

# Annual Report

2024-25



# Letter to Shareholders

Dear Shareholder Ministers,

## **Report on performance for the year ended 30 June 2025**

We are pleased to submit the Annual Report of Sydney Water Corporation (Sydney Water) for the year ended 30 June 2025 (Annual Report 2024–25) for presentation to Parliament.

Sydney Water has self-assessed as a group 1 agency and has prepared this Annual Report in accordance with TPG25-10a.

Our Annual Report 2024–25 has been prepared according to the requirements of section 24A of the *State Owned Corporations Act 1989* (NSW) and the reporting requirements of the *Government Sector Finance Act 2018* (NSW), its associated regulations and Treasurer's directions. The financial statements, which form part of this Annual Report, have been certified by the Auditor-General of New South Wales.

Yours sincerely,



**Paul Plowman**  
Acting Chief Executive Officer



**The Hon. Niall Blair**  
Chair

# Acknowledgement of Country



Sydney Water respectfully acknowledges First Nations people as the traditional custodians of Sydney, Illawarra and the Blue Mountains, where we work, live and learn. Their lore, traditions and customs nurtured and continue to nurture the waters (*bulingang* or saltwater and *muulii ngadyuung* or sweetwater) in our operating area, creating wellbeing for all.

We pay our deepest respect to Elders past and present. We acknowledge their deep connections to land and waters. In the spirit of reconciliation, we remain committed to working in partnership with local Traditional Owners to ensure their ongoing contribution to the future of the water management landscape, learning from traditional and contemporary approaches, while maintaining and respecting their cultural and spiritual connections.

Our families, friends and future generations depend on us to protect their health and our environment. In doing so, we respect the traditional Caring for Country restorative approaches practised over tens of thousands of years by First Nations people. We play our part to improve the health of the landscape by recognising and nurturing the value of water in our environment and communities.





# Contents

Letter to Shareholder Ministers 2

Acknowledgement of Country 3

Message from the Chair and Acting Chief Executive Officer 6

**SECTION 1** Overview 8

**SECTION 2** Strategy 18

**SECTION 3** Customers, operations and performance 34

**SECTION 4** Management and accountability 100

**SECTION 5** Sustainability 124

**SECTION 6** Financial performance 140

# Message from the Acting Chief Executive Officer and Chair

This year marked a pivotal chapter in our journey to deliver safe, sustainable water services for 5.6 million people in Greater Sydney and the Illawarra.

Our customers are at the heart of everything we do. Sydney Water achieved reaccreditation against the International Customer Service Standard (ICSS) in 2025, earning a score of 7.13 out of 10 – one of the highest results in Australia. The ICSS certification process, managed by the Customer Service Institute of Australia, benchmarks organisations against global best practices in customer experience management.

In September 2024, Sydney Water submitted its 2025–30 Price Proposal to the Independent Pricing and Regulatory Tribunal (IPART). It was informed by engagement with more than 13,000 customers and 700,000 annual interactions with customers and stakeholders. Throughout the year, we worked closely with customers, government and regulators to ensure that the final determination balances affordability with the essential infrastructure investments needed to meet expectations and deliver resilient services.

We support government priorities by aligning our infrastructure delivery with growth areas including Western Sydney and the Aerotropolis precincts. The recently completed upgrade of the West Camden Water Resource Recovery Facility supported 1,400 jobs during construction, and doubled our capacity to now serve 176,000 people and enable 3,000 new homes annually.

Delivering high-quality, reliable water remains our highest priority. Our filtration plants and pumping stations benefited from targeted renewal projects, further boosting operational resilience, even in the face of natural pressures, such as the intense wet weather NSW experienced in May.

Our Water Filtration Plants (WFP) consistently met the Australian Drinking Water Guidelines (ADWG). In late 2024, when changes to the ADWG proposed tighter limits for perfluoroalkyl and polyfluoroalkyl substances (PFAS) and several other parameters, we conducted a thorough review of water quality across our nine water filtration plants. The review confirmed that eight of the nine systems already met the proposed guidelines. At Cascade where PFAS levels were within the existing guidelines but slightly above the proposed threshold, we acted swiftly to install a purpose-built PFAS treatment system. When the updated guidelines took effect in June 2025, all Sydney Water plants were fully compliant, reflecting our commitment to providing high-quality drinking water and protecting public health.

Our teams also collaborated with the NSW Environmental Protection Authority (NSW EPA) to investigate and respond to debris balls affecting Sydney's beaches. As part of our broader preventative focus, we launched a targeted community education campaign to reduce the impact of fats, oils and grease in the wastewater system.

We also advanced our climate risk management maturity, and our first Climate-Related Financial Disclosures statement accompanies this report.



Sydney Water's operations are shaped by the dedication, culture and capability of our people. This year, the Total Recordable Injury Frequency Rate (TRIFR) improved to 4.7, ahead of our target. Our Diversity and Equity Index and Employee Experience Index both exceeded their targets.

Our financial performance remains strong, and the launch of our Enterprise Plan FY2026 represents a new phase that focuses on operational excellence and provides a clear pathway for growth in the years ahead.

**Paul Plowman**  
Acting Chief Executive Officer

**The Hon. Niall Blair**  
Chair



## SECTION 1

# Overview



# About Sydney Water

Sydney Water plays a vital role in shaping healthy, resilient and sustainable communities by delivering essential water services that protect public health, support environmental outcomes and enable housing growth.

Sydney Water delivers essential water services to 5,565,000 people, supporting thriving and sustainable communities across Greater Sydney and the Illawarra. For 137 years, we have provided water, wastewater, recycled water and some stormwater services, which are crucial for healthy waterways and growing cities.

Our operations span a vast and diverse landscape of 12,870 km<sup>2</sup>, from the northern beaches to the southern coastline. Within this footprint, our water delivery system covers 3,330 km<sup>2</sup>, while our wastewater network covers 2,320 km<sup>2</sup>.

This network is supported by a range of critical infrastructure, including water filtration plants, a desalination plant, and water resource recovery facilities – some equipped with advanced treatment capabilities.

A key focus over the past 12 months has been our 2025–30 Price Proposal to the Independent Pricing and Regulatory Tribunal (IPART). In September 2024, we submitted a pricing proposal to IPART, outlining our plans to support Greater Sydney and what we considered to be a fair contribution from customers.

After IPART reviewed our proposal, it issued a draft report and invited public feedback on its recommendations. In September 2025, IPART will release its final decision on our prices for water, wastewater, recycled water, stormwater and other services. These new prices will come into effect on 1 October 2025.

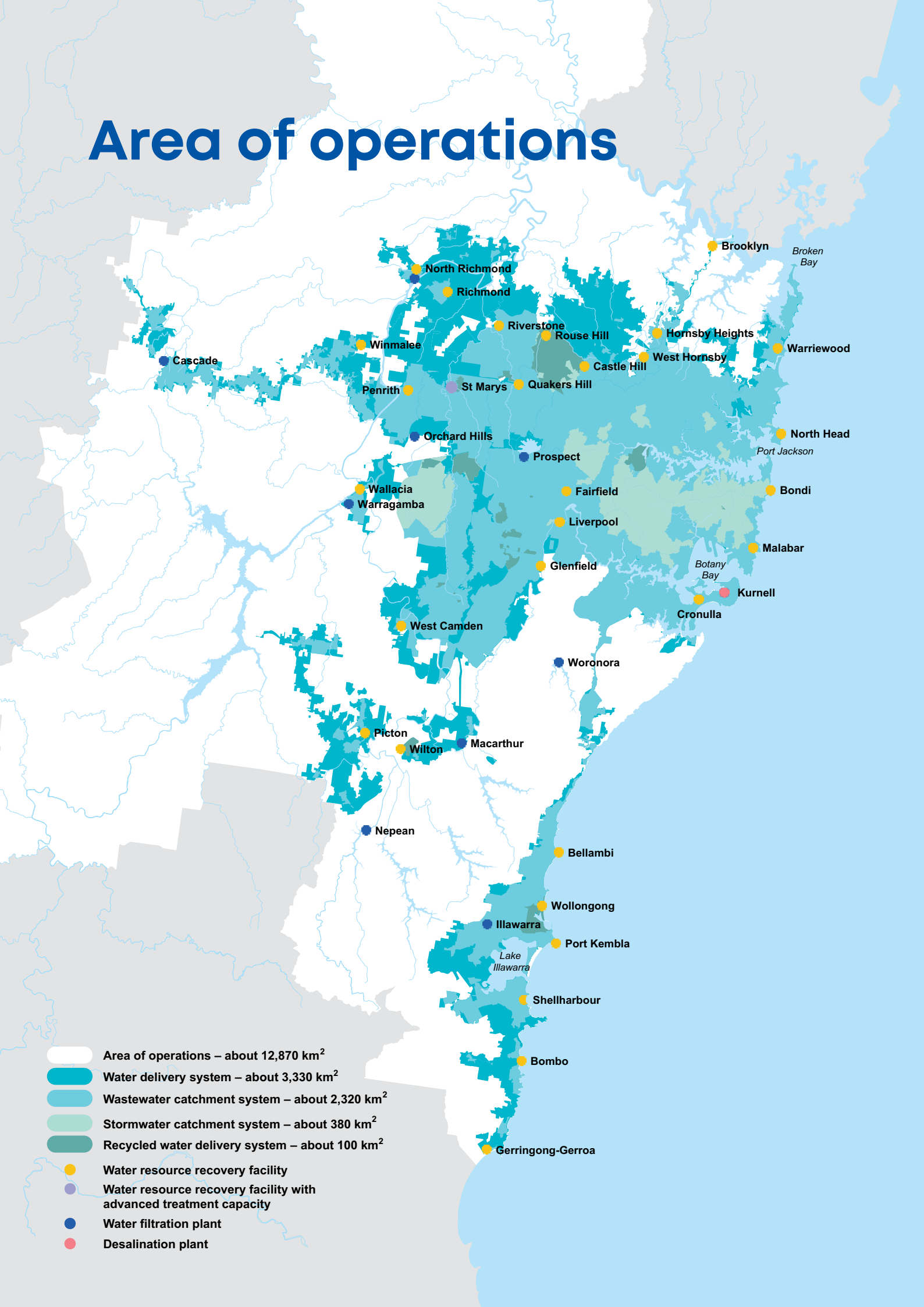
## Operating Licence

IPART regulates our Operating Licence, which sets out the standards and requirements we must meet. We also invest in customer and community engagement to help shape our strategic planning and deliver our shared vision of creating a better life with world-class water services.

We operate under the *Sydney Water Act 1994* (NSW) and have three equal principal objectives:

- protect public health
- protect the environment
- be a successful business

# Area of operations



# Performance at a glance





**556,551 ML**

drinking water produced  
for 5,565,000 people  
(+164,000 people)



**5,450,000**

people received wastewater  
services (+161,000)



**\$2.466 billion**

in capital works



**25 years**

helping our customers save  
through WaterFix® Residential



**176,411**

followers on social media  
(+38,634)



**4.7**

Total Recordable  
Injury Frequency Rate  
(excluding contractors)

# Our structure

This is the organisational structure for Sydney Water for the reporting period at 30 June 2025. Further information about our Executive Team can be found in the Management and Accountability and Sustainability sections.





### **Denisha Anbu**

Executive General Manager  
Customer Experience

- Customer Billing, Accounts & Metering
- Customer Contact
- Network Operations
- Network Maintenance
- Customer Hub
- Laboratory Services
- Innovation & Customer Programs

### **Louise Beer**

Executive General Manager (acting)  
Water & Environment Services

- Infrastructure Investment Programs
- Growth & Development
- Water, Environment & Infrastructure Performance
- System Planning & Land Acquisition
- Engineering & Technical Support
- Water Supply & Production
- Water Resource Recovery

### **Debbie Schroeder**

Corporate Secretary  
Executive General Manager  
People & Governance

- People & Culture
- Safety, Health & Wellbeing
- Legal & Compliance
- Secretariat
- Risk & Audit
- Business Connect

### **Dean Page**

Executive General Manager  
Finance, Commercial & Digital

- Strategy, Change & Performance
- Finance
- Procurement & Supply Chain
- Protective Security & Emergency Management
- Economics & Regulation
- Digital

### **Nicholle Sparkes**

Executive General Manager  
Infrastructure Delivery

- Infrastructure Delivery Office
- Major Projects
- Program Delivery

### **Stuart Wallace**

General Manager  
Customer & Stakeholder Engagement

- Government, Stakeholder & Community
- Strategic Communications  
& Corporate Social Responsibility
- Customer & Strategic Insights
- Brand, Media & Marketing

# Future Ready: Transforming for tomorrow

To meet the evolving needs of our customers and communities, Sydney Water undertook a major transformation in 2024.

We launched our Future Ready program to become a more agile, customer-focused organisation. It has reshaped how we work, aligning our structure and culture with the outcomes our customers and communities value most – safe and reliable water services, environmental protection and responsive service delivery.

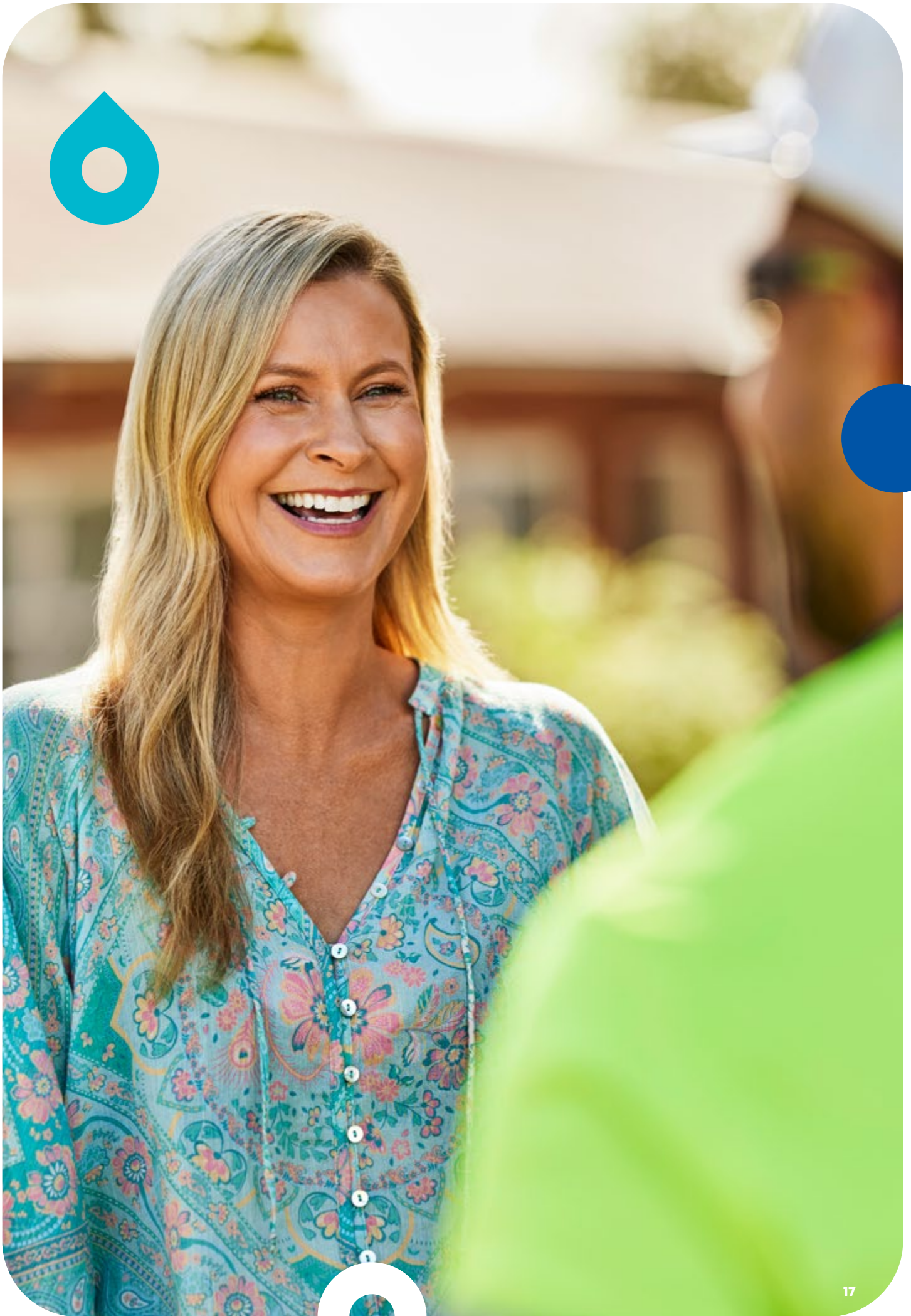
Under Future Ready, we introduced a new operating model built around five core business groups: Customer Experience; Water & Environment Services; Infrastructure Delivery; People & Governance; and Finance, Commercial & Digital, with Customer & Stakeholder Engagement part of the Office of the Managing Director. This structure simplifies how we work, strengthens accountability, and enables us to respond more effectively to the needs of a growing and changing Greater Sydney.

The change formalised our commitment to customer outcomes. We've aligned roles and responsibilities to support major infrastructure investments, improve operational efficiency, and foster collaboration across teams.

Future Ready is also about our people. We're building a culture that empowers our workforce to lead with purpose and deliver results. Our communications and engagement approach, with tailored messaging and regular updates across channels, ensured that staff were informed, connected and supported throughout the change.

This realignment positions Sydney Water to meet future challenges with confidence – delivering essential services, protecting public health and the environment, and supporting government priorities across the region.







## SECTION 2

# Strategy



# Our strategy

We have developed our strategy to provide world-class water services shaped by customers' priorities.

Customers are at the heart of our vision to create a better life with world-class water services. Our strategy guides how we shape our business and make decisions. In 2024, we focused on becoming 'future ready' – a change that aligns our organisation with what matters most to our customers.

Through Our Water, Our Voice, Sydney Water's largest customer engagement program, we connected with more than 13,000 people to understand their priorities. Their feedback has helped us evolve our strategy to address complex challenges while delivering on the outcomes that matter most – water quality, reliability, affordability and environmental protection.

By delivering world-class water services, we contribute to thriving communities, support our people and partners, and build a resilient and successful business.

Our strategy centres on five strategic outcomes. We have three customer outcomes that define what Sydney Water aims to achieve for the people we serve:



## 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 two organisational enablers detail how we will work to accomplish the customer outcomes:



## Accountable, agile, innovative culture

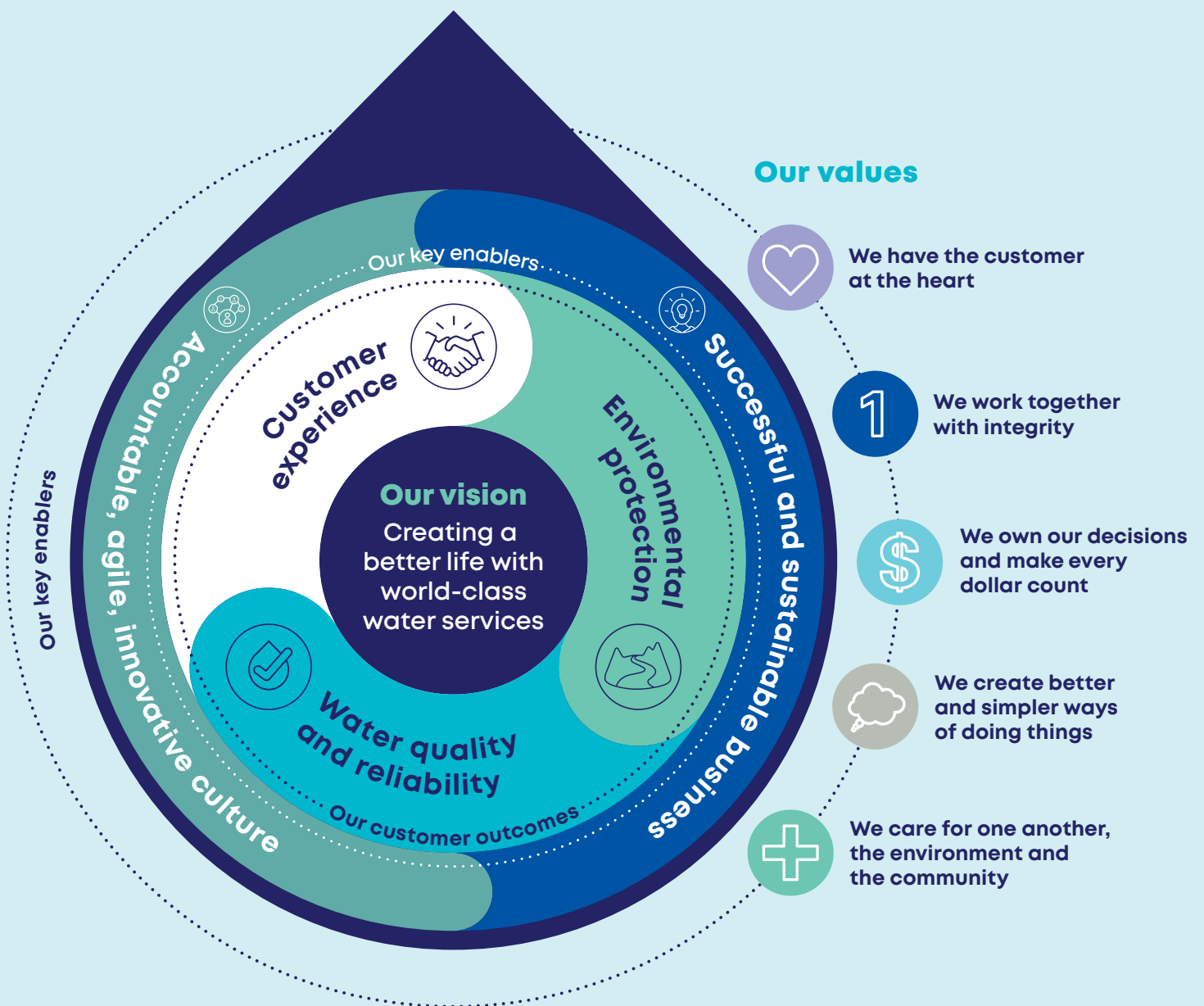
Enable our customer outcomes by embracing ownership and inspiring and driving innovation






## Successful and sustainable business

Enable our customer outcomes by being an efficient and financially sustainable business

Each section of this Annual Report has further information on our strategic outcomes for 2024–25.





# Our outcomes

GOALS	MEASURES	TARGET 24-25	ACTUAL 24-25	STATUS	TREND
 <b>Customer experience</b>					
Positive customer experience	Customer satisfaction	Top quartile	Top quartile	✓	Achieved target
Informed and empowered customers	Water literacy index	≥5.0	4.5	✓	Stable
Fair and affordable bills	Affordability	≤0.82%	0.81%	✓	Achieved target
Safe swimming and recreation	Public access and recreation	≥2 sites	3 sites	✓	Exceeded target
 <b>Water quality and reliability</b>					
Provide safe and clean water	Drinking water quality (FY full year result)	100%	100%	✓	Achieved target
	Drinking water use (residential) Q3 FY2025	≤186 LPD*	180	✓	Exceeded target
Saving water together	System leaks (ODI) Q3 FY2025	≤8%	8.6%	↑	Improving
Reliable water	Water continuity (FY full year result)	<2%	1.5%	✓	Achieved target
Secure water supply	Available water supply	≥4 yrs	4 years	✓	Achieved target
 <b>Environmental protection</b>					
Prevent pollution	Quality of treated wastewater (concentration)	≥88.5%	96%	✓	Exceeded target
	Pollution and environmental harm incidents (FY2025 full year result)	≤1053	997	✓	Achieved target
Recover resources	Volume of recycled water available (FY2025 full year result)	≥33 GL/yr	33GL	✓	Achieved target
Net zero carbon emissions	Net carbon emissions (YTD)	≤334,000 (tCO <sub>2</sub> )	330,435 <sup>^</sup>	✓	Achieved target
Climate resilient systems	Climate risk maturity health check	Repeatable	Systematic	✓	Exceeded target
Cool, green and natural places	Natural area and green infrastructure land actively managed	≥50%	91%	✓	Exceeded target

\* Litres per person per day

<sup>^</sup> Result based on interim data available on the 5 August 2025 and will not be finalised until 31 October 2025

GOALS	MEASURES	TARGET 24-25	ACTUAL 24-25	STATUS	TREND
 <b>Accountable, agile and innovative culture</b>					
Embrace ownership and accountability	Safety – TRIFR (combined)	≤5	4.8	✓	Achieved target
	Employee Experience Index	≥75%	76%	✓	Achieved target
Foster agility and adaptability	Diversity and Equity Index	≥75%	92%	✓	Exceeded target
 <b>Successful and sustainable business</b>					
Efficient and financially sustainable business	Demonstrating value for money to our customers (ROIC*)	≥4.9%	5.0%	✓	Exceeded target
	EBITDA†	≥\$1,899m	\$1,961m	✓	Exceeded target
Trusted and valued by community	Delivering infrastructure when it is required (OMD‡)	≥90%	67%	↑	Improving
Value-driven digitalisation	Digitalisation index	≥38	<34.7	↑	Improving

\* Return on invested capital

† Earnings before interest, taxes, depreciation and amortisation

‡ Overall Measure of Delivery

# Delivering on the NSW Government's agenda

Our vision of creating a better life with world-class water services directly aligns with the NSW Government's policies and priorities.

