 - f) The acting Chief Executive Officer has an employment contract and performance agreement. The employment contract is appraised annually.
2. Sydney Water Corporation adheres to policies in the Commercial Policy Framework (provided in Appendix 1 of the 2025-26 Guidelines: SCI and Business Plan for State Owned Corporation (SOC)).
3. Sydney Water Corporation 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 State Owned Corporations Act 1989.
4. Sydney Water Corporation complies with NSW Treasury accounting circulars and policies applicable for SOCs.
5. Sydney Water Corporation 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 (provided in Appendix 3 of the 2025-26 Guidelines: SCI and Business Plan for State Owned Corporation (SOC)).
6. Sydney Water Corporation will comply with the current NSW Government Fair Pay and Bargaining Policy.

8. Risk Appetite Statement (RAS)

The Board of Directors endorses the importance of informed risk-taking as central to the way we do business and our strategic approach. The Board recognises that calculated risks, underpinned by thorough analysis and sound judgment, are essential for driving innovation and achieving our strategy. Our Risk Appetite Statements articulate the areas where we will seek to minimise risks as much as possible and those areas where we will consider a measured approach to the acceptance of higher levels of risk.

Sydney Water has 12 Enterprise Risks (ER), each has a risk appetite statement and each is rated by the following definitions:

Averse	Cautious	Balanced	Considered
We seek to reasonably avoid risk or choose the lowest risk option.	Where the benefits or opportunities significantly outweigh the risk, we will move forward accepting a limited level of risk.	We are willing to accept some risk in undertaking activities or pursuing opportunities to achieve our objectives.	We will accept a greater level of risk for activities with significant benefit or opportunities that align with our vision, values and strategic objectives.

Risk Appetite Statement

ER01 Operating Environment: We have a **considered** appetite for activities that align with our vision, values and strategic objectives to shape and adapt to the evolving expectations of customers, communities, stakeholder and regulators.

ER02 Public Health: We have an **averse** appetite for risks that could impact the quality of our products (water and wastewater).

ER03 Safety and Wellbeing: We are **averse** to taking risks that could compromise the health and safety of our people, customers and members of the public.

ER04 Environment: We have an **averse** appetite for risks that could cause us to operate outside of our environmental legal and regulatory requirements.

ER05 Asset reliability, capability and capacity: We have a **cautious** appetite for risks that could result in serious or systemic asset failures that could impact reliability and continuity of our products and services.

ER06 Capital Program Delivery: We have a **balanced** appetite for risks and opportunities that could impact our ability to deliver the infrastructure needed to meet the customer and environmental service outcomes set out in the capital component of the LTCOP.

ER07 Enterprise Security: We are **cautious** about risks that could compromise our security.

ER08 Ethics and Integrity: We are **averse** to any activities of a fraudulent or corrupt nature.

ER09 Finance: We have a **balanced** appetite for activities that could impact our financial sustainability.

ER10 Culture and Workforce: We have a **balanced** appetite for culture and workforce risks that could adversely impact the achievement of our strategic outcomes.

ER11 Procurement and Supply Chain: We have a **balanced** appetite for activities that could disrupt our ability to deliver core services or capital programs due to reliance on management of suppliers.

ER12 Climate Change: We have a **balanced** appetite for climate related risks that impact our ability to operate or maintain our assets and deliver reliable products and services to our customers.



Thank you

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