In 2024–25, the NSW Government announced a range of new policies, programs and agencies focused on supporting housing development across the state. This is in line with its commitments under the National Housing Accord.

Our infrastructure underpins key priorities across housing and growth, water security, environmental protection, economic development and community wellbeing.

We are working with the NSW Government on projects that respond to the Transport Oriented Development (TOD) Program, State Significant Developments and other infill growth plans in

designated suburbs. We identified (and continue to identify) areas appropriate for infill development or acceleration that leverage existing capacity, to sustainably meet the government's housing targets.

The phased reintroduction of infrastructure contributions from July 2024 is a critical lever for helping to keep customer bills lower as we expand services. In February 2025, Sydney Water signed on to the Housing Approval Reform Action Plan – alongside the NSW Department of Climate Change, Energy, the Environment and Water, and Water NSW – to drive reforms that streamline approvals and fast-track critical infrastructure.





## Alignment with NSW Government expectations

Our vision of creating a better life with world-class water services, and our business activities, align with the NSW Government's policy and the Greater Sydney Water Strategy (GSWS).

The NSW Government provides Sydney Water with a Statement of Expectations. The Government is updating our expectations to ensure alignment with its own. Our key actions to meet existing expectations in 2024–25 are outlined in the following table.

HEADLINE EXPECTATION	HIGH LEVEL DESCRIPTION OF KEY ACTIVITIES TO MEET EXPECTATION
Align with the Government's strategic planning	<ul style="list-style-type: none"><li>• Align investments with the GSWS and NSW housing objectives.</li><li>• Perform annual leak detection across approximately 18,600 kilometres of the network to support conservation and reduce costs.</li><li>• Ensure safe, affordable and high-quality water and wastewater services.</li><li>• Develop a new water supply plan that is independent of rainfall to improve drought resilience.</li></ul>
Strive for excellence in customer service and experience	<ul style="list-style-type: none"><li>• Incorporate feedback from the Our Water, Our Voice engagement and the Customer and Community Reference Group to finalise the price proposal.</li><li>• Develop a comprehensive scope of work for the Our Water, Our Voice 2.0 engagement program.</li><li>• Improve water literacy and education through targeted programs, such as cost of living and water conservation, that address community needs.</li></ul>
Build trust with customers, stakeholders and the community	<ul style="list-style-type: none"><li>• Share datasets and information to enhance customer experience.</li><li>• Launch educational campaigns to communicate key facts and promote sustainability initiatives.</li><li>• Upgrade business-to-business value transfer capabilities and collaborate with developers to improve customer engagement.</li><li>• Increase efficiency in capital delivery to manage a growing asset base and meet service obligations to customers and the environment.</li><li>• Enhance the Water Conservation Program by addressing leaks and introducing a smart water meter initiative.</li></ul>
Focus on environmental outcomes	<ul style="list-style-type: none"><li>• Improve existing assets to boost environmental performance, including in relation to compliance, and upgrades to Water Resource Recovery Facilities (WRRFs).</li><li>• Prioritise regulatory projects to meet treatment plant load and concentration limits.</li><li>• Ensure alignment with the Hawkesbury-Nepean Framework by 1 July 2025.</li><li>• Strengthen preventative maintenance to manage wastewater overflows during both wet and dry weather.</li><li>• Implement projects to deliver the Net-Zero Carbon Program and explore opportunities in the Circular Economy.</li></ul>

## HEADLINE EXPECTATION

## HIGH LEVEL DESCRIPTION OF KEY ACTIVITIES TO MEET EXPECTATION

Minimise cost of living pressures

- Confirm price setting with IPART for 2025–2030 to minimise price impacts on customers from water and wastewater infrastructure investments.
- Provide payment support through hardship programs and increase customer awareness through education.

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

- Adopt a proactive strategy for maintenance and renewals through the Service Excellence Roadmap, an integrated plan for optimising assets, and identifying and managing risks.
- Enhance the property portfolio by assessing the current portfolio of approximately 3,100 lots to identify non-operational land and ensure optimal use.

Deliver services safely

- Promote a collaborative and secure workplace through the Better, Safer, Together initiative.
- Improve safety culture using the Water Services Association of Australia (WSAA) Safety Maturity Framework to enhance safety maturity.

Build an innovative culture

- Continue implementing the Innovation & Research Deployment Plan.
- Improve business efficiency and customer satisfaction by leveraging data and digital technology more effectively.

Maintain high standards of public accountability and corporate governance

- Develop a tailored program framework that builds the capability of our leaders through influence, collaboration and connection.
- Embed the refreshed ethical framework.

Ensure robust procurement practices that support the economic, environmental and social outcomes of the State

- 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 implement an Aboriginal Procurement Participation Plan.

Ensure Sydney Water's workforce is engaged and has the capacity and capability to deliver the required functions

- Continue implementing the Reconciliation Action Plan and the Diversity, Equity, and Inclusion Plan 2023–2026.
- Integrate our culture roadmap.
- Work to meet stakeholder expectations with the FY2026 Enterprise Agreement.
- Implement the People Experience Program (PxP) to enhance workforce processes.



# Planning for the future .....



1

## Greater Sydney Water Strategy

The GSWS charts a direction for delivering sustainable and resilient water services for a growing Greater Sydney, including the Illawarra and Blue Mountains, for the next 20 to 40 years. It acknowledges the threat of prolonged drought and extreme weather events.

It sets out priorities and actions for water, wastewater, recycled water and stormwater services in a way that is integrated with land-use planning. Sydney Water, working with the NSW Department of Climate Change, Energy, the Environment and Water (DCCEEW), Water NSW and other partners, has made significant progress in implementing actions to deliver all five priorities in the GSWS.

2

## Delivering on the Greater Sydney Urban Water Framework

As our city continues to grow, we must ensure we have a resilient and reliable water supply that is less reliant on rainfall. The Greater Sydney Urban Water Framework is a strategic and long-term approach to managing Sydney's water supply and enhancing the region's liveability. The GSWS, Greater Sydney Drought Response Plan (GSDRP) and our long-term plan support delivering the framework.

3

## Greater Sydney Drought Response Plan

The GSDRP is an adaptive plan that has been informed by and aligns with the GSWS. The GSDRP provides a staged drought response to enhance preparedness. The Plan defines actions and decisions that are required before drought, as it develops and intensifies and in recovery. This approach enables Sydney Water, Water NSW and the NSW Government to take the necessary steps at each stage to plan and develop response measures that can be implemented quickly and delivered in time to mitigate water supply risks.

4

## Long-term planning

Our long term planning informs our Price Proposal 2025–30 and captures our key infrastructure and operational decisions, and ensures our services to customers adapt to a changing world.

Our planning sets out our optimal investment pathway for essential water and wastewater services, meeting the expectations of our customers and supporting the NSW Government's ambitions for housing growth.



## Performance and Wellbeing Framework

Sydney Water will contribute to delivering the objectives outlined in the NSW Government's Performance and Wellbeing Framework in 2025–26. The Framework – the first of its kind in NSW – will directly connect the performance of government services with community wellbeing across eight themes: Healthy, Skilled, Prosperous, Housed, Secure, Community, Connected and Sustainable.

Our work directly supports wellbeing outcomes in multiple areas, including:



### Protecting public health (Healthy)

Through safe drinking water, wastewater treatment, and stormwater management, we reduce health risks and support community wellbeing.



### Enabling growth and housing (Housed, Prosperous)

Infrastructure investments underpin housing delivery and economic precincts, supporting affordability and job creation.



### Enhancing environmental resilience (Sustainable)

We invest in recycled water, nutrient management and climate adaptation to protect natural assets and ensure long-term water security.



### Improving service access and satisfaction (Connected, Community)

Our focus on affordability, leak reduction and digital metering helps customers manage costs and improves satisfaction.






### Driving climate action (Secure)

We are committed to net zero emissions by 2030 and are expanding rainfall-independent water sources to ensure reliability during droughts.

Sydney Water's strategic alignment with the NSW Government's objectives in the Performance and Wellbeing Framework will ensure our services meet customer and government expectations and deliver lasting value to communities across Greater Sydney.



GSWS priorities	Sydney Water focus for 2024–25	Status update
<b>PRIORITY 1</b> <b>We understand how much water we need and when</b>	Embed customer priorities and insights into future water service planning	 Customer priorities and insights from the Our Water, Our Voice customer engagement program have informed customer service expectations, as well as drought resilience and response recommendations, including water restrictions. Sydney Water continues to contribute to GSWS actions aimed at improving the integration of climate change into planning for and investment in urban water services.
	Continue investing in a joint water conservation and efficiency program	 Sydney Water and DCCEEW remain on track to achieve 38 GL per year of water savings by 2030 through a joint five-year water efficiency plan. Sydney Water continues to support policy change and the implementation of the NSW Water Efficiency Program in Greater Sydney by contributing to programs under the NSW Climate Change Fund.
	Make the most of existing water supplies and explore all options to meet future needs	 The operation of the Sydney Desalination Plant has enabled us to continue to provide safe drinking water to more than 5.6 million customers, despite poor water quality in the dams following significant rainfall events. Sydney Water is committed to securing Greater Sydney's water supply through sustainable, resilient solutions that support thriving, liveable cities. As part of this commitment, we are actively exploring the potential to use purified recycled water (PRW) as a future rainfall-independent water source.
	Prepare for drought	 The annual review and update of the GSDRP for 2024 was completed with Water NSW.
	Manage location-specific or asset-specific risks	 We refreshed our LTCOP to form the basis for our Price Proposal 2025–30 to reflect customer expectations and long-term servicing needs, and to include improving resilience at critical parts of our water supply. We partnered with NSW Health to develop a robust Water Quality Management Framework for our Purified Recycled Water Discovery Centre, paving the way for PRW solutions across NSW.
<b>PRIORITY 3</b> <b>Our city is green and liveable</b>	Integrate our water and land use planning more effectively	 Sydney Water has actively contributed to DCCEEW's Integrated Catchment Management (ICM) program, exploring statewide catchment management approaches. We delivered the Illawarra Regional Master Plan and Orchard Hills Sub-Regional Plan, adopting an integrated water cycle management approach.
	Progress a circular economy approach for water services	 We continue to investigate offset options and work with our suppliers to enable us to meet our net zero emission targets. We're also working on renewable energy procurement, operational energy efficiency and self-generation of renewable energy. Work continues on the Malabar Biomethane and the Liverpool co-digestion projects, which are set for commissioning in FY2026. We're delivering the North Head Biosolids upgrade project to enable us to produce more high-quality biosolids and reduce odour.
 Completed 2025 deliverables and activities are ongoing  Progress towards later deliverables and/or a revised timeframe		

GSWS priorities	Sydney Water focus for 2024–25	Status update
<b>PRIORITY 4</b> <b>Our waterways and landscapes are healthy</b>	Make greater use of recycled water	→ The Upper South Creek Advanced Water Recycling Centre is expected to be finished in 2026. When the plant is complete, Sydney Water will release high-quality recycled water to the Nepean River near Wallacia to replace a portion of environmental flows.
	Invest in wastewater and improve waterway health	→ Sydney Water aims to reduce the volume of wet weather overflows in its four largest coastal wastewater catchments by 6% between 2024 and 2026. Investments are reducing the amount of stormwater that gets into our wastewater system by fixing pipes and addressing incorrect stormwater plumbing on customers' properties.  We've finished our pilot nutrient offset project at Camden and are working with the NSW EPA to quantify benefits. Work continues on other pilot projects at Glenbrook and Picton.  Sydney Water has committed to funding additional waterway restoration pilot projects from 2025 to 2028 and will work with councils and landowners to deliver priority sites.
	Partner to improve stormwater management and increase recreational use of waterways, including swimming	✓ Two waterway health improvement projects (WHIPs) have been completed – Milson Park and Parkside Drive. We have also completed our Muddy Creek naturalisation project, which will be open to the public once Transport for NSW completes the active transport links in the parkland next to Muddy Creek.  We're working with partners to identify and open new swimming sites in Greater Sydney through our Urban Plunge Program. In January 2025, the City of Ryde opened Putney Beach on the Parramatta River.
<b>PRIORITY 5</b> <b>Water management and services meet community needs</b>	Enhance community confidence through engagement and transparency	→ We continue to deliver water literacy activities in the community through events, partnerships and more formal curriculum-aligned workshops and tours.  Our Wonders of Water Discovery Van continued to provide hands-on learning to communities across our operating area.
	Support customers to manage price impacts	→ We continue to provide hardship assistance, Pensioner Concessions and Payment Assistant Scheme (PAS) credits to eligible customers.  Services are available to customers seeking assistance to reduce their bills through our Water Conservation Program. Our PlumbAssist® program continues to provide essential plumbing services to those customers in financial hardship. We also offer a Hidden Leak Rebate to repair eligible leaks on properties.
✓ Completed 2025 deliverables and activities are ongoing → Progress towards later deliverables and/or a revised timeframe		

# Price proposal 2025–30

During 2024–25, we submitted our pricing proposal for the next five years to IPART.

In September 2024, Sydney Water submitted its Price Proposal 2025–30. The plan was shaped by the voices of over 13,000 participants in the Our Water, Our Voice engagement program and more than 700,000 interactions with customers and stakeholders each year. This collaborative process ensured the proposal was firmly rooted in community needs and expectations.

What emerged from these conversations was clear. Customers across Greater Sydney and the Illawarra want safe, clean and reliable water, strong environmental protection, greater resilience to drought and climate change, and fair, affordable bills.

The proposal also responded to IPART's new '3Cs' framework, which focuses on customers, costs and credibility. Sydney Water embraced this approach, recognising its alignment with the NSW Government's commitment to affordability and the broader imperative to ease cost-of-living pressures.

For the 2025–30 period, the price proposal outlined a \$16.6 billion investment in infrastructure and \$9.9 billion in operating expenditure, to deliver safe, reliable water, wastewater and stormwater services for millions of residents and businesses.

To ensure prudence and efficiency, we actively engaged with the regulatory process, responding to 284 information requests and participating in nearly 50 interviews with independent efficiency reviewers. Our team provided detailed financial models, project plans and benchmarking data, demonstrating a transparent and rigorous approach to investment and service delivery.

In May 2025, IPART released its Draft Report and Determination. In response, Sydney Water submitted an updated proposal in June 2025.

We await IPART's final determination in September 2025 (*due as this report goes to print*).





### SECTION 3

# Customers, operations and performance



# Principal statistics

INDICATOR	2024–25
<b>WATER</b>	
Total quantity of drinking water produced <sup>1</sup>	556,551 ML
Quantity of drinking water produced from desalination	21,412 ML
Estimated population serviced by drinking water <sup>2</sup>	5,565,000 people
Length of drinking water mains owned and operated	22,963 km
Number of water treatment plants	9
Number of desalination plants	1
Number of drinking water reservoirs	253
Number of drinking water pumping stations	158
Number of properties with drinking water service available	2,177,057
<b>WASTEWATER</b>	
Wastewater collected (includes discharge, bypass, overflows and other)	536,508 ML
Estimated population receiving wastewater services <sup>3</sup>	5,450,000 people
Length of wastewater mains owned and operated	26,996 km
Number of water resource recovery facilities	30
Number of water resource recovery facilities with advanced treatment capacity	1
Number of wastewater pumping stations	701
Number of properties with wastewater service available	2,127,027
<b>RECYCLED WATER</b>	
Quantity of recycled water supplied	34,525 ML
Estimated population serviced by recycled water <sup>4</sup>	113,000 people
Length of recycled water mains owned and operated	827 km
Number of recycled water reservoirs	9
Number of recycled water pumping stations	12
Number of properties with recycled water service available	55,497
<b>STORMWATER</b>	
Length of stormwater channels controlled	458 km
Number of stormwater pumping stations	4
Number of properties with stormwater drainage available	660,031

1 Includes the quantity of drinking water produced from desalination.

2 Estimated population serviced by drinking water excludes dwellings serviced under the *Water Industry Competition Act 2006* (NSW) and includes shops on mixed development properties. Estimated population is a projection from the Department of Planning, Housing and Infrastructure's 2024 NSW Population, Housing and Implied Dwelling Projections.

3 Estimated population serviced by wastewater excludes dwellings serviced under the *Water Industry Competition Act 2006* (NSW) and includes shops on mixed development properties. Estimated population is a projection based on the Department of Planning, Housing and Infrastructure's 2024 NSW Population, Housing and Implied Dwelling Projections.

4 Estimated population serviced by recycled water refers to Rouse Hill only. Estimated population is a projection based on the Department of Planning, Housing and Infrastructure's 2024 NSW Population, Housing and Implied Dwelling Projections.

# Our operations

We continued to deliver on our strategy to build resilient systems while facing a range of economic factors.

In 2024–25, Sydney Water provided 556,551 ML of drinking water compliant with the Australian Drinking Water Guidelines (ADWG) to 5,565,000 people.

We supply water from 11 major dams through 13 water delivery systems, which run through 22,963 km of pipes. About 80 per cent of the drinking water we supply every day comes from Warragamba Dam, which is a protected catchment. This means that the area surrounding the dam is managed to safeguard the quality of the water stored in it. The rest of our water supply comes from a mix of other dams in protected catchments, the Hawkesbury-Nepean River and the Sydney Desalination Plant (SDP) at Kurnell.

During the 2024–25 financial year, Sydney Water's operational performance was influenced by a range of local and international economic factors, as well as weather conditions.

As our customers faced significant cost-of-living pressures, we also faced a number of challenging local economic conditions, which placed upward pressure on our operating expenses. This included a tight labour market, rising material costs and capacity constraints in the local infrastructure sector, further exacerbated by ongoing global volatility. In particular, the tight labour market contributed to slightly higher labour and external contractor costs this year, reflecting broader wage pressures across the economy.

Our material costs were also higher than expected, driven by increased rates across plant and equipment, waste disposal and direct consumables. This has been a continuing trend over the past few years, stemming from strong infrastructure investment in the transport sector and more

recently in the building and utilities sectors, in line with government ambitions to boost housing supply and transition energy sources towards a net zero future. On the other hand, we also saw more favourable weather conditions and improved water quality this year. Through our strategic source selection and optimisation of treatment processes, we achieved lower-than-expected bulk water costs.

More broadly, the Independent Pricing and Regulatory Tribunal (IPART) is currently reviewing the maximum prices that Sydney Water can charge customers for providing water, wastewater, stormwater and other services. Once IPART makes its final determination in September 2025, our revenue allowance will be set for the next five years. Within this allowance, we will prioritise the projects and services that deliver the best outcomes for our customers and the community, guided by risk, customer need and regulatory requirements.

Capital infrastructure projects are critical to ensuring Sydney Water's ability to meet customer demands under all climate conditions, including maintaining system resilience and implementing upgrades. Key projects include:


- upgrades at Prospect, Orchard Hills and Nepean water filtration plants, and at the Cascade plant, where Sydney Water invested \$3.4 million in a new PFAS treatment system
- upgrades to the West Camden Water Resource Recovery Facility, which has doubled its capacity to service a significant increase in customers in the future
- new water sources to provide water security during drought and to meet growth in drinking water demand.



# Customer experience

# Customer experience

We continue to engage and collaborate with our current and future customers, communities, stakeholders and partners to ensure their priorities are delivered through our outcomes.

GOALS	MEASURES	TARGET 24-25	ACTUAL 24-25	STATUS	TREND
 <b>Customer experience</b>					
Positive customer experience	Customer satisfaction	Top quartile	Top quartile	✓	Achieved target
Informed and empowered customers	Water literacy index	≥5.0	4.5	✓	Stable
Fair and affordable bills	Affordability	≤0.82%	0.81%	✓	Achieved target
Safe swimming and recreation	Public access and recreation	≥2 sites	3 sites	✓	Exceeded target

## Achievements and opportunities



### DEVELOPER TRANSFORMATION

The processes and digital technology we use to service our developer customers require a significant upgrade to meet their expectations as Sydney continues to grow. A detailed solution design has begun, and delivery of the new digital solution and processes is proposed across two tranches, in March and December 2026.

### ENHANCED SERVICE DELIVERY

We have initiated a significant uplift of our Field Service Management (FSM) capability through the delivery of an integrated works management solution to replace the existing software (Click), which is at end of life, with Industrial and Financial Systems (IFS) cloud software.

### FUTURE AND MOBILE LABS PROGRAM

Laboratory Services is modernising sampling and analysis in the water sector by shifting from manual methods to mobile, in situ, online, molecular, AI-driven and drone-based technologies. The Laboratory Relocation, and Future and Mobile Labs initiatives now operate under a unified governance model focused on safety, innovation, revenue and efficiency. Our new facility supports advanced technology, automation and AI, with attention to layout, cybersecurity and environmental controls. Cross-functional teams are driving change management and tech integration, including a newly formed Drone Working Group.



## Achievements and opportunities



### CUSTOMER BUSINESS TELEPHONY UPLIFT PROJECT

We are upgrading our outdated contact centre platform to a resilient, cloud-based solution that will ensure robust customer service across key business areas. We have experienced delays in finalising the contracts with telecommunications vendors, and mitigation plans are in place for the go-live of the new platform scheduled for the following financial year.

### WATERWAY COORDINATION

We are collaborating with partners to develop waterway and catchment plans and to activate more swimming and aquatic recreation sites for our customers. Through this initiative, Sydney Water continues to provide technical and strategic support to Cooks River Alliance, Georges Riverkeeper and Sydney Coastal Councils Group, and the coordinated delivery of Parramatta River Masterplan in partnership with Parramatta River Catchment Group.

# Customers are at the heart of everything we do

We asked more than 13,000 customers in 2024–25 to rate their overall satisfaction with Sydney Water. Just over half of them (51 per cent) were highly satisfied (a customer rating of 8–10 out of 10), which is down 1 percentage point from 2023–24 (52 per cent). While passive responses (a customer rating of 5–7 out of 10, or responses of ‘don’t know’) increased to 45 per cent (up from 44 per cent in 2023–24), negative responses (a customer rating of 0–4 out of 10) remained low at 4 per cent (unchanged since 2023–24).

Customer satisfaction began the year with 51 per cent of customers providing a positive rating (8–10 out of 10) in the July to September 2024 quarter, and this increased to 52 per cent for April to June 2025. Despite the slight decline year-on-year, customer satisfaction remains higher than in 2022–23. Sydney Water maintains the top position for customer satisfaction among its benchmark organisations, such as day-to-day banks, mobile phone network providers, and gas and electricity providers.

## Tap water rating

On average, 57 per cent of customers were strongly satisfied with the quality of Sydney Water’s tap water (a customer rating of 8–10 out of 10) in 2024–25, which is down by 8 percentage points on the previous financial year (65 per cent). The decline in the rating of tap water quality is, in part, due to public scrutiny following the detection of a small amount of PFAS at one of our filtration plants, as well as its compliance with current and updated guidelines for PFAS levels.

The Cascade Water Filtration Plant, while compliant with the 2018 PFAS guidelines in place at the time recorded PFAS levels slightly above the proposed new limits. In response, we invested \$3.4 million in a new PFAS treatment system, and early sampling results confirmed a significant decrease in PFAS concentrations in the treated water. For more information, go to page 60.

The tap water rating is still strong, and our operational teams’ delivery of a top-quality product continues to be supported by our customer and community engagement activities. These include tours of the Purified Recycled Water Discovery Centre at Quakers Hill, as well as our permanent and portable water stations.

## Complaint handling

Sydney Water’s Operating Licence defines a complaint as ‘an expression of dissatisfaction made to or about Sydney Water related to its actions, products, services, staff or the complaints-handling process, where a response or resolution is explicitly or implicitly expected or legally required’.

In 2024–25, we received 3,549 complaints that were resolved as Sydney Water’s responsibility.

Complaints made up less than 0.6 per cent of the more than 749,000 customer contacts via phone, email, fax, mail and online channels, excluding self-service contacts.

If a customer is dissatisfied with the action taken to resolve a complaint, they may contact the Energy & Water Ombudsman of NSW (EWON) at [ewon.com.au](http://ewon.com.au) and ask for an independent review of the complaint.

In 2024–25, EWON received 638 enquiries or complaints related to Sydney Water.<sup>1</sup> This equates to 2.7 matters per 10,000 customers, aligning with the results for other water utilities overseen by EWON.

We have established a Complaints Handling Working Group made up of staff members from different areas of the business. The group’s core function is to continually monitor and assess our complaint data to identify process improvements, including identifying complaints that may be systemic in nature and documenting changes implemented to address these.

<sup>1</sup> Report extracted from EWON for 2024–25, as its annual report has not been formally released at the time of reporting.

Table: Customer satisfaction indicators, 2020–21 to 2024–25

	2020–21	2021–22	2022–23	2023–24	2024–25
Average customer satisfaction rating (positives 8–10) (%)	51	53	50	52	51
Average customer rating of the overall quality of drinking water	n/a	8.0	7.6	7.7	7.3
Average customer satisfaction with tap water quality (strong satisfaction 8–10) (%)	69	68	63	65	57
Total number of complaints (including EWON) <sup>2,3</sup>	5,382	6,306	5,153	4,798	4,758

2 Data has been adjusted to include complaints received about major projects that were not previously captured in Sydney Water's customer relationship management system (CRM). Although these complaints were not captured, they were investigated and appropriately actioned.

3 There appears to be a significant decrease in complaint numbers compared to previous years, however, water quality complaints were over-reported previously due to system limitations. These have now been resolved, and from now on complaints will be reported consistently using an improved process.

## Financial support and guidance for our customers

Our Customer Care team provides support to customers experiencing financial hardship, including dedicated case management to around 480 financially vulnerable customers each month.

In the 2024–25 financial year, the team took 5,800 calls from customers needing financial support and entered over 3,900 payment arrangements (when the balance of a bill is split into multiple payments before the next bill is due).

The team also referred 500 households to our PlumbAssist® service, which reduced water use and costs for these households.

Our Customer Care team extends their support to customers by referring them to other types of assistance, such as financial counselling or assistance services for other utilities. This is part of our holistic approach to helping our customers.

The team can assist customers during challenging times in several ways, including:

- offering payment extensions, payment arrangements and payment plans
- setting up regular deductions from eligible Centrelink payments
- offering pension concession rebates on service charges
- referring them to an accredited community agency
- providing ongoing support through our BillAssist program
- offering PAS credits on eligible customer accounts
- referring them to our PlumbAssist® service
- referring them to our WaterFix® program, which delivers subsidised water efficiency audits and plumbing repairs to help customers save water in their homes and businesses
- referring them to other types of help and support (such as financial counselling or assistance services for other utilities)
- appointing a case coordinator to victims of domestic and family violence whose details are protected.



## Customer Contract

Our *Customer Contract* explains how we manage customers' access to water, wastewater, recycled water and stormwater services. It outlines our obligations to customers, including:

- which services we maintain
- how we help customers experiencing hardship
- how and when we charge customers for services
- when we restrict, disconnect and restore services
- how we respond to customer enquiries and complaints.



# Sydney Water named Australia's most trusted utility

The Roy Morgan Trusted Brand Awards recognised Sydney Water as the most trusted utility in Australia.

Sydney Water was named the most trusted utility in Australia at the prestigious Roy Morgan Trusted Brand Awards. This national accolade reflects our commitment to customer service, transparency, and long-term community engagement.

The award is based on the Roy Morgan Risk Monitor, a comprehensive survey of over 25,000 Australians annually, which captures unprompted feedback on trust and distrust across industries.

Sydney Water's top ranking highlights its consistent performance in building and maintaining public trust – not only within the utilities sector but across all Australian brands.

Key initiatives contributing to this result include the Our Water, Our Voice engagement program, which connected with over 13,000 customers to discover their priorities and expectations, as well as targeted support programs like BillAssist and WaterFix® which help households manage costs and improve water efficiency.

# Supporting our customers to save water

Our WaterFix® Commercial program helps our customers identify leaks and provide solutions to save water and money.

WaterFix® Commercial saved our customers more than 350 million litres of water, or the equivalent of over 140 Olympic swimming pools in 2024–25.

Launched four years ago, WaterFix® Commercial is a specialised service that provides commercial properties with a proven step-by-step process to reduce their water bills by achieving large-scale and cost-effective water use savings.

WaterFix® Commercial starts with an assessment of a property's water use efficiency. By comparing metered water use to Sydney Water's best practice benchmark and reviewing near real-time water use data, we provide an evidence-based, step-by-step process to achieve measurable water use savings for the whole building.

We carry out all on-site services, including repairing visible leaks, locating and repairing concealed leaks, and installing water-efficient fixtures and fittings. Our goal is to help our customers save water and improve their triple bottom line while helping Sydney build a more resilient water network.

## Lady Davidson Private Hospital

Lady Davidson Private Hospital, in the Sydney suburb of North Turrumurra, is one of Australia's largest private dedicated rehabilitation hospitals.

Established in 1920 to treat ex-servicemen with tuberculosis, it has evolved into a leading facility for rehabilitation care.

Through Sydney Water's Customer Engagement and Non-Residential Analytics (CENRA) program – an initiative designed to support our highest water-using non-residential customers – Lady Davidson Private Hospital was identified as one of Sydney Water's top water users (by volume of water per year). This resulted in the installation of a data logger on the property's main water meter.

The logger provides an hourly meter reading 24 hours a day, seven days a week, enabling a detailed analysis of the customer's water use behaviour.

By reviewing the customer's hourly water use data, a steadily growing minimum use (or baseflow) was identified. For most customers, the minimum use drops to zero or close to zero outside their normal operating hours, but for the hospital it was characterised as including a possible concealed leak. At its peak, the baseflow was over 12 kL per hour.

WaterFix® Commercial recommended a specialised inspection to locate the concealed leak. In May 2025, Sydney Water repaired the leak, which reduced the baseflow to 0.5 kL per hour.

The result was a water saving of 11.5 kL per hour. Over one year, this equates to 100,740 kL, or over \$268,000.



## Putting a stop to leaks

Sydney Water also operates WaterFix® Residential, WaterFix® Strata, WaterFix® Concealed Leaks and WaterFix® Schools.

In 2024–25, the WaterFix® Residential program achieved approximately 157,300 kL of water savings across 7,635 appointments.

Thanks to the hourly use measurements from the data loggers installed on the schools' water meters, we have assisted in highlighting ongoing leaks and inefficiencies in primary and high schools. By monitoring the data from the loggers, tens of thousands of megalitres have been saved by finding and repairing obvious and hidden leaks.

We engaged our contractor to find and repair a hidden leak at Cranebrook High School, resulting in savings of over 17,500 kL of water use in a single year.

Another project to upgrade inefficient single-flush toilets to efficient dual-flush toilets at Lewisham Public School has helped save 2,500 kL over a year.



# Sydney Water and Kraft Heinz collaborate for sustainability

Our Business Customer team helped Kraft Heinz tackle wastewater challenges at its Seven Hills site.

Kraft Heinz is a leading multinational food company and the fifth-largest food and beverage manufacturer globally. Its Seven Hills site in Sydney is a critical part of its Australian operations, producing a range of popular sauces and condiments.

In late 2023, the site began experiencing issues with wastewater compliance, prompting Sydney Water to request an Effluent Improvement Program (EIP). By working closely with Kraft Heinz's engineers and environmental team, our Business Customer team helped build a strong business case, conducted benchmarking to demonstrate achievable industry standards, and provided templates of successful EIPs.

Kraft Heinz secured executive support and funding for a major upgrade to its wastewater treatment plant. Commissioned in August 2024, the improved system delivered impressive results, including a:

- 60 per cent reduction in suspended solids
- 20 per cent drop in Biochemical Oxygen Demand

- 67 per cent decrease in pollutant charges, saving \$40,000 in the first quarter and an expected \$160,000 annually.

Following the success of the EIP, Kraft Heinz joined Sydney Water's water conservation programs. We installed a data logger on the site's drinking water meter as part of the CENRA program, enabling real-time monitoring and leak detection. Additionally, the site joined Sydney Water's online monitoring program and purchased 20 submeters, enhancing visibility of water use and enabling timely interventions. These initiatives supported Kraft Heinz's sustainability goals and operational efficiency.

# Social media and marketing activations

Driving behaviour change through impactful storytelling.

Sydney Water strengthened its connection with customers throughout 2024–25 using creative campaigns and innovative digital storytelling. From viral moments that captured global attention to tailored campaigns reaching diverse audiences, our integrated approach to traditional media, marketing and social media helped shape public perceptions, drive behavioural change, and build trust in Sydney Water.

Our social media presence across Facebook, Instagram, LinkedIn, TikTok and X maintained strong growth with high engagement. Sydney Water generated more than 61 million impressions across all social platforms, with an engagement rate of 6 per cent, well above the industry benchmark of 2 per cent. We gained 32,096 new followers, bringing our total audience to 176,411, who engaged with a diverse mix of content, from educational videos to humour-led campaigns.

A highlight of the year was Sydney Water's most viral moment – a playful Instagram post referencing rapper Drake, who threw an orange slide at a drone from his Sydney penthouse. The post showed that the slide washed up in Barangaroo and encouraged Drake to keep our city beautiful by making sure our waterways are free from rubbish. The post received nearly 8 million direct views (with 35.4 per cent of them in Sydney) and generated more than 450,000 interactions, sparking a global conversation that reached an estimated 600 million views worldwide. Mainstream media, including *Forbes*, *The Daily Mail* and *The New York Times*, reported on the post, demonstrating the power of fast, creative, culturally relevant content. We achieved enormous brand exposure through the Sydney Water Instagram page, which was visited over 400,000 times, and our educational content, which was viewed 13.4 million times.

**More than  
61 million**  
impressions across  
all social platforms





Recognising the growing influence of authentic content creators, Sydney Water also developed and implemented a successful influencer strategy this year. We engaged popular creators like Sean and Marley, My Nonna Fina, Electrify This, Sydney Plumber Chick and Dr Kirsten Banks to share a broad range of key water messages from water conservation to wastewater habits. Combined, videos of these influencers received more than 2.4 million views and over 92,742 engagements across our social media channels.

## Water-saving superhero – The Wiggles collaboration

Through music, videos and dance tutorials, we launched a campaign with The Wiggles to encourage water-saving behaviours in children

and families. Framed around superhero missions, the campaign was delivered across digital platforms and in-person events. It achieved more than 7 million Meta impressions, 3.5 million on TikTok, and nearly 2 million on YouTube, with strong engagement and completion rates across all platforms. An email campaign targeting over 468,000 customers achieved an open rate of 40.3 per cent, and over 40 per cent of all clicks activated the video.

Traditional media continued to play a crucial role in supporting major campaigns, building brand reputation, and responding to reactive issues. Over the past year, Sydney Water received 15,608 media mentions with an estimated cumulative reach of over 294 million people.



**49,333**

Facebook  
followers



**17,999**

Instagram  
followers



**9,105**

X  
followers



**78,373**

LinkedIn  
followers



**9,231**

TikTok  
followers



**14,600**

Youtube  
followers

# Water is Our Life marketing campaign



The *Water is Our Life* campaign launched in February 2025 at a time when Sydney Water was experiencing a decline in public trust due to heightened media attention and community concerns around PFAS, more commonly known as ‘forever chemicals’, in drinking water. Confidence in the safety and quality of Sydney’s water had dropped, with only 55 per cent of people reporting strong satisfaction with their drinking water.

This campaign follows Olympic champion canoeist Jess Fox as she dives into the story of what happens to Sydney’s water before it reaches customer taps. The campaign messaging reassured the community that Sydney’s drinking water is ‘filtered, treated, tested’ and safe to drink.

Engagement via broadcast channels and social media performed consistently with past campaigns, with 73 per cent of respondents rating the TV commercial and video content as important. While overall recall was slightly lower than in previous campaigns, potentially due to reduced media spend, our next customer survey showed a slight uplift in brand trust, increasing from 49 per cent to 50 per cent and improved satisfaction with drinking water quality from 55 per cent to 58 per cent.

To ensure culturally and linguistically diverse (CALD) communities had access to the campaign, Sydney Water developed messaging to reach First Nations, Arabic, Hindi, Korean, Vietnamese, Cantonese and Mandarin communities. The CALD communities identified and targeted in this campaign have historically shown less trust in tap water. By producing content in their home language, we aimed to shift that view.

When asked, a high percentage of CALD communities said they would extend the campaign messaging through conversations with friends and family.

**66 per cent**  
HINDI

**62 per cent**  
KOREAN

**40 per cent**  
ARABIC

**40 per cent**  
MANDARIN

**39 per cent**  
VIETNAMESE

**33 per cent**  
CANTONESE

Among First Nations communities, 61 per cent of people felt it was important for Sydney Water to continue to make tailored advertisements to reach their communities.





# Flowing through Sydney: our community connections

In 2024–25, we hit the streets, stadiums and stages of Greater Sydney with a program of community activations that brought water awareness to life.

In 2024–25, we delivered a program of community activations, reaching thousands of customers across Greater Sydney. These initiatives aimed to promote water literacy, conservation, wastewater awareness and brand trust, while connecting with customers in meaningful and engaging ways. We attended a range of events, from sporting events and the Sydney Royal Easter Show, to cultural events like the Diwali Festival and Lakemba Night Markets.

Over 13,000 visitors engaged with our Easter Show activation featuring our digital water quiz and a refill station to showcase Greater Sydney's water supply. The Streets Alive and Parade Day in Blacktown reached around 1,000 attendees, with our main activity being a water literacy quiz. This was a five-question assessment designed to gauge public understanding across our five key messages in-market: water conservation, wastewater, trust in tap water, sustainable water future, and water literacy.

In December 2024, Sydney Water's collaboration with The Wiggles took centre stage. The popular children's entertainers allowed us to share water education with thousands of families through a concert series, at which we distributed nearly 5,000 children's books packed with water-saving messages.

Our Cricket NSW partnership enabled activations at all home Women's Big Bash League and Big Bash League games from November to January. We distributed Warragamba Slammer water bottles and provided portable water stations at each ground, promoting our 'Trust in Tap' messaging and encouraging sustainable hydration choices among attendees. Meanwhile, our partnership with distance runner Nedd Brockman culminated in Nedd's Uncomfortable Challenge on 12–13 October 2024. This attracted younger participants to test their water literacy skills with a quiz, and we distributed custom-designed running flasks to reinforce the messages of water conservation and trust in tap water.

# Community education

We emphasise the importance of water through our community education programs.

Our Community Education team work to educate and engage our customers to build water literacy. This helps empower our communities to understand and make the choices needed to manage water sustainably.

The team discovers what our customers and stakeholders know and do not know about water, and finds ways to help them learn, understand and connect with water-related issues. This can occur in a variety of ways, including through free in-school learning programs and workshops, community information sessions and tours. The goal is to give our customers a better understanding of the urban water cycle, adopt water-wise behaviours and support diversification of our drinking water supply.

## Wonders of Water Discovery Van

Since it first hit the road in May 2022, the Wonders of Water Discovery Van has helped Sydney Water reach and educate customers in all corners of Greater Sydney and the Illawarra. This mobile education vehicle has helped spark conversations with our customers about safe drinking water, how cities around the world harvest their water resources, and how we recycle water every day.

In 2024–25, the community education team attended 82 community events and had conversations with 26,380 community members.

## Youth Eco Summit

In September 2024, Sydney Water hosted 1,500 primary school students for one of the largest youth sustainability events in NSW – the Youth Eco Summit at Sydney Olympic Park.

The two-day event brought together our future generation of leaders to experience sustainability in action and learn more about where water comes from, how it's managed and why it matters.

We partnered with Murama Indigenous Youth, who opened the event with a powerful Acknowledgement of Country, sharing stories about the deep connection between Country and community. Sydney Water ambassador Shane Jacobson guided students throughout the day, encouraging their curiosity about how water shapes our world.

This was a unique opportunity for industry, organisations and the community to come together and share knowledge about sustainability in a meaningful way. More than 30 organisations, including Sydney Zoo, GWS Giants, the Australian Museum, Koori Kinnections and teams across Sydney Water, hosted interactive displays and activities that brought water education to life.

Students met our leak detection dogs, explored the Wonders of Water Discovery Van and engaged with displays by the Parramatta River Catchment Group and Murama Indigenous Youth. The event was an enriching opportunity, encouraging students to become advocates for the value of water and the importance of conservation.

# Empowering communities through grassroots action

Our grants program is an opportunity to provide financial support to local community groups.

Sydney Water's annual Community Grants Program aims to support grassroots projects across Greater Sydney and the Illawarra. In 2024, seven community grants totalling \$67,960 funded projects including a First Nations waterway school education program, waterway clean-ups, and education for CALD communities and river restoration.

One of our 2024 grant recipients, SmartFone Flick Fest (SF3), approached the challenge of water conservation and education through filmmaking. The group held a series of filmmaking masterclasses, teaching participants about smartphone filmmaking and cinematography, as well as how to pitch an idea for, shoot, and edit creative content that explored the theme of *Driving a Sustainable Water Future*.

A series of two Illawarra-based workshops was delivered in partnership with Screen Illawarra, targeting both youth and adults, and a four-part

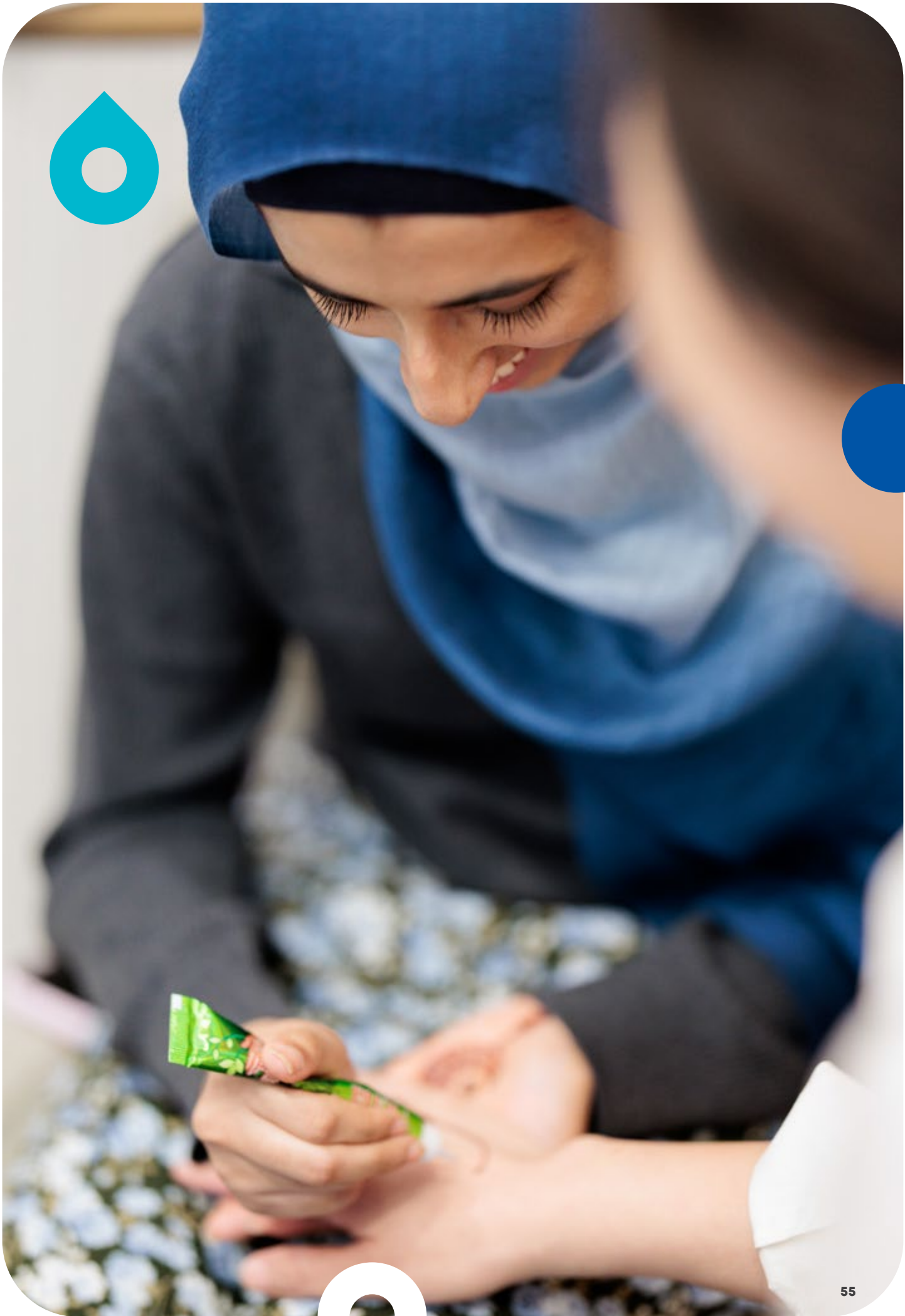
filmmaking series was delivered at Scarborough Public School for Stage 2 and Stage 3 students.

The films produced were creative, informative and reflected a strong understanding of water-related issues, as well as creative vision and original interpretations of water. All were screened at a free public event that attracted 120 audience members.

The program empowered participants with new digital storytelling skills and encouraged meaningful engagement with water education. It fostered local creativity and environmental awareness, and left participants equipped to keep making films with purpose.

Organisers believe the community grant delivered lasting benefits to the community, stakeholders and the environment by combining accessible digital storytelling with water education.













# Water quality and reliability

# Water quality and reliability

We provide our customers with safe, clean and reliable drinking water every day.

GOALS	MEASURES	TARGET 24-25	ACTUAL 24-25	STATUS	TREND
 <b>Water quality and reliability</b>					
<b>Provide safe and clean water</b>	Drinking water quality (FY full year result)	100%	100%		Achieved target
	Drinking water use (residential) Q3 FY2025	≤186 LPD*	180		Exceeded target
<b>Saving water together</b>	System leaks (ODI) Q3 FY2025	≤8%	8.6%		Improving
<b>Reliable water</b>	Water continuity (FY full year result)	<2%	1.5%		Achieved target
<b>Secure water supply</b>	Available water supply	≥4 yrs	4 years		Achieved target

\* Litres per person per day

## Achievements and opportunities



### PROVIDE SAFE AND CLEAN WATER

In 2024–25, 13 of 13 drinking water systems achieved full compliance with the ADWG long term health and aesthetic parameters. In December 2024, Sydney Water reported a single instance of an NDMA exceedance. In accordance with the Australian Drinking Water Guidelines, this exceedance is not regarded as a non-conformance.

### MAINTAIN WATER QUALITY AND RESPOND TO CHANGE

Sydney Water delivered a purpose-built PFAS treatment system at Cascade Water Filtration Plant in June 2025 and progressed other water quality projects, such as water quality automation and reservoir re-chlorination systems, to meet the ADWG and Australian Guidelines for Water Recycling (AGWR). We also delivered additional

infrastructure upgrades, including doubling the capacity of the West Camden Water Recycling Plant to support resilience against extreme weather events and ensure the reliability of our water supply.

### DELIVER AN ENHANCED WATER CONSERVATION PLAN

We supported customers to save water and money through our range of specialised WaterFix® services and our hardship assistance program, PlumbAssist®. Our joint Water Efficiency Plan with the NSW Department of Climate Change, Energy, the Environment and Water – that includes the continued rollout of Smart Meters – is on track to meet the 2030 water efficiency target set out in the NSW Government's Greater Sydney Water Strategy.



## Achievements and opportunities



### DELIVER AN ENHANCED LEAK MANAGEMENT PLAN

System leaks, though slightly above target at 8.3 per cent (target:  $\leq 8.3$  per cent), are already trending downward as improvement initiatives take hold. This year, we have continued to proactively identify leaks through our active leak detection programs, condition assessments and use of improved data analytics. We continue to repair network leaks identified by these programs and those reported by our customers, improving our methods for prioritisation, and avoiding leaks through asset and pressure management.

### RELIABLE WATER

Water continuity is trending positively, with only 1.23 per cent of properties affected by prolonged outages (well below the 2 per cent limit) – a demonstration of our commitment to reliability.

### ENHANCED MONITORING

We elevated the level of automation in our network through the deployment of Internet of Things (IoT) devices and smart sensors, enabling increased at-scale digitalisation of assets.



# Purified Recycled Water Discovery Centre

We continued to engage with the community to educate them about purified recycled water (PRW).

People in over 35 cities around the world have been safely drinking PRW for more than 50 years. Sydney Water is exploring future options for rainfall-independent water supplies including PRW as a potential water source for Greater Sydney. We've maintained an ongoing dialogue with our customers and the community about water supply options since 2021, and customers have been clear that enhancing the water network's resilience through water recycling and/or desalination is a major priority.

PRW is water recycled from industry and homes (including from kitchens, showers and toilets) that has been purified to meet the strict Australian Guidelines for Water Recycling to supplement drinking water sources.

Through our engagement initiatives, we aim to educate our customers and the community about PRW and its part in the future of their water. Following are some of our engagement highlights.

- We undertook more than 1,500 face-to-face conversations on PRW over the past year as part of a series of community pop-ups at food markets, sporting events, malls and universities.

- We also staged focused listening sessions with targeted stakeholder groups, including multicultural and First Nations groups. Feedback on the use of PRW was 65 per cent positive, 29 per cent neutral, 4 per cent negative and 2 per cent uncategorised.
- Since opening in October 2023, more than 4,300 people have visited the PRW Discovery Centre, including 1,256 stakeholders, 1,876 community members and 1,215 staff members. Surveys of tour participants at the PRW Discovery Centre show that the level of comfort with PRW is 7.5 out of 10 before the tour and 8.9 after the tour.
- Media coverage reached more than 4.8 million views. Coverage included an exclusive story on the Discovery Centre in the print and online editions of *The Sydney Morning Herald*.

We're committed to investigating the use of PRW as a future water source. Any decision to include it as part of our drinking water supply will involve ongoing community consultation and require government approvals.

# Understanding PFAS

Our water is filtered, tested and treated to ensure we are supplying the community with safe drinking water.

At Sydney Water, the safety and quality of drinking water is our highest priority and is fundamental to the health and wellbeing of our 5.6 million customers.

We're constantly reviewing and improving our practices around PFAS to stay ahead of evolving scientific knowledge and community expectations. We work closely with WaterNSW and NSW Health to assess and address any potential risks to Greater Sydney's drinking water supply.

The Australian Drinking Water Guidelines (ADWG), developed by the National Health and Medical Research Council (NHMRC), provide a trusted, science-based framework for water quality. The guidelines are used by health authorities and water utilities across the country and include strict health-based values for PFAS compounds such as perfluorooctanoic acid (PFOA), perfluorooctane sulfonate (PFOS), perfluorobutane sulfonate (PFBS) and perfluorohexane sulfonate (PFHxS).

When the NHMRC released proposed updates to the PFAS guidelines in November 2024, eight of our nine water filtration plants were already operating below the new PFAS thresholds. The Cascade Water Filtration Plant, while still compliant with the existing 2018 PFAS guidelines, recorded PFAS levels slightly above the proposed new limits.

This presented an important opportunity for learning and action. We responded swiftly by investing \$3.4 million in a new PFAS treatment system at the Cascade Water Filtration Plant. Commissioned in December 2024, the system uses granular activated carbon (GAC) and ion exchange resin to effectively reduce PFAS levels. Early sampling results confirmed a significant decrease in PFAS concentrations in the treated water.

Information about PFAS and water quality was actively shared with customers in the Blue Mountains region through multiple channels, including regular website updates, six local community drop-in sessions, messaging in our Waterwrap newsletter, and a letterbox drop reaching over 14,000 households.

The quality of our drinking water is closely monitored by highly trained specialists in our state-of-the-art laboratories, which are certified by the National Association of Testing Authorities. These results are published on our website as part of our commitment to transparency and public trust.

On 25 June 2025, the NHMRC published the final updated PFAS guidelines, which are now in effect. Customers can be confident that their drinking water is safe.

# Capital works

In 2024–25, Sydney Water invested \$2.466 billion in capital works, which was 16 per cent under the \$2.940 billion budget (excluding capitalised borrowing costs).

The infrastructure portfolio concluded 2024–25 with an overall capital spend of \$2.281 billion – another year of significant capital investment for Sydney Water on behalf of its customers. We achieved this outcome in the face of a challenging environment in which the program was delivered, with labour and skills shortages, a maturing supply chain and changing investment assurance requirements.

Despite the ongoing challenges presented by a heated infrastructure market, activities are well underway to meet capital investment requirements in subsequent periods. The North West Treatment Hub Growth Program, Upper South Creek Advanced Water Recycling Centre and Networks Program, Prospect Pretreatment Plant, Malabar System

Investment Plan (including Glenfield and Liverpool Water Resource Recovery Facilities (WRRFs)), Mamre Road and Western Sydney Aerotropolis are among the significant projects headlining the growth, upgrade and renewal investment initiatives.

Oxford Economics Australia has noted that the 2024 calendar year marked a turning point in the construction and infrastructure industry in Australia. While construction activity was expected to fall slightly in aggregate terms, there was also a shift in infrastructure priorities from transport to utilities, social building and resources infrastructure. With a synchronised investment boom expected during the second half of this decade, market capacity challenges are likely to remain.

Table: Major capital works in progress at 30 June 2025

Project <sup>1</sup>	Cost to date (\$m)	Forecast completion date	Description
<b>North Head Wastewater Treatment Plant Biosolids Upgrade</b>	95	September 2025	Upgrade of processing and treatment capacity to improve the quality of biosolids.
<b>Kemps Creek Pressure Main</b>	118	September 2025	Provision of dual pressure main to service a significant increase in customers.
<b>West Dapto Package 3</b>	115	October 2025	New water and wastewater services to support an increase in customers.
<b>West Camden Treatment Amplification</b>	227	November 2025	Augmentation of treatment plant to increase capacity to service a significant increase in customers.
<b>Lower South Creek Water Recycling Plant Process and Reliability Renewal</b>	624	December 2025	Maintenance of reliability and an increase in the plant's capacity to service growth.
<b>SP1022 Rising Main Duplication</b>	20	February 2026	New, tunnelled wastewater rising main to transfer more wet weather flows from SP1022 pumping station to Rouse Hill WRRF.
<b>North West Treatment Hub: Rouse Hill Compliance</b>	75	May 2026	Accelerated program of planned works to meet compliance deadlines.

<sup>1</sup> Only projects in progress are represented.

### 3 CUSTOMERS, OPERATIONS AND PERFORMANCE

Project <sup>1</sup>	Cost to date (\$m)	Forecast completion date	Description
<b>SP1022 Pumping Station Upgrade</b>	15	November 2026	Upgrade to SP1022 pumping station to service growth.
<b>Yallah Marshall Water and Sewerage</b>	31	December 2026	Delivery of water and wastewater services to support approximately 4,360 residential dwellings, commercial lots and a town centre.
<b>Refresh Vaucluse Diamond Bay</b>	40	December 2026	Treatment of wastewater before discharge through the Bondi deep ocean outfall.
<b>North West Treatment Hub: Castle Hill Compliance</b>	82	December 2026	Accelerated program of planned works to meet compliance deadlines.
<b>Richmond/ North Richmond Wastewater Treatment Plant Amplification</b>	104	April 2027	Augmentation of treatment plant to increase capacity to service a significant increase in customers.
<b>Upper South Creek Advanced Water Recycling Centre (AWRC)</b>	830	March 2027	Construction of AWRC and discharge pipelines.
<b>Thornleigh Inlet/Outlet Main</b>	32	March 2027	New, tunnelled drinking water main between pump station and reservoir to improve reservoir water quality.
<b>Calderwood Water and Sewerage</b>	30	June 2027	Delivery of water and wastewater services for approximately 4,500 residential lots and a town centre.
<b>Wilton Stage 1</b>	31	December 2027	Supply of drinking water and recycled water for the initial stages of residential development in South East Wilton and North Wilton, and existing residents in Bingara Gorge.
<b>Prospect Water Filtration Plant (WFP) Upgrade</b>	77	December 2027 (Package 1) August 2029 (Packages 2 and 3)	Ensures it continues to provide resilient, reliable, safe and secure water from Prospect WFP compliant with current Australian Drinking Water Guidelines.
<b>Glenfield WRRF</b>	16	February 2028	Upgrades to network and treatment assets. Primarily considers investment through to 2032, with a longer-term strategic outlook to 2056.
<b>Western Sydney Aerotropolis Growth Area (WSAGA) Stage 3</b>	3	March 2028	New drinking water trunk mains and booster pump station to accommodate growth in new dwellings and jobs in Agribusiness and Aerotropolis precincts.
<b>Ryde to Pymble (RP03) Transfer Main</b>	14	March 2028	New drinking water transfer main from Ryde to Wahroonga.
<b>Liverpool WRRF</b>	15	November 2028	Upgrades to network and treatment assets to support compliance, growth and asset renewal. Primarily considers investment through to 2032, with a longer-term strategic outlook to 2056.

<sup>1</sup> Only projects in progress are represented.

Project <sup>1</sup>	Cost to date (\$m)	Forecast completion date	Description
<b>Mamre Road Wastewater, Drinking Water and Recycled Water</b>	12	December 2028	Delivery of trunk wastewater infrastructure to service development in the Mamre Road Precinct, within the Western Sydney Aerotropolis Growth Area (WSAGA), including wastewater pumping stations, gravity mains and pressure mains, connecting to the Upper South Creek AWRC.
<b>Austral–Leppington Package 2 (phases 1 and 2)</b>	188	December 2028	Service of the eastern front of the South West Growth Area and parts of the Aerotropolis. Phase 1 is complete.
<b>North West Treatment Hub Growth Program</b>	170	February 2030	Wastewater treatment servicing growth in north-west Sydney through the upgrade of the Rouse Hill, Castle Hill and Riverstone WRRFs in tranches.
<b>Mamre Road Stormwater</b>	8	December 2030	Delivery of an Integrated Water Cycle Management system at a precinct scale within the Mamre Road Precinct.
<b>Upper South Creek Networks</b>	61	June 2034	Comprises Construction of approximately 96 km of gravity and rising mains, along with nine new wastewater pumping stations to service growth in the Upper South Creek catchment.
<b>Wastewater treatment plant renewals</b>	Ongoing	Ongoing	Continued replacement of equipment near the end of its service life.
<b>Water treatment plant renewals</b>	Ongoing	Ongoing	Continued replacement of equipment near the end of its service life.
<b>Information technology projects</b>	Ongoing	Ongoing	Continued minor projects to reduce operating expenditure, renew IT systems and equipment, and deliver new systems and capabilities.
<b>Wastewater reticulation and wastewater trunk mains renewals</b>	Ongoing	Ongoing	Continued replacement and rehabilitation of wastewater mains near the end of their service life.
<b>Water reticulation and water trunk mains renewals</b>	Ongoing	Ongoing	Continued replacement of water mains near the end of their service life.
<b>Reservoir Renewal and Reliability Program</b>	Ongoing	Ongoing	Continued renewal to ensure reservoirs operate at the lowest costs and comply with regulatory requirements.
<b>Wastewater pumping station renewals</b>	Ongoing	Ongoing	Continued replacement of equipment near the end of its service life.
<b>Water pumping stations</b>	Ongoing	Ongoing	Continued improvement of reliability and safety, and minimising of life cycle costs.
<b>Meter replacement program</b>	Ongoing	Ongoing	Improvement of measurement and monitoring of water volume and service reliability.

<sup>1</sup> Only projects in progress are represented.



# West Camden Water Resource Recovery Facility

■ We have doubled the capacity of our West Camden facility.

Sydney Water celebrated the official opening of the upgraded West Camden Water Resource Recovery Facility (WWRF) in June.

Improvements to the facility have doubled its capacity allowing it to service 176,000 customers in South Western Sydney, an increase from 88,000. The upgrade is unlocking around 3,000 new homes each year and supporting the region's long-term growth.

This project was a catalyst for community development, job creation, and environmental innovation. During construction, it supported 1,400 jobs and delivered new and repurposed assets that will serve the region for decades to come.

Four new membrane bioreactors (MBRs) were central to the upgrade. These are compact, high-efficiency treatment units that remove nearly

all contaminants from wastewater. These systems streamline the treatment process, reduce land use, and minimise environmental impact. The MBRs also support environmental flows to local waterways like Matakilla Creek, improving water quality and supporting local ecosystems. The facility now treats water to a high standard, enabling reuse and contributing to Sydney Water's circular economy goals.

This project is a key part of our broader commitment to sustainable growth. Over the past three years, Sydney Water has supported more than 71,000 housing approvals across Greater Sydney – exceeding forecasts and helping meet the city's growing demand. We're proud to work closely with government and the development sector to align infrastructure delivery with what matters most to our customers – affordable, reliable and sustainable water services.

# Stormwater innovation in Sydney's fastest-growing precincts

The newly approved Mamre Road Development Servicing Plan will enable the country's largest regional-scale stormwater harvesting project.

We made significant progress this year in realising the vision of integrated water cycle management across the Mamre Road and Aerotropolis precincts – two of Australia's fastest growing areas.

In response to the rapid pace of development in the Mamre Road Precinct, Sydney Water introduced a new Stormwater Developer Works Policy in October 2024. This policy enabled developers to deliver regional stormwater infrastructure on behalf of Sydney Water, streamlining delivery and aligning infrastructure with development timelines.

Land acquisition activities to support early-stage infrastructure are underway. In December 2024, the Independent Pricing and Regulatory Tribunal (IPART) released its efficiency review and exhibited the draft Mamre Road Integrated Stormwater Development Servicing Plan.

A major milestone was reached in May 2025 when IPART registered the final Development Servicing Plan, setting the infrastructure contribution charge at \$877,200 per developable hectare. This registration also officially marked the start of our integrated stormwater and recycled water servicing in the precinct, kicking off the largest regional-scale stormwater harvesting project in Australia.

In the Aerotropolis precinct, planning advanced significantly. In March 2025, Sydney Water publicly exhibited draft scheme plans for Wianamatta Badgerys and Cosgroves, followed by further engagement with stakeholders throughout April and May. Development across these areas is accelerating in anticipation of the opening of the Western Sydney International Airport in 2026. Sydney Water is continuing to work closely with

major developers as they progress through master planning and approvals, ensuring that infrastructure is delivered in alignment with growth.

As the Regional Stormwater Authority, Sydney Water's integrated water cycle management strategy will enable development while supporting government targets for waterway health. By introducing large-scale blue-green infrastructure such as constructed wetlands and preserving natural waterways, we can protect ecological communities in the Wianamatta South Creek area. With recycled wastewater and stormwater, this approach also provides a climate-independent water source for irrigating public open spaces, helping to keep them green even during periods of drought.

To support the scale and complexity of this approach, a new funding mechanism was established to enable construction and long-term maintenance. This also marked a cultural shift at Sydney Water, with stormwater increasingly recognised as a core service offering, and expanding internal expertise to meet the demands of this growing focus.

The project is expected to roll out over the next 30 years and could serve as a model for future growth areas across Sydney, which will likely face similar regulatory requirements.

# Regional Delivery Partners

This year marks five years of strategic partnership between Sydney Water and our Regional Delivery Partners.

Sydney Water currently works with three Regional Delivery Partners (RDPs): Delivering 4 Customers (D4C), Confluence Water, and the West Region Delivery Team. These partnerships are unincorporated joint ventures that include 11 private companies employing over 2,500 people.

With Period One of our partnership ending in June 2025, Sydney Water has elected to proceed with Period Two, which will end in June 2030.

Working through challenges such as the COVID-19 pandemic and extended periods of rainfall and flood, the RDP model has grown into a mature partnership. We have consistently delivered around \$1 billion in capital and maintenance work annually. From water and wastewater plants to collection and distribution networks, the RDPs ensure our assets keep delivering reliable services to customers.

Our RDPs worked on critical projects across Greater Sydney during 2024-25.

In the north region, Confluence Water continued to deliver critical treatment plant upgrades at North Head, West Hornsby and Cascades in the Blue Mountains. The North Delivery Team is engaged in critical maintenance and renewal works on the Northern Suburbs Ocean Outfall System. The trunk wastewater system, which includes some assets over 100 years old, serves around 1.36 million people in Sydney.

The West Region Delivery Team is completing major creek lining and realignment work at Boundary Creek near Penrith. It is also working on a significant new pump station at Badgerys Creek to service the Western Sydney Airport, and a major upgrade to the Nepean Water Filtration Plant.

The south region is home to some of Sydney's oldest and historically significant water infrastructure, and important remedial works are underway on the Tank Stream in First Fleet Park at Circular Quay. D4C is delivering major treatment plant upgrades at Malabar, Cronulla and Wollongong. It is also delivering major wastewater networks to meet the needs of growing communities in the Illawarra.

As demand grows for maintaining existing and building new water infrastructure, the RDP model has been crucial in providing a secure pipeline of work and attracting diverse and skilled workers in a competitive market.

The water industry involves highly specialised functions and technical expertise, requiring significant investment to grow, develop and maintain the workforce. Our RDP model provides a stable and mature environment to help attract and develop these skills to meet the demands of a growing Greater Sydney.



# Asset management

In the past year, Sydney Water produced 556,551 ML of high-quality drinking water for 5.6 million people across Sydney and the Illawarra. We also collected 536,508 ML of wastewater. As providers of world-class products and services, we are responsible for protecting the environment and public health, and ensuring a resilient water supply.

Our ISO 55001-certified asset management system guides our investment decisions, balancing performance, cost and risk. The four-yearly Water Services Association of Australia's Asset Management Customer Value benchmarking assessment showed that Sydney Water has presented a significant improvement in its asset management practices since 2020 across multiple areas.

In 2024–25, the performance of our water and wastewater facility assets, except for water resource recovery facilities, declined compared to previous years. However, water and wastewater pipe assets show continued improvement. We anticipate further progress in the coming year, supported by increased investment in the following underperforming areas.

- Drinking water compliance remains strong. In December 2024, Sydney Water reported a single instance of an N-Nitrosodimethylamine (NDMA) exceedence. In accordance with the Australian Drinking Water Guidelines, this exceedence is not regarded as a non-conformance.
- Water system capacity and performance are meeting compliance standards, although treatment capability is affected by raw water quality.
- Wastewater compliance has improved in terms of load, concentration and non-compliant bypass from treatment facilities, but progress is needed on wastewater system limits.
- Wastewater system capacity remains a challenge with the introduction of the Hawkesbury-Nepean Nutrient Management Framework, with some systems currently insufficient to meet service needs. However, initiatives are underway to address these issues by 2026–30.
- The condition of our water and wastewater assets is deteriorating, posing risks to service outcomes, but programs are in place to address these challenges.
- We are increasingly targeting maintenance and renewals at a granular asset level to optimise performance outcomes within budget forecasts.

## Heritage delegation actions

We maintain a Heritage and Conservation Register (S170 Register) that lists our assets which have state or local heritage significance. For each state heritage-listed asset, we have a conservation management plan that includes historic photographs, drawings and general research, to help us maintain their heritage value.

Sydney Water has regulatory power to approve and endorse certain activities in relation to assets listed on the State Heritage Register. We can grant excavation permits and/ or exempt work that could impact non-Aboriginal archaeological sites in our area of operations. We can also endorse conservation management plans and heritage asset action plans for assets listed on the register.

### Decisions made under Heritage Council of NSW delegation, 2024–25

Site	Approval type	Approved under Act section	Works approved	Approval date
Prospect	Section 60 Approval	Section 63 of the <i>Heritage Act 1977</i> (NSW)	Prospect Pre-treatment Plant: augmentation and upgrade program	11 March 2025
Centennial Park Reservoir	Section 65A Modification Approval	Section 65A(1)(a) of the <i>Heritage Act 1977</i> (NSW)	Extension of use timeframe for existing works compound	28 May 2025

# Growth in Greater Sydney – Housing Reform Action Plan

Sydney Water plays a vital role in enabling new housing by delivering essential water infrastructure.

This year, the NSW Government continued with reforms aimed at accelerating housing delivery. A key initiative, the Housing Approval Reform Action Plan (HARAP), brought together Sydney Water, NSW Department of Climate Change, Energy, the Environment and Water, and WaterNSW to help streamline approvals and fast-track critical infrastructure.

In support of the HARAP, we've committed to a series of reforms aimed at improving approval turnaround times, enhancing early engagement with developers and Water Servicing Coordinators (WSCs), and transforming the developer experience.

The reforms are based on engagement with industry leaders and stakeholders, addressing longstanding pain points in the application and approval process. Our focus has been on creating a more transparent, responsive system that not only accelerates approvals but also helps transform our culture to better serve our developer customers.

Sydney Water is embedding new ways of working across the organisation, with a strong emphasis on customer service and collaboration. We're reviewing the full developer experience, bringing in new specialist engineering resources, improving education and clarifying guidance for WSCs to improve the accuracy of applications.

In 2024-25, we made significant improvements to approval turnaround times. Since February, the time to issue a Notice of Requirements dropped below our internal target of 25 days – a 40–50 per cent improvement. For design approvals, 41 per cent meet our internal target of 50 days. We're targeting

a reduction in turnaround times for complex Section 73 applications to 100 days by the end of 2025 – a 32 per cent improvement.

A key deliverable under the HARAP is the launch of a new digital developer platform designed to create a seamless and transparent experience for stakeholders. The rollout is scheduled to begin early in 2026. Efforts to enhance infrastructure delivery through collaboration with the government on a business case approvals program set for 2025 will continue. This partnership aims to streamline the approval process, enabling quicker and more effective infrastructure development to support the community's needs.

Sydney Water will continue to enhance operations and service delivery into 2026. We will engage with government and industry to enable more housing and contribute to and lead reform processes to improve the experience for our developer customers.



# Water conservation

Our water is used more efficiently, and we support the community in saving water.

During the Our Water, Our Voice program, our customers told us that saving water is important and that they needed help to save it.

We are committed to supporting customers to save water and money. By saving drinking water every day, we can make the most of Greater Sydney's existing water supplies and be better prepared for droughts.

Our smart metering program, combined with our Hidden Leak Allowance and WaterFix® Concealed Leak service, enables us to notify customers of potential leaks, provide support for their repair and help manage bill shock.

Our specialised services, such as WaterFix® Residential and WaterFix® Strata, provide customers with a range of affordable options to improve the water efficiency of their households. This includes leak repairs and efficiency upgrades for key water-using devices, such as showerheads, taps and toilets, identified during the household water efficiency assessment. For customers in hardship, our PlumbAssist® service provides a wider range of assistance to support them in repairing major and concealed leaks, as well as improving the structural efficiency of their home to help reduce future bills.

For our non-residential customers, we continue to develop our service offerings to provide tailored assistance that enables them to proactively manage leaks and improve the efficiency of their properties, such as WaterFix® Schools and WaterFix® Commercial.

We continue to work with the NSW Department of Climate Change, Energy, the Environment and Water to deliver the NSW Water Efficiency Program

across Greater Sydney and support policy change. Overall, our joint Water Efficiency Plan with the department is on track to meet the 2030 water efficiency target set out in the NSW Government's Greater Sydney Water Strategy.

Customers have also told us that they expect Sydney Water to reduce water loss by minimising leaks and breaks in our network. We are committed to saving water together, and although our leaks remain above the economic threshold, our performance continues to improve, staying below 9 per cent of the volume of drinking water supplied. We continue to implement initiatives that drive our performance towards the economic threshold. This year, we have identified opportunities to reduce leaks through our condition assessment and active leak detection programs. We continue to repair leaks reported by customers. Our data analytics has highlighted parts of our network with potential leaks and improved the way we estimate and report on our leak performance.

Our customers strongly support using recycled water where it is appropriate. By providing recycled water from our water resource recovery plants this year, we continue to offset drinking water use.

Looking ahead, we will continue to expand our water efficiency services for customers and look for ways to remove barriers to adoption. Technology provides a great opportunity to encourage and support customers in adopting water-wise behaviour, and to manage leaks both in customers' properties and in our network. Our smart metering program will continue to be rolled out across our area of operations, and leak alerts will enable customers to quickly rectify any problems.

# Helping customers gain control of their water bills

## 25 years of WaterFix® Residential

Sydney Water's WaterFix® Residential service has been providing homeowners with an easy and affordable way to save water and control their water bills for the past 25 years. It has become the cornerstone of Sydney Water's Water Conservation Program, delivering almost 550,000 services since it started and reducing drinking water demand by around 225 GL. On average, participating households reduce their water use by 21,000 litres per year, resulting in a reduction of around \$56 in water use charges under current pricing. The service includes a household water efficiency assessment conducted by a licensed plumber, as well as options to help customers repair leaks and upgrade devices such as taps, showers and toilets to more water-efficient models.

## WaterFix® Strata trialling a new subsidised offer

To help all residential customers control their water bills, we are making it easier and more affordable for them to access our water-efficiency services. Our WaterFix® Strata service is currently trialling a subsidised offer for inefficient residential multi-dwelling properties such as residential high-rise buildings. Like WaterFix® Residential, this is a unique service that takes a whole-property approach to help customers save water by addressing leaks and improving the efficiency of all dwellings and common areas connected to the property's water meter. Over the past five years, WaterFix® Strata has delivered services to almost 5,000 individual dwellings, reducing drinking water demand by an estimated 871 ML. On average, eligible participating properties reduce their consumption by around 30 per cent, reducing water bills for residents by hundreds of dollars each year.



## PlumbAssist® supporting customers in hardship

PlumbAssist® is Sydney Water's water-efficiency service for customers experiencing financial hardship. The subsidised service ensures customers have access to essential services by helping with leak repairs and water-efficiency improvements for their households. This service helps customers to save water and gain control of their water bills, preventing further financial hardship. Over the past five years, PlumbAssist® has supported almost 2,000 customers to save 295 ML of water. On average, participating households reduce their water use by 160,000 litres per year, resulting in a reduction of around \$420 in water use charges under current pricing.






# Environmental protection

# Environmental protection

We ensure we protect our waterways and the environment now and for the future.

GOALS	MEASURES	TARGET 24-25	ACTUAL 24-25	STATUS	TREND
 <b>Environmental protection</b>					
Prevent pollution	Quality of treated wastewater (concentration)	≥88.5%	96%	✓	Exceeded target
	Pollution and environmental harm incidents (FY2025 full year result)	≤1053	997	✓	Exceeded target
Recover resources	Volume of recycled water available (FY2025 full year result)	≥33 GL/yr	33GL	✓	Achieved target
Net zero carbon emissions	Net carbon emissions (YTD)	≤334,000 (tCO <sub>2</sub> )	330,435 <sup>^</sup>	✓	Achieved target
Climate resilient systems	Climate risk maturity health check	Repeatable	Systematic	✓	Exceeded target
Cool, green and natural places	Natural area and green infrastructure land actively managed	≥50%	91%	✓	Exceeded target

<sup>^</sup> Result based on interim data available on the 5 August 2025 and will not be finalised until 31 October 2025

## Achievements and opportunities



### RIVER HEALTH

In 2024–25, Sydney Water progressed efforts to reduce nutrient discharges to the Hawkesbury-Nepean River through environmental offsets, including riverbank restoration projects. These initiatives will enhance nutrient management performance, support compliance with the Hawkesbury-Nepean Nutrient Framework, and deliver improvements aligned with areas of high customer value. Key activities completed during the year included extensive engagement with stakeholders, government agencies, and landholders to identify priority restoration sites, alongside the development of supporting business cases.

### ENVIRONMENTAL PERFORMANCE IMPROVEMENT PLAN

Sydney Water has integrated high-priority projects into its business continuity plan and continues to monitor non-priority projects for non-compliance risks. A project plan was submitted to the NSW Environmental Protection Agency (EPA), and initial comments were received for a Pollution Reduction Program, which will be finalised in the 2025–26 financial year. Sydney Water is also identifying a high-level 10-year roadmap as part of the work plan to manage wastewater source control. This will support the establishment, coordination and tracking of tasks under various work streams.



## Achievements and opportunities

### NET ZERO CARBON PROGRAM AND UNLOCKING THE CIRCULAR ECONOMY

Sydney Water remains on the path to reach net zero by 2030. The net zero carbon emissions program advanced in the 2024–25 financial year, with renewable energy, emissions reduction and circular economy initiatives progressing well and industry engagement and infrastructure upgrades underway.

### WESTERN SYDNEY STORMWATER (MAMRE ROAD)

IPART's 2024 Stormwater Scheme Efficiency Review recommended that the 'efficient cost' for the Mamre Road Scheme be reduced based on an alternative proposed design. Sydney Water has accepted these findings and publicly exhibited a Mamre Road Development Servicing Plan consistent with the IPART outcome. The final business case and broader precinct planning are progressing towards 2026.



# Turning the tide

Sydney Water worked in collaboration with other authorities to determine the likely source of debris balls on Sydney's beaches.

In late 2024 and early 2025, ball-shaped debris washed ashore on beaches in Sydney and along the South Coast. Authorities including the EPA and local councils, responded by closing affected beaches to enable thorough clean-up operations and comprehensive investigations.

Initial analyses identified the debris balls as primarily composed of soap scum, cosmetics, fatty acids, petroleum hydrocarbons, human hair, and bacteria commonly associated with wastewater. While Sydney's unique wastewater system – which discharges treated water into the ocean – was identified as a possible source, other potential contributors such as cruise ships and boats were also considered. Importantly, all Sydney Water's coastal treatment facilities were confirmed to be operating normally and in full compliance with EPA licences during these events.

Initial investigations by the EPA and Sydney Water spanned several months. This involved implementing a robust sampling and analysis program, reviewing plant and network performance, and engaging independent oceanographic experts to model potential origins and assess the ocean conditions prevailing at the time.

These extensive investigations indicated that Sydney Water's network of facilities was the most likely source of the debris balls, although no single cause or origin point was identified. The evidence suggested the debris likely formed due to the accumulation of fats, oils and greases in the wastewater system, with oceanographic factors and weather conditions contributing to its appearance during the summer. The landings are believed to be the result of multiple discharge events from several locations.

In April 2025, the EPA issued a Preliminary Investigation Notice requiring Sydney Water to conduct expanded sampling and analysis programs and assess deep ocean outfall systems. These actions are designed to prevent recurrence by pinpointing the origin of debris within the network.

The EPA also established a Wastewater Expert Panel to provide independent scientific advice to the EPA and other NSW Government agencies. The panel is chaired by Professor Stuart Khan, Head of the School of Civil Engineering at the University of Sydney.

While Sydney Water's facilities remained in full compliance with EPA licences, these incidents prompted broader discussions about the resilience and sustainability of current wastewater management practices. In response, we are introducing new programs to reduce the amount of fats, oils and grease entering the wastewater system, focusing on education (including a media campaign launched in July 2025), engagement, and practical support for households and businesses.

We also recognised the financial burden that clean-up efforts have placed on local councils, and reviewed claims for clean-up expenses from Palm Beach to Gerroa, issuing reimbursements accordingly. In May, when another incident occurred at Foreshore Beach in Botany Bay, Sydney Water teams took the lead in coordinating clean-up efforts.

Sydney Water's investigation into the cause of the debris balls continues. We remain committed to protecting our waterways and environment – now and for the future – by continually strengthening our wastewater and stormwater management systems to reduce risks and tackle pollution at its source.



## Award-winning water management

We received recognition for our management of drinking water in the face of two extreme weather events.

Sydney Water, in collaboration with SUEZ, was honoured with an Organisational Excellence Award for outstanding management of risks to drinking water quality during a series of extreme climate challenges. This prestigious award was presented at the Australian Water Association's annual NSW Heads of Water Gala Dinner and Awards in March.

Our Prospect Water Filtration Plant (WFP), operated and maintained by SUEZ, plays a crucial role in providing 85 per cent of Sydney's drinking water. During the summer of 2019–20, bushfires ravaged nearly 19 million hectares of land, including a significant portion of Sydney's drinking water catchment area. This period also marked the end of a three-year drought in New South Wales. Shortly after, in July 2022, the Hawkesbury-Nepean catchment experienced 634 mm of rainfall over 14 days, significantly degrading the source raw water quality by 50–100 times the baseline quality.

In response to these extreme environmental events, we worked together on research and development, employing a three-step testing methodology to optimise the operation of the Prospect WFP. This ensured a consistent and sustainable supply of high-quality drinking water. Additionally, we identified a high-rate ballasted clarification process for pre-treating deteriorated source water.

Even though close to 5 million people felt the impact of the extreme weather events, their drinking water supply wasn't affected thanks to the work done at Prospect WFP by Sydney Water and SUEZ.

This recognition underscores our dedication and resilience in ensuring the safety and quality of Sydney's drinking water, even in the face of unprecedented environmental challenges.



# Taking the plunge

We are making our waterways swimmable and creating more spaces for everyone to connect, play and unwind.

Sydney Water's Urban Plunge program continued to support our partners in activating new swimming sites in waterways – making it easier for everyone in Sydney to enjoy swimming and water recreation close to home.

In January, the City of Ryde opened Putney Beach on the Parramatta River. It is a family-friendly destination that has something for everyone – barbecue areas, walking tracks, children's playgrounds and a netted swimming area. The site also unlocks opportunities for kayaking, cycling and bushwalking, making it a vibrant recreational hub for the local community throughout the year.

Residents have embraced the new site. On opening day, locals expressed excitement about having a clean, local alternative to coastal beaches that saved them travel time and offered a more sustainable option to cool off.

We have been monitoring water quality at Putney Beach since July 2019. Supported by our predictive modelling capability and real-time reporting on our

Urban Plunge website – [www.urbanplunge.com.au](http://www.urbanplunge.com.au) – we help the community make informed decisions about when and where to swim.

Urban Plunge is underpinned by our program of work aimed at improving the health of waterways across the city, so we can increase the number of safe places for people to enjoy water-based activities. With our expert advice and support, we are making it easier for councils, government agencies and other stakeholders to bring new swimming sites to life and provide more free and local recreation opportunities for people to cool down on hot summer days.


Putney Beach is more than just a place to swim; it is a testament to what can be achieved when communities, councils and agencies work together. We will continue to build on this momentum, working with partners to activate more swimming sites across Greater Sydney in 2025 and beyond.



# Accountable, agile and innovative culture

# Accountable, agile and innovative culture

We enable our customer outcomes through an accountable, agile and innovative culture.

GOALS	MEASURES	TARGET 24-25	ACTUAL 24-25	STATUS	TREND
 <b>Accountable, agile and innovative culture</b>					
<b>Embrace ownership and accountability</b>	Safety – TRIFR (combined)	≤5	4.8	✓	Achieved target
	Employee Experience Index	≥75%	76%	✓	Achieved target
<b>Foster agility and adaptability</b>	Diversity and Equity Index	≥75%	92%	✓	Exceeded target

## Achievements and opportunities



### IMPROVEMENTS TO ENTERPRISE SERVICE MANAGEMENT

Sydney Water delivered key milestones in its digital transformation program by signing contracts with an implementation partner and a licensing provider for a new strategic organisational platform. This marks the replacement of the legacy system and lays the foundation for enhanced self-service capabilities and automated workflows. The new platform will simplify user interactions for staff members and partners, increase digitalisation across service functions, and drive efficiency gains throughout the organisation.

### INNOVATION, RESEARCH AND DEPLOYMENT PLAN

We accelerated our innovation agenda by delivering a series of strategic and tactical research and innovation (R&I) projects focused on asset management, leak detection and environmental performance. The R&I team also engaged widely across the business to identify and shape the strategic projects needed over the next five to 10 years, helping to build a stronger innovation pipeline. These efforts are positioning Sydney Water as an industry leader with a strong culture of innovation, enabling the rapid movement of ideas from concept to deployment to deliver value for customers and support the organisation's long-term strategy.



Diversity, equity and inclusion

Sydney Water continues to demonstrate commitment to diversity, equity and inclusion (DEI), and is focused on ensuring processes, practices and systems are fit for purpose to continue our journey of creating a better life through world-class water services. We understand that a workplace that values diversity benefits both our customers and our staff, leading to better business outcomes for all.

Over the past year, our focus has been on implementing our Diversity, Equity and Inclusion Plan 2023–2026. Our goal is to represent the diverse customers and community we serve. Our Diversity Index measures our progress and consists of five key aspirations, which are reported on regularly. In June 2024, the Diversity Index reached 80 per cent, exceeding our aspiration of achieving 75 per cent. As of 30 June 2025, our overall Diversity Index stood at 92 per cent. A breakdown of results against individual metrics as of June 2025 are shown below.

	Percentage
First Nations representation	0.9
Women in senior leadership	55.1
Women in science, technology, engineering and mathematics (STEM) roles	25.1
Cultural diversity in leadership	22.4
Disability and neurodiversity representation	2.5

Progress is evident in the following areas: women in STEM, disability and neurodiversity, cultural diversity, and women in senior leadership. In June 2024, 1.1 per cent of our workforce identified as First Nations people, decreasing to 0.9 per cent at June 2025. Initiatives are underway to increase the number of First Nations staff members.

Following a review of diversity data, we decided to extend the Diversity Index focus areas to measure a holistic indication of inclusion, engagement and uptake in implemented initiatives around equity and inclusion. Initiatives within the DEI Plan were successfully delivered over the year, with the top three priorities being Our Foundations, Disability and Neurodiversity, and Cultural Diversity.

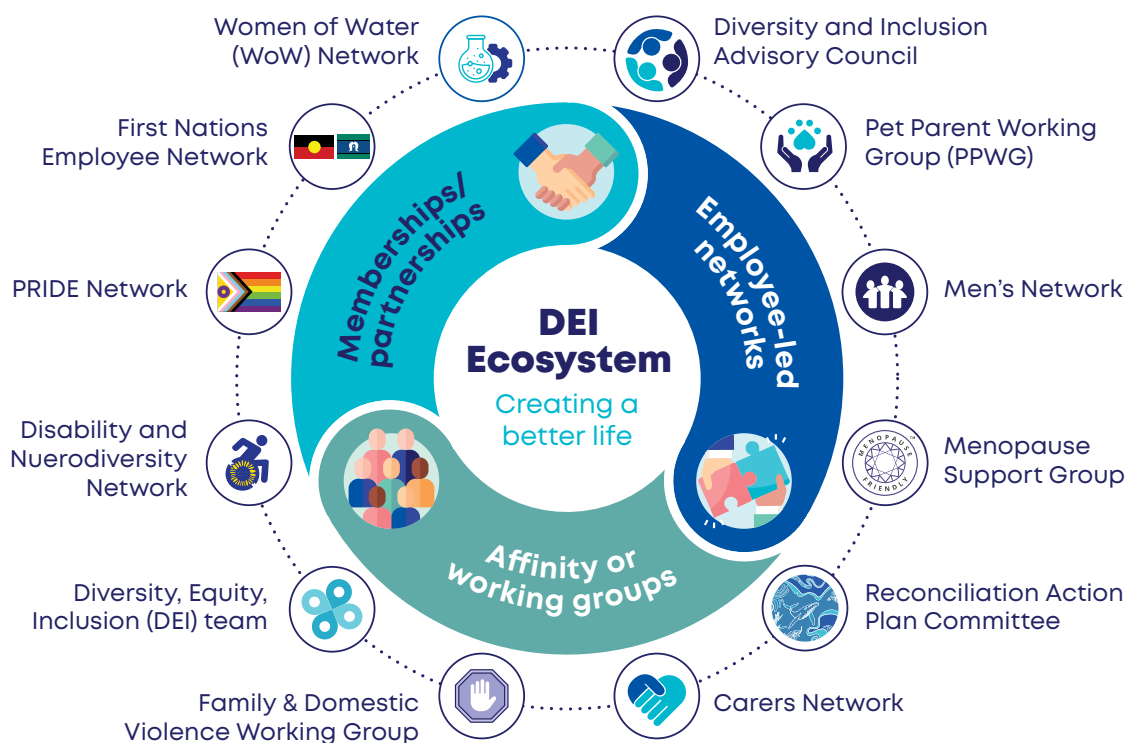
## Our foundations

Since the implementation of the DEI Plan commenced, various foundational activities have been delivered. This includes but is not limited to:

- a DEI policy, dedicated copy on our website, a commitment statement and objectives
- DEI 101 eLearn online training to support staff members to build on knowledge around DEI, challenge bias, and support equity at work
- an internal library with resources, tools and information on DEI topics
- reporting dashboards to track and report on progress in implementing internal action plans that link different focus areas within the DEI Plan
- confirmation of phase two of our Innovate Reconciliation Action Plan
- an increase in memberships and partnerships
- formation of a DEI Ecosystem comprising our DEI team, staff-led groups, committees, councils, and external members and partners.

Our DEI Ecosystem is a key component of our work to bring the DEI Plan to life. Fostering a sense of belonging is essential to building a thriving workplace. It helps create a culture where people feel included, valued, connected and respected. We strive to make belonging not just a concept but a daily reality. Our current DEI Ecosystem is represented below.

Our DEI Ecosystem will continue to evolve organically as we continue to implement our plan. Our inaugural DEI Showcase, in November 2024, provided a platform to highlight achievements, challenges and shared learnings from our DEI Ecosystem. We will continue to be agile in our approach to DEI, and continue to care, connect and respect others while influencing and enabling our business to inclusion.



Our Employee Led Networking Groups provide a platform for individuals from all backgrounds to connect, share experiences, and cultivate meaningful relationships. Through open dialogue, collaborative initiatives, and mutual support, we aim to celebrate diversity, promote inclusion, and drive positive change within our organisation and beyond. Join us in building a community where everyone feels empowered to thrive and contribute their unique perspectives.

## Gender equity

We continued our work in the gender equity space in the past year, including by establishing our Men's Network. The network focuses on allyship and the inequities that men can face in the workplace and in society. Like other staff-led networks, it has an executive sponsor. Network members are planning initiatives and activities in collaboration with our Women of Water (WoW) Network and our Family and Domestic Violence Working Group.

WoW evolved with two subordinate groups, Women in Leadership (which includes Women in STEM) and Women in Health.

Current aspirations for women's representation include 30 per cent women in STEM roles and 40 per cent women in leadership positions. At the end of June 2025, women in leadership were at 55 per cent, and the representation of women in STEM was at 25 per cent. We recognise that more focus is required to attract and retain women in STEM roles. The WoW Network hosted events marking International Women in Engineering Day and International Day of Women and Girls in Science.

Our International Women's Day activities in March were delivered in collaboration with WoW. The 2025 event included Yarning Circles across 12 Sydney Water sites, including one online.

We are an endorsed employer with the Work180 platform, which endorses companies that demonstrate a genuine ongoing commitment to advancing women's careers and benchmarks partner organisations within the platform. Through this partnership, Sydney Water featured a senior executive leader, our DEI Ecosystem, and three talented engineers in celebration of International Women in Engineering Day. Finally, Sydney Water was named one of the top 100 employers for women by Work180 over the past year, featuring on both the UK and Australia Work180 websites.

We are also proud to achieve accreditation as a Family Friendly Workplace. An action plan was developed and socialised with various functions across the business to improve family-friendly workplace initiatives. A total of 43 recommendations were put forward, and a dashboard was developed to track progress on the activity.



Sydney Water is proud of the diversity across the organisation and embraces the diversity of thought, skills, cultures and experiences it brings. A holistic approach to DEI ensures ongoing progression and success. We will continue to be agile and adapt throughout the lifetime of the plan, and we will support existing staff-led networks, working groups, committees and councils, while also establishing additional networks across areas of focus.

## Disability and neurodiversity

Disability and neurodivergence inclusion is the second priority of the DEI Plan. Great activity has occurred over the last year in this space. The staff-led Disability and Neurodiversity Network was formed to focus on areas where it can make a positive impact and drive change. The group is led by two chairs, who also represent the wider network covered by the DEI Advisory Council.

The Disability and Neurodiversity Network led an online session to mark International Day of People with Disability in 2024. Five network members shared their lived experience of visible and non-visible disability in a session with the theme 'Amplifying the leadership of persons with disabilities for an inclusive and sustainable future'. Australia Disability Network (ADN), of which Sydney Water is a member, presented on understanding why inclusion in the workplace is good for everyone.

Through ADN, Sydney Water participated in the Access and Inclusion Index (A&I). Using 76 recommendations from an A&I Index summary report, we developed a disability inclusion action plan with accountabilities across different areas of the organisation. A dashboard was created to facilitate reporting on progress with actions aimed at continuing progression in disability and neurodiversity inclusion.

One of the recommendations from the A&I Index was to develop a policy, procedure or process around workplace adjustments. A Workplace Adjustment Standard and a suite of tools and resources are being developed and will be implemented over the first part of the next financial year. Memberships such as these play a crucial role in ensuring Sydney Water maintains a good-practice approach to DEI. Partnerships and memberships have grown over the past year and will continue to evolve throughout the lifetime of the 2023–2026 DEI Plan.

Sydney Water is participating in the 2025 Advancing Women with Disability in the Workplace Mentoring Program, led by People with Disability Australia. This is a national initiative aimed at increasing representation and empowering women, girls, feminine-identifying and non-binary people with disability to pursue leadership opportunities. This program is funded by the Department of Prime Minister and Cabinet, and aims to break down barriers.

We piloted ADN's PACE Mentoring program last year, joining other organisations in providing mentoring to support people with disability to identify and reach their career development goals and build confidence in a workplace environment. There are plans to start another round of mentoring in August 2025.

Sydney Water joined the Hidden Disabilities Sunflower program, a global initiative that supports people with non-visible or 'hidden' disabilities. By choosing to wear a green lanyard, badge or wristband featuring the Hidden Disabilities Sunflower, individuals can share that they have a hidden disability and may need extra support, understanding or patience from others. This initiative has been received extremely well across

the business, and we will encourage staff members to complete a Hidden Disabilities awareness training module over the coming year to help them gain a greater understanding of hidden disabilities and how to be supportive.

## Cultural diversity

Cultural diversity is the third priority of the DEI Plan. Over the past year, Listening Circles continued to gain a deeper understanding of the barriers and opportunities that exist at Sydney Water. They provide knowledge and insight to help plan tailored initiatives and activities. Conversations are underway with passionate staff members to understand how a staff-led cultural diversity initiative can take shape.

Our staff-led cultural and multifaith significant dates continue to grow. This year, we introduced and supported two new significant dates to recognise across the organisation – Nowruz and Easter.

The Lunar New Year was celebrated by 600 of our people at events in three locations. These events were popular and engaging, featuring a lion dance performance that included drums, cymbals and an acrobatic display. Guests could interact with the lions, petting them for good fortune and take part in a quiz.

More than 350 people attended another successful Eid celebration, featuring interactive activities, traditional cuisines of Muslim communities, and a welcoming atmosphere. Activities included a best-dressed competition, a quiz on Islam and a henna corner. Some business areas held their own events and activities for those who could not attend the main event. Cultural events such as these help celebrate diversity and foster a sense of community.

Teams came together at our three locations to celebrate Easter for the first time at Sydney Water as an enterprise event. Over 250 staff members gathered to celebrate our rich diversity and learned about the Christian faith with a series of meaningful and fun activities. These events play a key role in building a culture of inclusion.



Nowruz is another day of significance that was celebrated for the first time as an enterprise-wide event, with over 300 people in attendance. The event included colourful cultural performances, storytelling and festive foods, and we learnt about ancient traditions that have been celebrated in many countries along the Silk Road in the Middle East, Central Asia and India for over 3,000 years. Nowruz marks the arrival of spring in the Northern Hemisphere and is a time for renewal, hope and vibrant cultural traditions.

We are privileged to have such rich diversity at Sydney Water and will continue to focus on attracting and retaining people from different backgrounds so we can continue to progress towards representing the community we serve.

## First Nations

Sydney Water continues to implement phase two of our Innovate Reconciliation Action Plan (RAP). Our RAP plays an integral role in our reconciliation journey, aiming to build, develop and maintain meaningful and respectful relationships with First Nations peoples.

Some of the many initiatives delivered over the last year are described below.

- We adopted a new governance structure to support both strategic and tactical approaches to delivering on RAP initiatives and activities.
- A new RAP Committee chair started in June 2025, and Sydney Water is confident this chair will bring a special set of skills that will elevate RAP initiatives and actions at Sydney Water.
- Ten Sydney Water staff members began an ally accreditation through EVOLVE Communities, Ally Program. Sydney Water has engaged in initiatives throughout the year with EVOLVE.
- The Sydney Water Innovation Festival included a Design Incubator that came up with the idea of a pilot initiative, 'Starting with Country – Connecting Through Stories'. This pilot was a half-day cultural immersion experience on Dharawal Country, designed for learning about and connecting with First Nations culture through storytelling, demonstration and hands-on activities (ochre painting and rope making). An assessment of Starting with Country showed its positive impact and success as a pilot program.
- Many staff members and leaders stopped to celebrate NAIDOC Week, and reflected and recognised National Reconciliation Week through various sessions and activities.
- Sydney Water has partnered with Engineering Aid Australia to foster educational opportunities and career pathways for Aboriginal and Torres Strait Islander students. These students can explore STEM careers, receive mentorship and hands-on experience, and exposure to real-world engineering challenges that build confidence and long-term aspirations.

The Sydney Water staff-led First Nations Network engaged in Yarn Ups during the year. First Nations staff members from across Greater Sydney and the Illawarra region meet each month to share experiences via a safe online forum. They plan to have a quarterly in-person Yarn to connect in person. We will consult with our staff through a lived experience lens over the coming year and will use our Yarn Ups to assist our progress with First Nations equity and inclusion at Sydney Water.

The focus will remain on building relationships, showing respect and creating opportunities for First Nations peoples. The progression of and increase in First Nations representation at Sydney Water are key areas of focus for 2025–26.

# Other activities and initiatives

Sydney Water continues to demonstrate commitment to LGBTQIA+ inclusion, supporting and endorsing a range of impactful activities led by our Pride Committee and network. We are proud to share our achievement of Australian Workplace Equality Index (AWEI) Bronze Accreditation in November 2024, recognising our commitment to LGBTQIA+ inclusion and continuous improvement in creating an equitable workplace.

The Pet Parent Network was established by a group of people who share a passion for being pet parents. The network focuses on ensuring pet parents are supported at work. The Pet Parent Network was a wonderful addition to the DEI Ecosystem in late 2024. The network has an executive sponsor and a chair, and has already delivered activities and initiatives.

The Family and Domestic Violence Working Group contributed to and delivered significant initiatives over the past year. This includes an update to resources on the intranet, training for key staff members and working group members, and many activities recognising 16 Days of Activism,

an international campaign against gender-based violence. The training component focused on recognising and responding to family and domestic violence, and raising awareness about available support. As part of 16 Days of Activism, our Sydney Water Customer Care team facilitated a live film screening, with a session on recognising and responding to family and domestic violence. More work will continue over the next year, with a direct focus on achieving better outcomes for customers, staff and the community.

The Diversity Equity and Inclusion Advisory Council is a structured staff-driven forum that promotes an inclusive culture and aims to improve DEI at Sydney Water. The forum has a steering committee and members. The DEI Team and the DEI Ecosystem support the DEIAC and ensure alignment with company policy. We are proud of our members who are role models and promote inclusion and staff engagement, and encourage positive and constructive conversations. The council fosters a collaborative and intersectional approach through our networks and groups, serving as the voice of the organisation. The DEI Team Manager sits as Co-Chair on this council and takes a strategic view on staff-led initiatives and activities.

## Associations



We care, we connect, we respect and are proud to be associated with:

<b>Australian Disability Network</b>	<b>Job Access</b>	<b>People with Disability Australia</b>
<b>Changing Places Group</b>	<b>Jobsupport</b>	<b>Pride in Diversity</b>
<b>Diversity Council of Australia</b>	<b>KARI Foundation</b>	<b>Supply Nation</b>
<b>Family Friendly Workplaces</b>	<b>National Association of Women in Operations</b>	<b>WaterAble</b>
<b>Hidden Disabilities Sunflower program</b>	<b>NSW Indigenous Chamber of Commerce</b>	<b>Welcome Here Project</b>
		<b>WORK180</b>

Trends in the representation of workplace diversity groups<sup>1</sup>

Workforce diversity group	Benchmark <sup>2</sup> (%)	2020–21 (%)	2021–22 (%)	2022–23 (%)	2023–24 (%)	2024–25 (%)
Women	50	35.1	34.8	35.9	36.4	36.9
Aboriginal and Torres Strait Islander people	3.3	0.9	1.0	1.3	1.1	0.9
People whose first language is not English	23.2	13.0	15.2	16.2	16.0	16.4
People with disability	5.6	1.1	1.8	1.8	1.8	2.5
People with disability requiring a work-related adjustment	N/A	0.1	0.2	0.2	0.3	0.4

Trends in the distribution of workforce diversity groups<sup>3</sup> – distribution index<sup>4</sup>

Workforce diversity group	Benchmark/ target	2021	2022	2023	2024	2025
Women	100	99	97	97	97	96
Aboriginal and Torres Strait Islander people	100	92	86	80	84	89
People whose first language is not English	100	111	111	110	109	107
People with disability	100	110	104	105	104	98
People with disability requiring a work-related adjustment	100	N/A	N/A	N/A	N/A	N/A

Workforce numbers – full-time equivalent<sup>5</sup>, 2020–21 to 2024–25

Human resources	2020–21	2021–22	2022–23	2023–24	2024–25
Full-time equivalent – permanent	2,571	2,747	2,953	3,228	3,623
Full-time equivalent – temporary	268	203	239	157	242
Full-time equivalent – part time	100	102	114	110	102
<b>Total</b>	<b>2,939</b>	<b>3,052</b>	<b>3,306</b>	<b>3,495</b>	<b>3,967</b>

## Workforce numbers – headcount, 2023–24 to 2024–25

Human resources	2023–24	2024–25
Headcount – permanent	3,225	3,623
Headcount – temporary	151	242
Headcount – part time	154	146
<b>Total</b>	<b>3,530</b>	<b>4,011</b>

1 Staff numbers at 30 June 2025.

2 NSW Public Service Commission benchmark.

3 The information was provided by the NSW Public Service Commission.

4 A distribution index of 100 indicates that the distribution of members of the workforce diversity group across salary bands is equivalent to that of the rest of the workforce. A score of less than 100 means that members of the workforce diversity group tend to be more concentrated in lower salary bands than other staff members. The more pronounced this tendency is, the lower the score will be. In some cases, the index may be higher than 100, indicating that members of the workplace diversity group tend to be more concentrated in higher salary bands than other staff members. The distribution index is not calculated when the number of staff members in the workforce diversity group is less than 20 or when the number of other staff members is less than 20.

5 Workforce numbers are calculated by apportioning the full-time equivalent (FTE) hours worked to the actual head count.



# Partnering with purpose: supporting First Nations communities through Jawun

| This new placement opportunity provides our people with a chance to learn more about the oldest continuing culture in the world.

In 2024, Sydney Water participated in the Jawun Secondment Program for the first time. This program matches skilled professionals with projects in First Nations communities across Australia.

This unique and rewarding experience encourages secondees to make an important contribution to First Nations host organisations and local communities by transferring skills and knowledge to support community projects.

Our first two Jawun secondees completed their six-week secondment at La Perouse Local Aboriginal Land Council and Gadigal Information Services (GIS) in Redfern.

During their secondments, one staff member had the opportunity to develop a marketing strategy and create a website for GIS that will contribute to the organisation's long-term financial sustainability. The other had an opportunity to improve governance and administration at a childcare centre. Both gained a deeper understanding of First Nations history and a connection to the communities they worked with.

Our partnership with Jawun extends to 2027, with 10 more staff members set to take this opportunity to expand their First Nations cultural awareness and make a practical difference in local communities.



# Workplace giving

## Season of Giving

The 2024 Season of Giving initiative saw staff members donate two large trolleys containing 582 items of essential goods and food items to Parramatta Mission.

The Parramatta Mission team used these items to create personalised care packages for people experiencing homelessness, financial hardship, mental illness or crisis, and those at risk of homelessness.

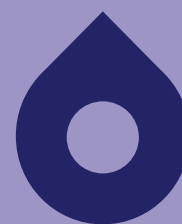
The Season of Giving is an important part of Sydney Water's Workplace Giving program.

## WaterAid Australia

More than 200 Sydney Water staff members took part in Walk for Water 2025, raising more than \$10,000 for water charity WaterAid Australia.

Sydney Water employees participated in 21 walks across 13 of our sites in September 2024 to raise awareness and funds for people worldwide who need help accessing clean water.

Sydney Water continues to partner with WaterAid Australia to improve access to water, hygiene and sanitation services.



# Work health and safety

The second iteration of our *Better Safer Together Plan* has concluded. Our ambition to trust, learn and make it easy to work safely was maintained throughout this version of the plan.

The third iteration of the Better Safer Together Plan has been developed and rolled out, continuing to build on strong foundations to improve safety performance through our longstanding commitment to fatality prevention, injury reduction, and the improved health and wellbeing of our people and delivery partners.

We continue to build the capability of our people to lead a 'culture of care' through visible safety leadership. Our leaders are committed to high-quality safety interactions with their people and demonstrate their care by reinforcing safe behaviour, correcting at-risk behaviour, and addressing unsafe conditions.

We continue our proactive approach to managing psychosocial hazards in our workplace through team-based risk assessments and by holding ourselves accountable for implementing effective controls to eliminate or minimise risks.

We continue to maintain our combined Total Recordable Injury Frequency Rate (TRIFR) target of  $\leq 5.0$  while improving our safety maturity. In line with this commitment, we report the following ongoing improvement initiatives.

- Our Psychological Health Management Plan facilitates strategic programs and initiatives to improve staff psychological health. So far, we have trained 757 leaders (including turnover) in identifying and managing psychosocial safety hazards, and implementing appropriate control measures.
- Psychosocial Hazard Risk Assessments (using the 'People at Work' measurement tool) continue to be conducted across Sydney Water teams, using a risk-based priority approach.
- Our Visible Safety Leadership program is lifting the capability of our leaders to manage hazardous work at Sydney Water. The program introduces Safety Behavioural Interactions for our leaders to replicate with staff members. We have trained 82 per cent of our target audience of operational leaders who lead physically hazardous work.
- Our trained leaders have conducted a total of 1,462 Safety Behavioural Interactions with staff members and contractors, identifying that 96 per cent of the Safety Minimum Requirements checked were found to be safe.
- Our Injury Prevention Plan focuses on embedding and improving early intervention initiatives and on driving primary injury prevention initiatives. In implementing the plan, we are concentrating on eliminating injury by preventing exposure to hazards that cause injury, altering unhealthy or unsafe behaviours that can lead to injury, and increasing resilience to injury should exposure occur.

A sustained focus on improving safety, health and wellbeing has led to significant achievements.

- Sydney Water recorded an end-of-financial-year TRIFR of 4.7 (excluding contractors), below the target of  $\leq 5.0$ . Despite the increase in the annual TRIFR for Sydney Water staff from 4.3 in 2023–24, it is the third consecutive year we have achieved our target of  $\leq 5.0$ .
- The combined TRIFR (including contractors) ended the year at 4.8, better than the target of  $\leq 5.0$ . Sydney Water continues to collaborate with our delivery partners to maintain performance through shared lessons learnt and follow best practice to maintain TRIFR under 5.0.

### 3 CUSTOMERS, OPERATIONS AND PERFORMANCE

- This is the first time contractor TRIFR has been below 5.0 in more than five years.
- Sydney Water's Visible Safety Leadership program, Leading to Safety, continues to build leadership safety maturity with 309 operational leaders now having attended the program. This program is being expanded to all leaders at Sydney Water.
- Sydney Water maintained an extra commitment to the PhysioCare early prevention program (our on-site physiotherapy program) and our manual handling injury prevention strategies.
- Our employee survey showed that our people feel psychologically safe to speak up about safety. Again this year, 87 per cent of employees said that they would feel comfortable respectfully stopping another person if they saw them doing something they thought was unsafe.
- Sydney Water reported 33 notifiable incidents to SafeWork NSW under the *Work Health and Safety Act 2011* (NSW) (WHS Act) in 2024–25. The vast majority of these incidents were caused by strikes to the low-pressure gas distribution network during excavation activities.
- Sydney Water had no prosecution under the WHS Act in 2024–25, which is the same outcome as in 2023–24.
- Sydney Water had 93 reportable workers compensation claims in 2024–25 compared to 68 in 2023–24. The increase was predominantly due to a significant increase in the number of mental stress claims.

#### Number of reportable workers compensation claims by mechanism of injury

Mechanism of injury	Number of claims	
	2024–25	2023–24
Body stressing	40	36
Mental stress	21	4
Falls, trips and slips of a person	9	6
Sound and pressure	7	6
Being hit by moving objects	4	8
Hitting objects with a part of the body	4	2
Heat, electricity and other environmental factors	4	2
Chemicals and other substances	3	3
Vehicle incidents and other	1	1
<b>Total</b>	<b>93</b>	<b>68</b>

Figure 1: TRIFR for staff and contractors, eight years to 30 June 2025

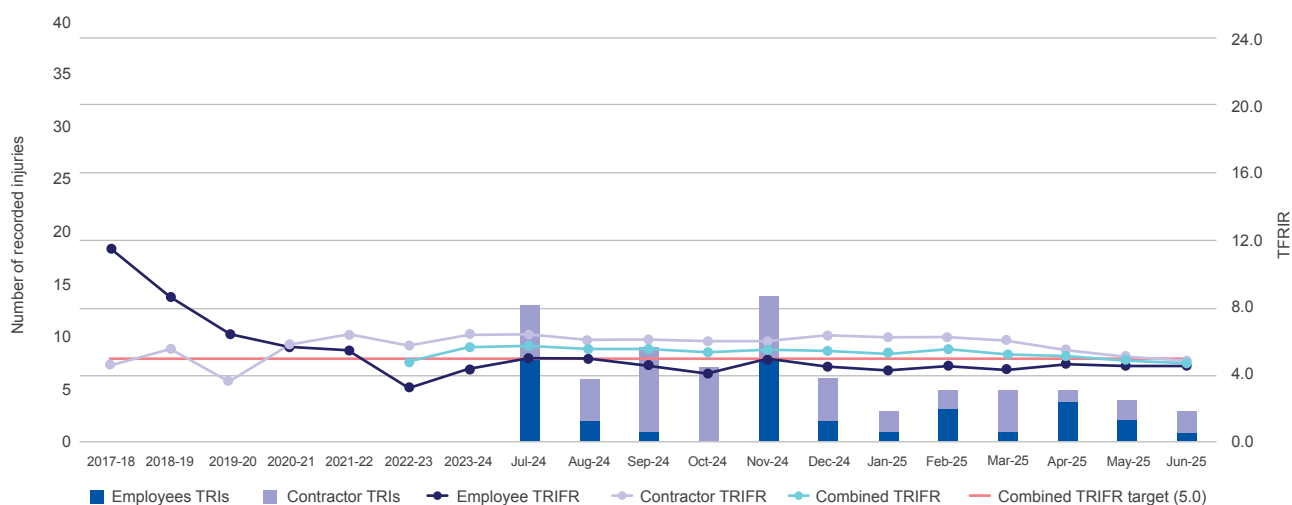
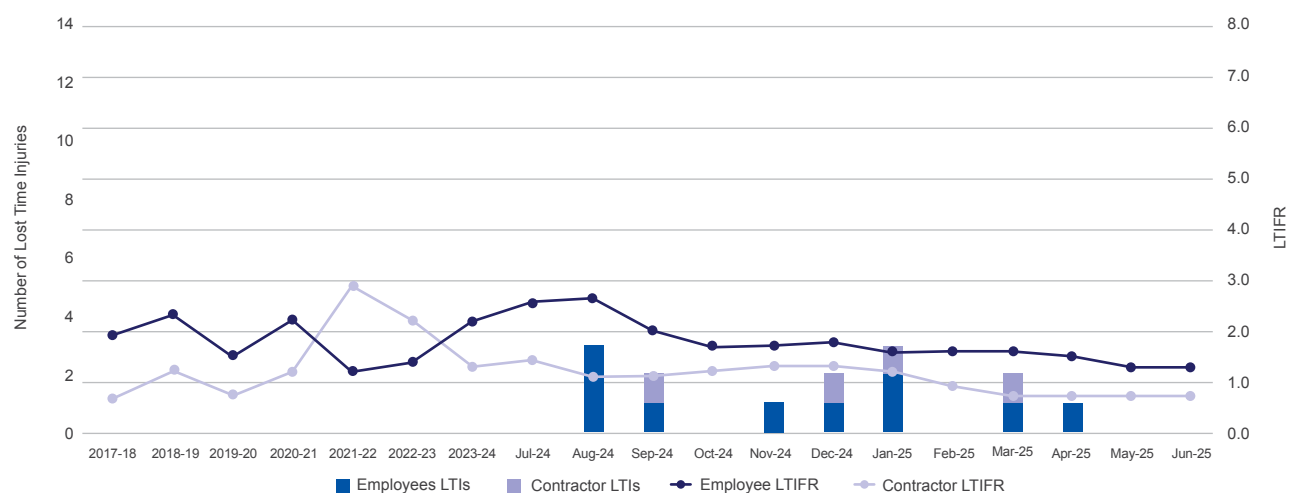


Figure 2: LTIFR for staff and contractors, eight years to 30 June 2025



#### Notes:

- TRIFR is the number of recordable injuries per million hours worked. The Total Recordable Injuries (TRI) include Lost Time Injuries (LTI) and Medical Treatment Injuries (MTI).
- LTIFR is the number of LTIs per million hours worked. An injury is an LTI if the person was away from work for one or more full days or shifts.
- The results reflect the most recent data at the time of reporting. Historical data has been updated to include any LTIs or MTIs notified since the previous reporting periods.
- The results refer to hours performed by staff and contractors. We use the contractor hours reported to Sydney Water.



# Leading to safety

I The health and safety of our people is our top priority.

Sydney Water's Safety, Health, and Wellbeing Team continued to deliver the Leading to Safety training program for managers. Developed completely in-house, this course provides leaders with the skills and accountability to make a personal commitment to safety, role model positive safety behaviours, undertake safety behavioural interactions, apply key safety tools and controls for high-risk work, and develop and coach their people to work safely.

Sydney Water's Safety Minimum Requirements (SMRs) have been developed to keep our people and contractors safe when undertaking high-risk work. The SMRs cover 12 high-risk work activities ranging from handling asbestos and hazardous building materials to the risk of falls.

The SMRs give our staff and partners clear direction on the controls that must be in place

before work begins, ensuring they are not injured while undertaking high-risk work.

It also supports leaders in competently recognising whether or not their people are working safely, and addressing an issues in a positive and constructive way that increases trust and fosters psychological safety.

It also streamlines legislative requirements, best practice, and our Sydney Water safety management system requirements within a single medium that can be easily referenced and used on the worksite.

The SMRs are a tool that leaders and workers access from a pocket reference guide. To support this, we've created our Safety Buddy, which is available on all Sydney Water mobile phones or can be downloaded on staff members' own devices.

## Rising to the challenge

Sydney Water issued staff a 'Move Challenge' to improve their physical, mental and social wellbeing. A total of 180 employees participated and formed teams to hit movement goals. Those involved managed to reach an average of 50,000 steps per day as a team.

Each September, Sydney Water undertakes a Spring into Wellbeing campaign to coincide with around RUOK? day. This health and wellbeing initiative encourages our people to improve their physical, mental, financial, social and career wellbeing.






# Successful and sustainable business

# Successful and sustainable business

Enable our customer outcomes by being a successful and sustainable business.

GOALS	MEASURES	TARGET 24-25	ACTUAL 24-25	STATUS	TREND
 <b>Successful and sustainable business</b>					
<b>Efficient and financially sustainable business</b>	Demonstrating value for money to our customers (ROIC*)	≥4.9%	5.0%	✓	Exceeded target
	EBITDA†	≥\$1,899m	\$1,961m	✓	Exceeded target
<b>Trusted and valued by community</b>	Delivering infrastructure when it is required (OMD‡)	≥90%	67%	↑	Improving
<b>Value-driven digitalisation</b>	Digitalisation index	≥38	<34.7	↑	Improving

\* Return on invested capital

† Earnings before interest, taxes, depreciation and amortisation

‡ Overall Measure of Delivery

## Achievements and opportunities



### EFFICIENT AND FINANCIALLY SUSTAINABLE BUSINESS

We have demonstrated clear value for money, achieving a ROIC of 5 per cent, above our 4.9 per cent target and fuelled by higher net profit after tax and robust infrastructure contributions. Our EBITDA performance also stands out, reaching almost \$2,000 million and exceeding our \$1,899 million target, thanks to deferred service charge revenue, advantageous bulk water purchases, and strong ongoing infrastructure support.

### SERVICE EXCELLENCE ROADMAP

Sydney Water advanced its Service Excellence Roadmap by delivering key improvements in asset management capability aimed at reducing inefficient operating and capital expenditure. These enhancements support more proactive infrastructure management and are aligned with ISO 55001 standards to ensure sustainable, long-term improvements in customer outcomes and risk management. The program was implemented across multiple business units with governance structures established to enable effective oversight, stakeholder engagement, clear communication and benefits tracking.

### INCREASED FUTURE INVESTMENT PROGRAM

Capital expenditure was 18 per cent (\$520 million) below plan, driven largely by cost savings and optimisation. A major milestone was achieved in June 2025 with the official opening of the upgraded West Camden Water Resource Recovery Facility. The upgrade has doubled capacity to serve 176,000 people, supporting sustainable population growth with capacity for approximately 3,000 new homes annually. The project also created 1,400 construction jobs and is a key enabler of long-term community development, economic activity and environmental resilience. The OMD for 2024–25 is 67 per cent, below the target of 90 per cent. This outcome reflects delivery challenges and adjustments to our capital program, including cost optimisation and project reprioritisation to align with evolving strategic priorities. A recent review of the OMD methodology identified opportunities to improve the measurement and reporting of performance outcomes. To strengthen transparency and accuracy, a revised methodology will be implemented from FY2026. This update will provide a more consistent and balanced view of delivery performance, supporting clearer alignment between project outcomes and strategic objectives.



# Research and innovation

Our Innovation, Research and Deployment (IRD) Plan underpins our commitment to delivering world-class water services.

Over the past year, we've made progress in prioritising and delivering innovation efforts to address key business challenges. This strategic approach is unlocking long-term value for our organisation, customers, and the environment.

The IRD Plan strategically targets key focus areas to help Sydney Water respond to current and future challenges. Our research and innovation priorities are closely aligned with our corporate strategy and customer needs, supporting water quality and reliability, environmental protection, accountable, agile and innovative culture, successful and sustainable business. The plan also aims to strengthen external partnerships, promotes open innovation, and enables horizon scanning to anticipate emerging trends. New products and services are advanced through pilots and technology trials, while ongoing capability building ensures our workforce is equipped to implement and sustain innovation across the organisation.

In 2024–25, we invested \$4.32 million across a range of research and innovation projects

in collaboration with local and international universities, industry partners, utilities, and government departments. This includes Sydney Water investing \$90,629 towards improving water conservation through a diversified portfolio of innovation projects aimed at reducing water consumption in households, businesses, and councils, and across our networks.

Sydney Water's third Innovation Festival (SWIF25), themed "Collaboration for Innovation," brought together over 300 leaders from water and other sectors to explore sustainable solutions. The SWIF Design Incubator program supported 70 staff across nine business challenges, with several initiatives such as a First Nations led cultural immersion, an AI-powered policy chatbot, and customer claims automation progressing to pilot phase. SWIF25 fostered cross-sector collaboration, capability building, and innovative thinking to address real-world challenges and deliver meaningful impact across Sydney Water's operations.





Over the past year, Sydney Water has achieved several key milestones:

- ✓ Embedding the Hub and Spoke Model and our governance frameworks to facilitate investment decisions, visibility, and project controls across the portfolio, capturing impact and benefits.
- ✓ Maturing the Sydney Water Research Network to strengthen partnerships with universities and research partners, improving the speed of delivery.
- ✓ Patent awarded for Water Filtration membrane and method of production thereof in Australia and Japan.
- ✓ Leveraging co-funding with a \$3.20 return for every \$1 contributed by Sydney Water towards collaborative research and industry projects, amounting to \$15.3 million in co-funding over the past 5 years.
- ✓ Four scientific publications completed.




Our commitment to world-class research and innovation is evident through the nominations, shortlisting, and awards received during the year for various programs of work including:


 Winner of the AWA NSW Organisational Excellence Award for Raw Water Quality Model


 Winner of NSW AWA NSW R&D Excellence Award for Smart Irrigation Management for Parks and Cool Towns (SIMPACT) project, one of the most extensive smart green infrastructure initiatives in Australia aimed at improving water conservation

 Winner of NSW AWA Professional of the Year Award

 Winner of NSW AWA Mentoring Award

 Finalist of the AWA NSW Organizational Excellence award for Material Sharing project

 Finalist of AWA NSW R&D Excellence award for Quantum Sensing project

 All winners of the NSW AWA awards were finalist in the national AWA awards.

## R&amp;I investments in 2024–25

Project	Research Partner	Investment *
Wastewater treatment with algae	Pacific Biosolids	\$143,079
Street Tree Project	University of NSW	\$72,800
Glenbrook rain garden	Blue Mountain City Council	\$119,222
Arboretum use of recycled water for urban greening	Macquarie University	\$39,844
AMR in treatment trains	WaterRA	\$96,055
Robotics for condition assessment	University of Technology Sydney	\$1,552,272
ARC linkage Hawkesbury Nepean South Creek Modelling	Griffith University	\$69,917
Hawkesbury Nepean South Creek Modelling	BMT Commercial Australia, Aurecon, Jacobs Group Australia	\$401,711
Quantum Sensing for leak detection	Nomads Atomic	\$879,007
Free ammonia sensors	University of NSW	\$47,953
Digital twin model	University of Technology Sydney, Macquarie University, La Trobe University	\$57,371
Augmenting water bodies	WaterRA	\$9,858
SCU data analysis	N/A	\$4,788
Sustainable concrete	CRC Smartcrete, University of Sydney	\$97,694
Nanobubbles	CRC Smartcrete, Sydney University	\$48,120
Biogas	Process Engineering Technologies	\$130,443
Geosmin	University of Technology Sydney	\$113,288
Graphene Oxide Membranes	University of NSW	\$144,591
Photonic Sensors	City University London	\$105,154
Picton Wetlands	E2Design	\$185,705
<b>Total</b>		<b>\$4,318,872</b>

\* The information included is based on cost estimates at 30 June 2025 and may be subject to change.



# Sydney Water Innovation Festival 2025

■ Bringing together the brightest minds to explore forward-thinking ideas.

More than 300 leaders and innovators from across the water industry and other sectors attended the Sydney Water Innovation Festival (SWIF25) to share insights and strategies for driving innovation to creating real impact.

Held at the Telstra Customer Insights Centre and online, the two-day event featured inspiring keynote speakers, interactive panel discussions, and inspire and ignite sessions that showcased how to transform a business challenge into an innovative solution. The event also featured new ideas generated by our Sydney Water staff through the SWIF Design Incubator program, which took place over seven weeks in late 2024, with 70 participants working across nine business challenges. Through a structured, cross-functional, problem-led approach, participants developed their skills and capabilities to explore and deliver real solutions.

The following solutions are advancing into a pilot phase.

- **First Nations-led on-country experience** – A cultural immersion pilot was delivered this year for Sydney Water staff through guided on-Country walks led by a local First Nations educator. The program fostered a deeper understanding of connection to Country through place-based knowledge and storytelling. The program is currently under evaluation for broader rollout.
- **Sydney Water policy chatbot** – A generative AI-powered chatbot is being developed to

transform the way the knowledge management team interacts and manages Sydney Water policies, to streamline access, deliver efficiency and improve accuracy.

- **Customer claims process automation** – This initiative aims to digitise and ultimately automate the application process for customer claims under \$20,000 in value, enhancing customer experience and improving operational efficiency. A user-friendly online form has been developed and tested, laying the foundation for streamlined service delivery.

With the theme of Collaboration for Innovation, Sydney Water's third innovation festival created an opportunity for participants to connect, share ideas and unlock different ways of thinking and working.

## 21 sessions over two days

4

KEYNOTE  
SPEAKERS

5

PANEL  
DISCUSSIONS

8

DESIGN  
INCUBATOR  
SHOWCASES

4

INSPIRE  
AND IGNITE  
PRESENTATIONS



SECTION 4

# Management and accountability



## Workplace relations

We're working hard to ensure that our people continue to contribute to our transformation and are involved in reshaping Sydney Water for the future. As part of this effort, we're using an engagement model that focuses on building strong and trusting relationships with all employees.

In addition, we have enhanced our technology to support flexible and remote working arrangements, enabled by agile thinking and policy development.

## Our Enterprise Agreement

Fifty-six per cent of our employees are fully covered by the Sydney Water Enterprise Agreement (EA). The Sydney Water Enterprise Agreement 2023 was approved by the Fair Work Commission and will remain in force until June 2026.

Our guiding principles are:

- Creating a culture that caters for consistency and differentiation.
- Supporting a two-way relationship between people and people leaders, built on trust and understanding.
- Maintaining affordable bills for our customers.

## Legal events

The following key changes in law and major judicial decisions affected Sydney Water between 1 July 2024 and 30 June 2025.

### Statutory tort of privacy

A statutory tort for a serious invasion of privacy was introduced into the *Privacy Act 1988* (Cth) and came into effect on 10 June 2025. The tort entitles an individual to seek legal action for an intentional or reckless invasion of privacy caused by an intrusion into a person's space, affairs or activities, or misuse of information. The serious invasion is actionable without the need to show damages. An individual can seek a remedy of damages, an injunction or a declaration. Sydney Water has raised awareness of the tort across its relevant high-risk business areas and analysed the elements of the tort against current practices to ensure compliance with our legislated privacy obligations.

### Work Health and Safety Amendment (Industrial Manslaughter) Act 2024 (NSW)

The *Work Health and Safety Amendment (Industrial Manslaughter) Act 2024* (NSW) amends the *Work Health and Safety Act 2011* (NSW) to create an offence of industrial manslaughter. The amending Act also provides greater clarity on the concept of 'gross negligence' in relation to offences arising from a breach of the health and safety duty set out in s19 of the *Work Health and Safety Act 2011* (NSW). The new industrial manslaughter offence took effect on 16 September 2024. The introduction of this new offence reinforces the importance of compliance with the health and safety duty. The offence attracts significant penalties for corporations and reduces barriers to prosecution of corporations by allowing the conduct of a business to be viewed as a whole when determining 'gross negligence'. Sydney Water has reviewed its safety processes and framework, and continues to ensure compliance with its health and safety duty.

### Water Management (General) Amendment (Exemptions for Infrastructure) Regulation 2025 (NSW)

The *Water Management (General) Amendment (Exemptions for Infrastructure) Regulation 2025* (NSW) took effect on 6 June 2025 to provide an exemption from the requirement to hold a water access licence for the taking of water from a water source during construction activities. This is referred to as dewatering. This exemption addresses past and present licensing issues affecting dewatering activities during construction, particularly when Sydney Water is delivering essential infrastructure. The exemption will mean that Sydney Water will no longer be required to hold a water access licence under the *Water Management Act 2000* (NSW) whenever it undertakes dewatering of more than 3 ML during construction activities. This will be a significant time saver when Sydney Water undertakes dewatering activities during construction works.

## Cyber Security Act 2024 (Cth) and the Security of Critical Infrastructure Act 2018 (SOCI Act)

As part of Australia's 2023–2030 Cybersecurity Strategy, the *Cyber Security Act 2024* (Cth) was introduced on 29 November 2024, and the *Security of Critical Infrastructure Act 2018* (Cth) (SOCi Act) was amended by the *Security of Critical Infrastructure and Other Legislation Amendment (Enhanced Response and Prevention) Act 2024* (Cth).

As a responsible entity of critical infrastructure, Sydney Water has enhanced obligations under the amended SOCi Act to ensure it can protect its critical infrastructure from an increasing range of threats and cyberattacks. Any data storage system that holds large quantities of data related to Sydney Water's critical infrastructure must now be identified and considered for inclusion in Sydney Water's existing Critical Infrastructure Risk Management Program (CIRMP). In addition to cyber security incidents, Sydney Water must respond to, prevent and mitigate the impact of a range of other non-cyber incidents on its critical infrastructure as part of its CIRMP.

In addition to these changes, a new definition of 'protected information' has been introduced to facilitate the sharing of information by responsible entities for critical infrastructure. There is also a new power for the Secretary or a relevant Commonwealth regulator to issue a written direction to a responsible entity to address a serious deficiency in its CIRMP.

Under the Cyber Security Act, responsible entities of critical infrastructure are required to report any significant cyber incidents and any ransomware demands, including any payments made in response to such demands, to the Department of Home Affairs and the Australian Signals Directorate.

In response to these enhanced obligations under the amended SOCi Act and the new Cyber Security Act, Sydney Water is reviewing the processes it has in place to manage the increasing range of risks to its critical infrastructure. Sydney Water is currently addressing the changes needed within the risk management framework of its CIRMP.

## Major judicial decisions

Following a plea of guilty by Sydney Water to a licence breach offence under s64(1) of the *Protection of the Environment Operations Act 1997* (NSW), on 24 November 2024, the Land and Environment Court ordered Sydney Water to pay \$200,000 to the Environmental Trust established under the *Environmental Trust Act 1998* (NSW) in lieu of a fine. Sydney Water was also ordered to publish notices detailing the conviction in newspapers and on social media. The offence occurred on 6 January 2022 when a wastewater overflow from a rising main in Strathfield resulted in wastewater entering the stormwater system that flows into Powells Creek.



## Risk management

Our Risk Management Framework enables us to understand and navigate the risks we encounter while safeguarding the interests of our customers and shareholders. Our approach is aligned with the Australian risk management standard AS ISO 31000:2018 – Risk management – Guidelines and is consistent with the NSW Treasury Policy and Guidelines Paper TPP12-03.

The framework articulates our risk appetite, distinguishing between areas where risk must be minimised and those where a calculated approach to taking higher risk is acceptable. We ensure that we are operating within appetite by monitoring our risk tolerance metrics. Trend monitoring of tolerances allows us to forecast whether there is potential to cross those limits and to take

appropriate preventative actions. To support risk management activities across the business, the framework provides the policies, guidelines and procedures needed to manage risks effectively.

Sydney Water's Audit and Risk Committee assists the Board in overseeing the effective implementation of our Risk Management Framework, including assurance on the effectiveness of controls. The Board and its subcommittees monitor our risk profile, which considers current performance, forecasted performance, emerging risks and the effectiveness of controls in managing existing known risks. This enables us to better manage risks, to deliver our vision, strategy and values.

### Summary of enterprise risks for 2024–25

Category	Description
<b>Operating environment</b>	We fail to understand, manage or respond to an operating environment shaped by changing customer, community, stakeholder and/or regulator expectations.
<b>Public health</b>	Water delivered to our customers is not of the highest standard, does not meet our customers' expectations or does not meet compliance obligations.
<b>Safety and wellbeing</b>	We are not undertaking activities safely to minimise the likelihood of incidents that could lead to injury or death of workers or members of the public.
<b>Environment</b>	Our operations have an adverse impact on the environment in respect of the defences of the <i>Protection of the Environment Operations Act 1997</i> (NSW) and other relevant environmental compliance obligations.
<b>Asset safety, reliability and capability</b>	We fail to manage and maintain our assets so we can provide safe and reliable products and services to our customers.
<b>Capital program delivery</b>	We fail to scope, plan, design and deliver our capital program to maintain and improve our product and service outcomes.
<b>Enterprise security</b>	Our protective security arrangements fail to safeguard our operations and data from potential threats or attacks.
<b>Ethics and integrity</b>	Our people are not working with integrity or upholding the organisation's ethical standards.
<b>Finance</b>	We fail to meet our financial targets and obligations, which are essential for operating as a successful and sustainable business.
<b>Culture and workforce</b>	We fail to recruit, engage and develop staff and leaders to support the effective and efficient achievement of our goals and objectives.
<b>Procurement and supply chain</b>	Our systems and frameworks to procure the goods and services we need at the right time and cost are ineffective.
<b>Climate change</b>	We do not adequately prepare for the effects of climate change, which impedes operations, leading to an inability to meet demand for our products and services. We do not effectively mitigate our impact on climate change.

## Insurance

Sydney Water's insurance program focuses on mitigating risks. We consider enterprise risks in determining insurance arrangements to ensure we have adequate financial resources to mitigate and minimise the effects of adverse events.

We regularly review our insurance program to confirm it is relevant and effective in mitigating risks. If appropriate, we transfer insurable risks to the commercial insurance market or to Insurance and Care NSW (icare).

## Government Information (Public Access) Act 2009

The *Government Information (Public Access) Act 2009* (NSW) (GIPA Act) provides an open and transparent process for the public to access information from NSW public sector agencies and encourages the proactive release of government information.

The primary services of Sydney Water are to provide drinking water, recycled water, wastewater, and stormwater management (in limited areas) to its customers, all of which are regulated by an operating licence. As we perform these functions, we release information about current and planned projects and initiatives.

Our GIPA Team actively discusses how to be more proactive and ensure greater and easier access to information. This includes categories and different types of information that can be considered for proactive release with various stakeholders across our agency. We proactively release information through the Sydney Water website. This ranges from media releases to information about contracts and projects.

Between 1 July 2024 and 30 June 2025, the GIPA Team processed 149 access applications. Of these:

- one application was withdrawn
- two applications were deemed refusals
- 130 applications were decided
- 16 applications remain undecided (carried over to the next year, including the two deemed refusals).

The decision timeframes on the formal access applications were as follows:

- 122 applications were decided within the statutory timeframe of 20 working days (92.4 per cent).
- eight applications were decided after 35 days by agreement with the applicant, within statutory timeframes (6.1 per cent).
- two applications were not decided within the statutory timeframe and were marked as a deemed refusal under the GIPA Act (1.5 per cent).

This indicates that 98.5 per cent of formal access applications were decided on time within statutory timeframes under the GIPA Act.

Additionally, the GIPA Team processed 98 informal access applications and 13 third-party consultation requests from other NSW Government agencies, all within statutory timeframes.

Table A: Decision made on applications by type of applicant and outcome<sup>30</sup>

Applicant	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Withdrawn
Media	1	2	0	0	0	0	0	0
Members of Parliament	0	0	0	0	0	0	0	0
Private sector businesses	9	25	0	1	0	0	0	0
Not-for-profit organisations or community groups	1	1	0	0	0	0	0	0
Members of the public (application by legal representative)	2	40	0	6	0	1	0	0
Members of the public (other)	5	35	0	1	0	0	0	1
<b>Total</b>	<b>18</b>	<b>103</b>	<b>0</b>	<b>8</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>

30 We may make more than one decision regarding a particular access application. If so, we record each decision. This also applies to Table B.

Table B: Number of applications by type of application and outcome

Type	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Personal information applications <sup>31</sup>	0	1	0	0	0	0	0	0
Access applications (other than personal information applications)	11	19	0	4	0	0	0	0
Access applications that are partly personal information applications and partly other	7	83	0	4	0	1	0	1
<b>Total</b>	<b>18</b>	<b>103</b>	<b>0</b>	<b>8</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>

31 A personal information application is an access application for personal information (as defined in clause 4 of Schedule 4 to the GIPA Act) about the applicant (the applicant being an individual).

Table C: Details about invalid applications

Reason for invalidity	No of applications
Application does not comply with formal requirements (section 41 of the GIPA Act)	0
Application is for excluded information of the agency (section 43 of the GIPA Act)	0
Application contravenes restraint order (section 110 of the GIPA Act)	0
Total number of invalid applications received	0
Invalid applications that subsequently became valid applications	10

Table D: Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 (Decisions to refuse access)

	Number of times consideration used <sup>32</sup>
Overriding secrecy laws	0
Cabinet information	0
Executive Council information	0
Contempt	0
Legal professional privilege	0
Excluded information	1
Documents affecting law enforcement and public safety	0
Transport safety	0
Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environmental heritage	0
Information about complaints to Judicial Commission	0

32 More than one public interest consideration may apply in relation to a particular access application and, if so, each such consideration is to be recorded (but only once per application). This also applies in relation to Table E.

Table E: Other public interest considerations against disclosure: matters listed in table to section 14 of GIPA Act

	Number of occasions when application not successful
Responsible and effective government	0
Law enforcement and security	0
Individual rights, judicial processes and natural justice	103
Business interests of agencies and other persons	0
Environment, culture, economy and general matters	0
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0
<b>Total</b>	<b>103</b>

Table F: Timeliness

	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	122
Decided after 35 days (by agreement with applicant)	8
Not decided within time (deemed refusal)	2
<b>Total</b>	<b>132</b>

Table G: Number of applications reviewed under Part 5 of the GIPA Act (by type of review and outcome)

	Decision varied	Decision upheld	Total
Internal review	2	1	3
Review by Information Commissioner <sup>33</sup>	2	0	2
Internal review following recommendation under section 93 of the GIPA Act	0	0	0
Review by the NSW Civil Administrative Tribunal	1	1	2
<b>Total</b>	<b>5</b>	<b>2</b>	<b>7</b>

33 The Information Commissioner does not have the authority to vary decisions but can make recommendations to the original decision-maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made by the Information Commissioner.

Table H: Applications for review under Part 5 of the GIPA Act (by type of applicant)

	Number of applications for review
Applications by access applicants	7
Applications by persons to whom information the subject of access application relates (see section 54 of the GIPA Act)	0

Table I: Applications transferred to other agencies under Division 2 of Part 4 of the GIPA Act (by type of transfer)

	Number of applications transferred
Agency-initiated transfer	1
Applicant-initiated transfer	0

## Numbers and remuneration of senior executives

### Executive remuneration, 2024-25

PSSE band equivalent*	2024-25		2023-24		Average remuneration	
	Female	Male	Female	Male	2024-25 (\$)	2023-24 (\$)
Above Band 4 equivalent	0	1	0	1	\$725,000	\$863,025
Band 4 equivalent	1	0	-	-	\$509,535	-
Band 3 equivalent	2	2	1	3	\$474,405	\$478,294
Band 2 equivalent	-	-	-	-	-	-
Band 1 equivalent	-	-	-	-	-	-
<b>Total</b>	<b>3</b>	<b>3</b>	<b>1</b>	<b>4</b>		
<b>Grand total</b>	<b>6</b>		<b>5</b>			

**Note:** This table sets out Sydney Water's Executive Leadership Team.

### Manager numbers and remuneration, 2024-25 compared to 2023-24

PSSE band equivalent				Headcount				Average remuneration	
				2024-25		2023-24		2024-25	2023-24
				Female	Male	Female	Male		
Above Band 4	588,251	and	above	0	1	0	1	\$725,000	\$863,025
Band 4	509,251	to	588,250	1	0	0	0	\$509,535	-
Band 3	361,301	to	509,250	3	5	2	6	\$429,165	\$432,790
Band 2	287,201	to	361,300	20	34	14	21	\$315,480	\$317,151
Band 1	201,350	to	287,200	127	266	69	186	\$236,749	\$235,366
<b>Total</b>				<b>151</b>	<b>306</b>	<b>85</b>	<b>214</b>		
<b>Grand total</b>				<b>457</b>		<b>299</b>			

**Note:** This reports headcount by contractual base and super salary for those with an Individual Contract of Employment with one or more direct reports, according to the Public Service Senior Executive (PSSE) bands. Managing Director concluded in March 2025 and an Acting Chief Executive Officer commenced; their acting salary has been reported for 2024-25.

### Public Service Senior Executive (PSSE) "Bands"

Public Sector Senior Executive Bands			
Band	Per annum range		
Band 4 – Secretary level	509,251	to	588,250
Band 3 – Deputy Secretary level	361,301	to	509,250
Band 2 – Executive Director level	287,201	to	361,300
Band 1 – Director level	201,350	to	287,200

**Note:** This table sets out the PSSE "Bands" as per SOORT Annual Determination - Public Service Senior Executive – as at 30 June 2025. These bands have remained unchanged from 2023-24.

# Privacy management

Sydney Water treats personal information and health information (known as 'personal information') according to the applicable provisions of the *Privacy and Personal Information Protection Act 1998* (NSW) (PIIP Act), the *Health Records and Information Privacy Act 2002* (NSW) and the notifiable data breach framework of the *Privacy Act 1988* (Cth).

We have established a privacy governance framework that sets out how we manage and protect personal information. The framework includes:

- a Privacy Management Plan (PMP) that describes our commitment to and our practices to comply with NSW privacy laws. The PMP can be found on our website: [www.sydneywater.com.au/content/dam/sydneywater/documents/privacy-management-plan.pdf](http://www.sydneywater.com.au/content/dam/sydneywater/documents/privacy-management-plan.pdf)
- a Data Breach Policy, Public Notification Register, and Internal Register of Eligible Data Breaches for the Mandatory Notification of Data Breach Scheme
- a privacy page located on Sydney Water's external website that contains important information for our customers
- policies, processes, guides and a corporate privacy awareness e-learning module for staff.

## Reviews conducted under Part 5 of the PIIP Act

Part 5 of the PIIP Act establishes an internal review process that allows individuals to apply for a review of Sydney Water's handling of their personal information. During the past reporting period, no internal reviews were conducted as per the process prescribed by Part 5 of the PIIP Act.



# International travel

International travel, 2024–25

Date of travel	Number of employees and role	Destination	Name of conference or program
5–10 November 2024	1 (Executive General Manager, Customer Experience)	Cambodia	For WaterAid's Country Program. WaterAid-funded the travel.
17–21 February 2025	1 (Research Lead, Customer Experience)	New Zealand	2nd Australian & NZ Environmental DNA Conference. Sydney Water funded the travel.
28 March – 18 April 2025	2 (Head of Water Supply and Product, and Head of Water Resource Recovery)	United States, France, Germany, United Kingdom, Singapore	International fellowship on integrated water cycle implementation. SUEZ funded the travel.

## Consultants

Payments to consultants for engagements costing equal to or greater than \$50,000, 2024–25<sup>1</sup>

In 2024–25, we engaged  
**34 consultants**  
costing less than \$50,000, with  
total costs of \$445,674.07.

Consultant name	Title of project	Contract description	Category	Amount (\$)
KPMG	Modern Engineering Equivalent Replacement Asset Refresh Project	Advice on refreshing the approach to estimating replacement costs and aligning the financial and technical asset registers	Management Services	248,949.86
Utilities Regulation Advisory Pty Ltd	IPART Price Proposal Quality Assurance	Quality assurance and advice provided for the 2025–30 Pricing Submission	Assurance Services	72,758.00
Water Futures Pty Ltd	Mamre Road Precinct Servicing Options	Technical review of guidelines and advice relating to drinking water uses, including risk assessment	Management Services	57,837.09
<b>Total</b>				<b>379,544.95</b>

<sup>1</sup> Consultants are defined as companies that provide opinion or advice on a task. The consultants are independent of any ensuing process or work, and Sydney Water decides whether to act on the consultants' findings. It is the advisory nature of the work that differentiates it from other tasks commonly provided by service contractors.



# Sydney Water Board Directors



# Governance

In line with the *Sydney Water Act 1994* (NSW), the *State Owned Corporations Act 1989* (NSW) and the Constitution of Sydney Water, the Board consists of a Chairperson and up to nine other Directors appointed by the shareholders.

The Portfolio Minister publicly advertises for nominations for Board membership. All members of the Board, except the Managing Director, are appointed for terms of up to three years, which may be renewed by the shareholders. A Non-executive Director's remuneration is set by the shareholders and paid by Sydney Water.

The Board and Executive recognise that strong corporate governance is essential for Sydney Water to be a high-performing organisation with a sustainable future. Our governance framework helps us to:

- ✓ deliver the outcomes our customers and shareholders expect
- ✓ support our people and business operations
- ✓ set the framework for sound ethical, financial and risk management practices, and effective compliance and auditing programs.

The Board has adopted the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations (4th Edition)*, which aligns with the NSW Treasury's *TPP17-10 Guidelines for Governing Boards of Government Businesses* (TPP17-10) and *TPG23-06 Board Appointments for State Owned Corporations and Other Commercial Government Businesses* (TPG23-06). These frameworks serve as the basis for measuring the activities of the Board and management against corporate governance best practice.

Under the Board Charter, the Board assesses its performance each year. In 2024, the Board undertook an internally facilitated assessment and evaluation of its performance.

The Board is supported by a Corporate Secretariat team, led by the Corporate Secretary.

## If not, why not reporting

During the reporting period Sydney Water satisfied the governance practices outlined in TPP17-10.

## Board of Directors

Sydney Water's Board appointments are made in accordance with the NSW Treasury TPG23-06 policy. The Board actively promotes diversity and inclusion in the workplace, and Sydney Water's Board exceeds the NSW Treasury's gender diversity goal for State owned corporation boards of having at least 40 per cent of positions filled by women.

The Board is responsible for the corporate governance of Sydney Water. This includes:

- approving the strategic direction
- establishing performance targets as set out in the Statement of Corporate Intent (SCI)
- monitoring the achievement of those targets
- reviewing internal control systems, corporate governance frameworks and compliance.

The Board strives to honestly, fairly and diligently serve the interests of Sydney Water's shareholders, people, suppliers and customers, and the community. It has delegated responsibility to the Managing Director and Chief Executive Officer for implementing the strategic direction and managing Sydney Water's day-to-day operations through an Instrument of Conferral of Powers. The Board operates in accordance with its Board Charter, which complements Sydney Water's Constitution and its Directors' Code of Conduct.

The Board Charter allows the Directors to seek independent professional advice at the expense of Sydney Water where necessary.

## Director independence

All Non-executive Directors on the Board are independent. They are subject to duties and responsibilities regarding conflicts of interest, including a disclosure requirement. The Corporate Secretary maintains a Register of Interests, which is reviewed at each Board meeting, and Directors are invited to declare any conflicts of interest (perceived or actual) at the start of each Board meeting.

## Indemnity and insurance

In line with the *State Owned Corporations Act 1989* (NSW) and the Constitution of Sydney Water, all Directors have been granted indemnity, with the approval of our shareholders, in accordance with the NSW Treasury TPP18-04 *Directors and Officers Indemnity Policy for State Owned Corporations*.

Sydney Water has insurance coverage for Directors' and Officers' liability, which underpins and augments the Deed of Indemnity. These insurance arrangements do not cover conduct involving a lack of good faith or wilful breach of duty.

## Board of Directors skills matrix

The Board considers that its membership should comprise Directors who collectively bring a broad range of technical skills, expertise and experience.

The Board has identified its desired collective skillset and the target number of Directors who should be specialists in each of these areas. It is not expected that Directors will possess specialist skills in all areas, but they are expected to possess all key qualifying skills to join the Board.

The skills matrix enables the Board Nominations Committee to identify and consider any gaps in the Board's collective skills, which are regularly reviewed, especially when considering upcoming Board appointments.

At the close of the reporting period, Sydney Water's Board finds itself below the targeted number of Directors with the skills outlined by the Nominations Committee's skills matrix. This is attributable to recent retirements and delays in appointing replacement Directors. Recruitment activities are underway to fill the skill deficiencies identified by the matrix.

## Board of Directors skills matrix at 30 June 2024

Skills and experience	Explanation	Target number of Directors at the desired specialist level of competency	Status
Accounting, financial management, reporting and auditing	Expertise in technical management accounting and reporting, and financial auditing	1	▲
Customer	Expertise in customer-centric decision making, emerging customer demands and behaviours, and human-centred design	1	▲
Digital transformation	Expertise in developing, selecting and implementing leading business transformation technology, including responding to digital disruption	1	▲
Regulatory and law	Expertise in regulatory environments and experience in interpreting and applying relevant legislative frameworks within a complex business	1	▲
Capital management and infrastructure finance	Technical expertise in capital transactions, debt capital markets, funding strategies and investments	2	▼
Environment	Technical and professional expertise in water resource management and environmental protection practices	1	▲
Health	Technical and professional expertise in protecting public health as it relates to water	1	▲
Engineering, construction, safety	Technical and professional expertise in an engineering, construction or safety context, including overseeing work health and safety systems	1	▲
Stakeholder engagement	Experience managing reputational risk, including stakeholder management, influence and positioning	1	▲
Innovation	Experience in facilitating successful innovation within a large organisation to deliver new products, services and outcomes	1	▲
CEO experience	Prior Chief Executive Officer experience in a large organisation comparable to Sydney Water	2	▲
Corporate board experience	Prior experience on corporate or commercial boards of comparable size and complexity	4	▲
Financial literacy <sup>23</sup>	Experience with financial statements and drivers of financial performance, including finance controls in a large organisation	All	▲
Risk management <sup>23</sup>	Experience in applying and overseeing risk management frameworks, including setting the Board's risk appetite	All	▲
Commercial, business acumen, and leadership <sup>23</sup>	Experience at a senior executive level within a large and complex corporate or commercial enterprise, with proven ability to make informed decisions and think strategically	All	▲
Strategy development <sup>23</sup>	Experience in developing, setting and implementing clear strategic direction, including performance monitoring	All	▲
Culture and people <sup>23</sup>	Ability to understand, assess and drive the desired organisational culture in a corporate context	All	▲

**Performance indicator key** ▲ Target met or exceeded ▼ Target not met

<sup>23</sup> Indicates the key qualifying skills required to join the Board.



## The Honourable Niall Blair

Non-executive Director and Chair

MOHS, BAppsSc (Hort), GAICD and Adjunct Professor at Charles Sturt University

### Director:

14 August 2024 to 30 September 2024

### Chair:

1 October 2024 to current

### Committees:

Nominations Committee (Chair)  
Planning and Infrastructure, Audit and Risk and Safety, and Culture and Remuneration committees\*  
(Ex officio member)

### Skills and experience

Niall is an environmental, social and governance specialist with over 25 years of experience across government and the private sector, specialising in risk management, food and fibre production systems, circular economy solutions, and sustainability.

He is an accomplished chair and non-executive director with demonstrated financial accountability and corporate governance experience, and a strong background in workplace safety, quality and environmental management systems development and auditing.

Niall also served the people of NSW for nine years as a senior member of the NSW Parliament. During his tenure, he was appointed NSW Minister for Primary Industries, Water, Forestry, Lands, Trade and Industry, and Deputy Leader of the Government in the Legislative Council.

### EXTERNAL APPOINTMENTS

Niall is Chair of the NSW Biodiversity Conservation Trust, the Strategy Advisory Board and Dairy Up research consortium, and a non-executive director of the Cotton Regional Development Corporation, Murrumbidgee Irrigation and the Australian Rural Leadership Foundation.

Niall previously held the position of Professor of Food Sustainability at Charles Sturt University.



## Greg Couttas

Non-executive Director

BComm, FCA

### Director:

17 November 2016 to current

### Committees:

Audit and Risk Committee (Chair)  
Safety, Culture and Remuneration, and Nominations committees

### Skills and experience

Greg brings significant finance and risk management expertise to the Board, having served as a senior audit partner at Deloitte for 28 years until his retirement in November 2016. He held several senior management roles at Deloitte, including Managing Partner for NSW from 2005 to 2008. Greg served as a member of the Deloitte Australia Board from 2005 to 2016 and was Chair of the firm's Audit and Risk Committee for 11 years.

### EXTERNAL APPOINTMENTS

Greg is a non-executive Director of Hireup Holdings Pty Ltd and a member of the Audit and Risk Committee of the Reserve Bank of Australia. He is also on the Governance Board of The Salvation Army Australian Territory. Previously, he was a non-executive Director of Virtus Health Limited and was on the boards of Victoria Power Networks Pty Ltd and SA Power Networks Pty Ltd, which were joint ventures between Cheung Kong Infrastructure and Sparke Infrastructure.

\* Denotes the individuals did not hold the designated roles for the full reporting period.



## Craig Roy

### Non-executive Director

MSc, MBA, FAICD

#### Director:

1 January 2019 to current

#### Committees:

Planning and Infrastructure Committee **(Chair)**

Safety, Culture and Remuneration\*

Audit and Risk\*

Nominations Committee

### Skills and experience

Craig brings to the Board extensive experience in research and commercialisation strategy, innovation and entrepreneurship across a wide range of global projects and industry sectors. He is skilled in business sustainability in complex social, stakeholder and environmental settings. As a meteorologist and oceanographer, he understands the environment, and climate change and its impacts on business. Craig was Deputy Chief Executive Officer of the CSIRO from 2010 to 2018. His career includes two decades as an officer of the Royal Australian Navy.

### EXTERNAL APPOINTMENTS

Craig is Chair of Australian Research Data Commons and Silex Systems Limited, and Non-executive Director of Global Laser Enrichment LLC (a joint venture between Silex and Cameco), Australian Composites Manufacturing CRC and the Australian Genomic Cancer Medicine Centre Limited (Omico). Craig was formerly the Chair of Data61, Non-executive Director of the Australian National Commission of UNESCO, and a member of the Vice-Chancellor's Industry Board for the University of Technology Sydney.



## Dr Alex Fisher

### Non-executive Director

BE (Civil) – Hons 1, MBA, PhD, GAICD, MIEAust

#### Director:

1 November 2022 to current

#### Committees:

Safety, Culture and Remuneration Committee\* **(Chair)**

Planning and Infrastructure Committee

### Skills and experience

Alex is an experienced organisational leader, senior executive and director with over 30 years of experience in diverse environments, including the military, academia, utilities, government and consulting. She has an extensive background working in government-owned corporations and statutory authorities in the water sector (including management of the full water cycle). This includes deep experience and success in driving operations, asset management, and program and project management, including for the delivery of major infrastructure capital works projects and programs.

### EXTERNAL APPOINTMENTS

Alex has been involved in numerous industry organisations, committees and high-profile alliances, including completing terms as Deputy Chair of Dams Safety NSW and as Specialist External Director for Many Rivers Regional Housing Services (Aboriginal Corporation). She is also a former Strategic Advisor for the Birdon Group. Alex is a member and graduate of the Australian Institute of Company Directors and a member of the Australian Institute of Engineers. She holds various formal and volunteer positions with Surf Life Saving Australia, Surf Life Saving NSW, Tacking Point Surf Life Saving Club and Port Macquarie Surf Life Saving Club, and instructs classes at Your Life Fitness Centre.

\* Denotes the individuals did not hold the designated roles for the full reporting period.



## Christine Covington

Non-executive Director

Dip Law – SAB;  
FAICD

### Director:

26 June 2025 to  
current

### Committees:

**Audit and Risk,  
and Planning and  
Infrastructure  
committees\***

### Skills and experience

Christine brings 40 years of experience in environmental, planning and real property law, and extensive experience as a non-executive statutory board member. She possesses a strong skills in risk management and has experience serving as an audit and risk committee member. Her legal practice extends to environmental compliance and prosecutions, site contamination issues, biodiversity law, water law, and environmental, social and governance matters. She has advised extensively on urban renewal projects, broadacre development, infrastructure delivery, heritage issues, planning pathways and appeals, and compulsory acquisition. Christine's clients include government and private sector organisations in a wide range of sectors, including residential, industrial and commercial property development, electricity generation and transmission, transport, affordable housing, mining, local government, construction, education, aged care and retail. She also brings experience in gender equality and workplace diversity and inclusion.

### EXTERNAL APPOINTMENTS

Christine is a Director of Macquarie Point Development Corporation, Deputy Chair of the NSW Biodiversity Conservation Trust, Executive Committee member of the Committee for Sydney, and a Board member of Corrs Chambers Westgarth. She is also Head of Gender Equality and a Consultant at Corrs Chambers Westgarth. Her previous board and statutory roles include as a Board member of the NSW Environment Protection Authority, Deputy Chair and Chair of the ACT City Renewal Authority, Board member of the Barangaroo Delivery Authority, Director and Chair of affordable housing provider City West Housing Pty Limited, State appointee to the Central Sydney Planning Committee, and Independent Chair of the Assessment Review Committee – Native Vegetation.



## Professor Don Nutbeam AO

Non-executive Director

FAAHMS; FFPH  
(UK); PhD

### Director:

26 June 2025 to  
current

### Committees:

**Safety, Culture  
and Remuneration,  
and Planning and  
Infrastructure  
committees\***

### Skills and experience

Don Nutbeam is the Executive Director of Sydney Health Partners and a Professor of Public Health at the University of Sydney. His career has spanned senior leadership positions in universities, government, and health services. He has also made sustained contributions to international organisations, including the World Health Organization and the World Bank. He was formerly President and Vice-Chancellor of the University of Southampton, UK; Provost of the University of Sydney; and Head of Public Health for the UK Government.

### EXTERNAL APPOINTMENTS

Don is a board member of Western Sydney Local Health District and of Suicide Prevention Australia. He is Chair of the Australian Health Research Alliance, a member of the Council of the Australian Academy of Health and Medical Sciences, and Chair of the World Health Organization's ad hoc Advisory Committee on Health Literacy.

\* Denotes the individuals did not hold the designated roles for the full reporting period.



BCom (Hons); MSc  
Economics; MAICD

**Director:**

26 June 2025 to  
current

**Committees:**

**Audit and Risk,  
and Planning and  
Infrastructure  
committees\***

## Michael Schur

Non-executive Director

### Skills and experience

Michael is an experienced board member and infrastructure advisor to clients in the private and public sectors, both in Australia and internationally. Michael has conducted risk assessments, project structuring, financial due diligence, and commercial negotiations on over 60 publicly and privately financed infrastructure projects with a combined value exceeding \$100 billion.

He is a regular advisor to the Australian and New Zealand governments, providing independent advice on multibillion-dollar investment projects and programs in the water, rail, road, renewable energy, housing and health sectors. He has been involved in the structuring of numerous public–private partnerships (PPPs) and was previously the chief executive of the new Royal Adelaide Hospital PPP. Internationally, he is an ongoing advisor to the International Monetary Fund and the Asian Development Bank on infrastructure transactions, policies and regulatory frameworks across the Asia–Pacific region.

Michael was previously Secretary to the NSW Treasury. He holds a master's degree in economics from the University of London and the University of Witwatersrand in South Africa. He also holds a bachelor's degree in economics, with honours, from the University of the Witwatersrand.

### EXTERNAL APPOINTMENTS

Michael is Principal and Director of MS Consult Pty Limited. He also recently completed a four-year term as a board director of International Parking Group, Australia's largest private hospital parking provider, during which he played a leadership role in developing asset management and new acquisitions strategies. He was actively involved in developing the company's response to the COVID-19 pandemic.

From 2015 to 2019, Michael served as a non-executive Director of Housing New Zealand Corporation, the \$40 billion New Zealand government-owned organisation responsible for land development, and social and affordable housing. He also chaired the corporation's audit and risk subcommittee, overseeing the development of a robust enterprise risk management strategy, the implementation of a substantial internal audit program, and the development of the business's long-term (40-year) investment strategy.

\* Denotes the individuals did not hold the designated roles for the full reporting period.

## Director departures during the reporting period



## Grant King

Non-executive Director and Chair

### Skills and experience

Grant is an experienced director of public and listed companies, with over 30 years of executive management experience in the Australian energy industry. He was a long-serving Managing Director and Chief Executive Officer of Origin Energy until his retirement in 2016. Grant has expertise in energy markets, climate change and technology.

Grant is recognised in the business community for his strategic thinking and leadership on environmental, social and governance issues. He is also involved in community and philanthropic activities.

BE(Civil), M(Mtg),  
FAICD, Professor,  
University of  
New South Wales

#### Director:

9 June 2021 to 30  
September 2021

#### Chair:

1 October 2021 to  
30 September 2024

#### Committees:

**Planning and  
Infrastructure,  
Audit and Risk,  
and Safety,  
Culture and  
Remuneration  
committees\***  
(Ex officio member)

### EXTERNAL APPOINTMENTS

Grant is the Chair of Transgrid, HSBC Bank of Australia, Arventa, Melanoma Institute Australia and North Harbour Clean Energy; a Non-executive Director of the Origin Foundation, Great Barrier Reef Foundation and O'Connell Street Associates; and a member of the University of NSW Foundation.

He also holds the position of Professor of Energy Economics and is Chair of the Energy Institute at the University of NSW. Grant is a former President of the Business Council of Australia.



## Kate Dryden

Non-executive Director

### Skills and experience

Kate is an experienced company executive and lawyer with deep expertise in environmental law and the environmental services industry, spanning the water, waste and energy sectors. Kate's executive career included roles at Veolia, and Board roles for several related entities. Before that, she was a solicitor at Baker & McKenzie and at Mallesons. She has strong experience with effectively balancing risk mitigation and business growth.

BAS, LLB (First  
Class Hons), GAICD

#### Director:

29 November 2021 to  
28 November 2024

#### Committees:

**Safety, Culture  
and Remuneration  
Committee\* (Chair)**  
**Audit and Risk  
Committee\***

### EXTERNAL APPOINTMENTS

Kate is a Partner and co-founder of Sphere Infrastructure Partners. She is also a graduate of the Australian Institute of Company Directors.

\* Denotes the individuals did not hold the designated roles for the full reporting period.



MEng & BA,  
FIEAust

**Managing Director:**

2 September 2019  
to 28 March 2025

**Committees:**

**Safety,  
Culture and  
Remuneration,  
and Planning and  
Infrastructure  
committees\***

## Roch Cheroux

Chief Executive Officer and Managing Director

### Skills and experience

Roch is a key influencer in the water industry, with experience shaping and leading public and private corporations across the Asia–Pacific region and Europe.

In his previous role as Chief Executive of South Australian Water Corporation (SA Water), he led the transformation of South Australia's largest water utility, embedding changes to technology, culture and systems to improve the experiences of its 1.6 million customers. Before joining SA Water, Roch was Chief Executive Officer of SUEZ for South East Asia and SUEZ-Degrémont Australia and New Zealand, Managing Director of United Utilities Asia and Pacific (TRILITY), and Chief Executive and Chair of Tallinn Water in Estonia.

Roch holds formal qualifications in engineering and business management, and seeks to champion innovation, diversity and reconciliation in the workplace.

### EXTERNAL APPOINTMENTS

Roch is active across the water industry and a former Chair of the Water Services Association of Australia. He is also a member of the French-Australian Chamber of Commerce Advisory Council.



BE (Environmental)  
(Hons), PhD,  
GAICD

**Director:**

15 February 2022 to  
14 May 2025

**Committees:**

**Planning and  
Infrastructure, and  
Safety, Culture  
and Remuneration  
committees\***

## Professor Susan Petterson

Non-executive Director

### Skills and experience

Susan is an environmental protection and public health expert, specifically relating to water quality and sanitation. Over the past 20 years, she has been a leader in the development and implementation of risk-based approaches for the protection of public health in Australia and internationally.

### EXTERNAL APPOINTMENTS

Susan is a Board member of the International Water Association (IWA) Health-Related Water Microbiology Specialist Group, a member of the National Health Medical Research Council (NHMRC) Recreational Water Quality Advisory Committee, Editor of the IWA *Journal of Water and Health*, and Director of Water & Health Pty Limited. She is also a member of the Australian Water Association and an Academic Title Holder in the School of Medicine and Dentistry at Griffith University.

Susan has served on the NHMRC Water Quality Advisory Committee (responsible for revising the Australian Drinking Water Guidelines) and on the World Health Organization (WHO) Guidelines Development Group relating to the WHO Guidelines for Sanitation and Health.

\* Denotes the individuals did not hold the designated roles for the full reporting period.

## Board committees

The following permanent committees have been convened for the period.

	Blair	Couttas	Roy	Fisher	Covington	Schur	Nutbeam	King	Dryden	Cheroux	Peterson
<b>Audit and Risk</b> To oversee Sydney Water's financial reporting, evaluate audit processes, and assess the risk and control environment for financial and non-financial risk.	●	●	●					● ●	●	● ●	
<b>Nominations</b> To assist the Board in fulfilling its corporate governance responsibilities with regard to Director appointments and reappointments.	●	●	●							●	
<b>Planning and Infrastructure</b> To oversee Sydney Water's strategic approach to planning for Greater Sydney, including asset investment, and its environment and regulatory strategies.	●		●	●				● ●		●	●
<b>Safety, Culture and Remuneration</b> To oversee Sydney Water's safety and people strategy, including safety and wellbeing performance, culture, remuneration, capability, talent management and succession planning.	●	●	●	● ●				●	● ●	●	●

**Key:**

● Member ● Chair

● Denotes the individuals did not hold the designated roles for the full reporting period.

● Denotes the individual attended meetings in an ex officio capacity without member voting rights.

## Board meetings and attendance

The Board meets monthly, except in January and July (unless required). Meetings are held in accordance with Sydney Water's Constitution, following an annual schedule of set meeting dates, with additional meetings called as needed by the Directors. Sixteen Board meetings were held in 2024–25.

### Directors' meetings, 2024–25

	N Blair	G Couttas	C Roy	A Fisher	C Covington*	D Nutbeam*	M Schur*	S Petterson#	R Cheroux##	K Dryden###	G King####
<b>Board</b> Number of Meetings Held: 16	12 (C) 2	16	15	16	1	1	1	12	9	6	4 (C)
<b>Audit and Risk Committee</b> Number of Meetings Held: 4	3	4 (C)	4						3	2	1
<b>Nominations Committee</b> Number of Meetings Held: 2	2 (C)	2	2						2		
<b>Planning and Infrastructure Committee</b> Number of Meetings Held: 4	3		4 (C)	4				3	2		1
<b>Safety, Culture and Remuneration Committee</b> Number of Meetings Held: 4	3	4	3	2(C) 2				3	3	2 (C)	

**Notes:** The above table reflects meetings attended by Directors as members or in an ex officio capacity; it does not include attendance as observers. The Board held workshops with the Executive on 2 October 2024. These sessions are not counted as Director meetings. (C) denotes chairperson.

# Director Petterson ceased being on the Board on 14 May 2025.

## Director Cheroux ceased being on the Board on 28 March 2025.

### Director Dryden ceased being on the Board on 28 November 2024.

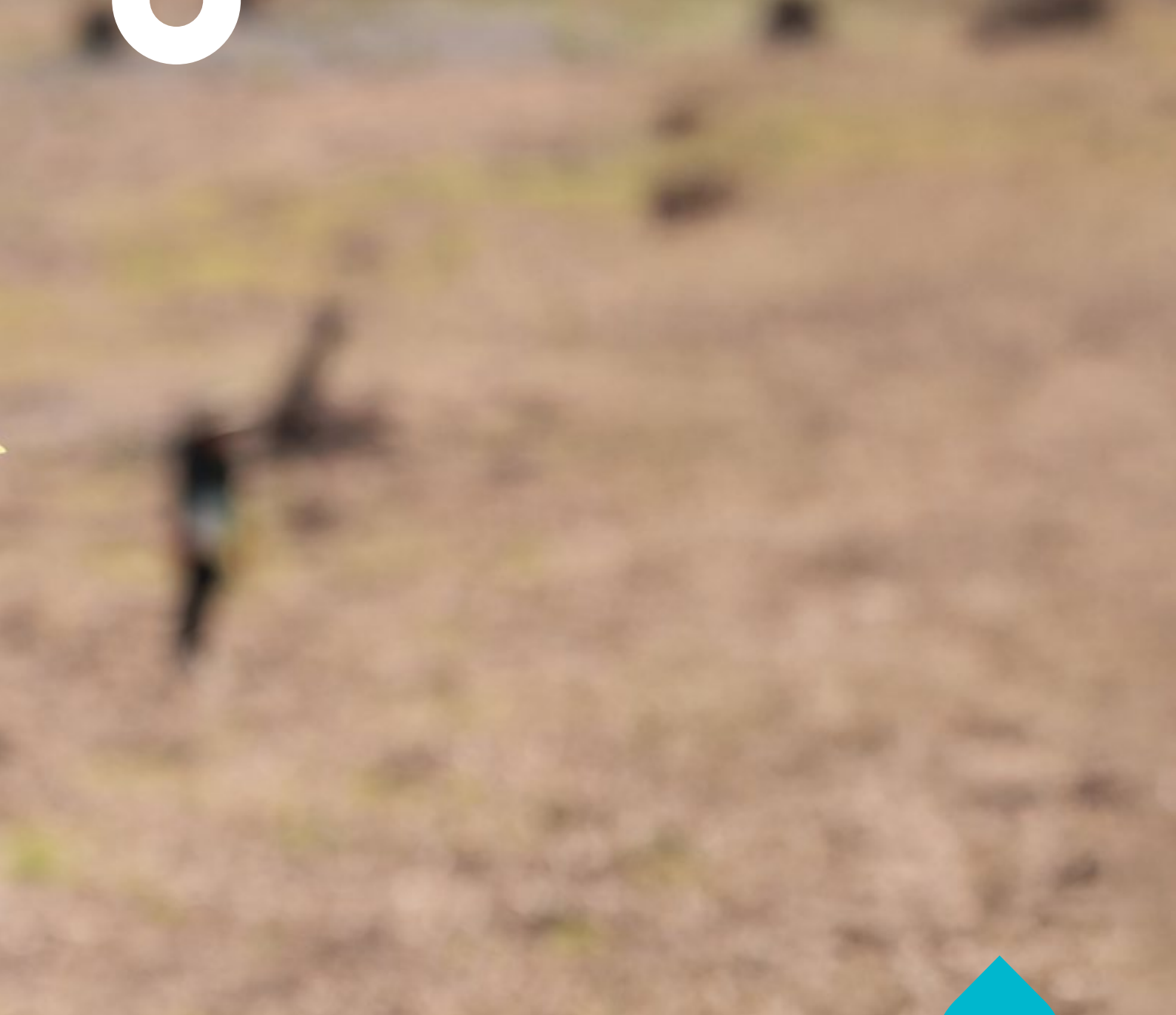
#### Director King ceased being on the Board on 30 September 2024.

\* Directors Covington, Nutbeam and Schur joined the Board on 26 June 2025.



## SECTION 5

# Sustainability





# Our commitment

We define our commitment to sustainability as a long-term responsibility to deliver essential services today while protecting the wellbeing of future generations, the environment and the communities we serve.

This commitment is embedded across our strategy, operations and culture, and is guided by a set of principles that shape how we make decisions and measure progress.

We recognise that sustainability is not a fixed destination, but a continuous process of improvement. Our approach is built on five core principles: providing for equity within and between generations, taking action in the face of uncertainty, striving for regenerative and circular outcomes, and focusing on what matters most to our customers, people and partners.

We are a signatory to the United Nations Global Compact and actively align our strategic outcomes with the UN Sustainable Development Goals. This includes integrating universal principles for human rights, labour, the environment and anti-corruption into our strategies, policies and operations.

Our sustainability efforts are reflected in tangible actions – from installing renewable energy assets and reducing carbon emissions, to supporting community grants and water education programs. We also contribute to global water equity through our partnership with WaterAid Australia, and honour our relationships with First Nations communities by embedding Caring for Country principles into our water management strategy.

Transparency and accountability are central to our sustainability journey. We are progressing our reporting in line with NSW Treasury requirements, including climate-related financial disclosures that assess risks, opportunities and resilience across our operations.

## United Nations Global Compact

Sydney Water is a signatory to the United Nations Global Compact. We are committed to embedding universal principles for human rights, labour, the environment and anti-corruption into our strategies, policies and operations. Our annual Communication on Progress demonstrates our commitment to sustainability, our progress and accountability. We support the United Nations (UN) 2030 Agenda for Sustainable Development and contribute to the UN Sustainable Development Goals (SDGs). Our five updated strategic outcomes are aligned with the SDGs.

## 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



## Our customer outcomes

### Customer experience

Deliver a great customer experience



### Water quality and reliability

Provide safe, clean, reliable drinking water everyday



### Environmental protection

Ensure we protect our waterways and environment now and for the future



**SUSTAINABLE  
DEVELOPMENT  
GOALS**



# Our approach



## Material issues

Our material issues highlight the sustainability topics that matter most to Sydney Water, our customers and stakeholders. These issues guide our sustainability reporting and inform strategic decision making. They are identified using information drawn from the key documents that underpin Our Strategy, ensuring strong alignment with our overall strategic direction. The material issues reflect priorities outlined in our Operating Licence, strategic objectives, customer expectations, stakeholder interests, and our commitments under the United Nations Global Compact.



Table below maps each material sustainability issue to relevant measures and sections in our strategy and annual report, showing where progress is being made and where more information can be found.

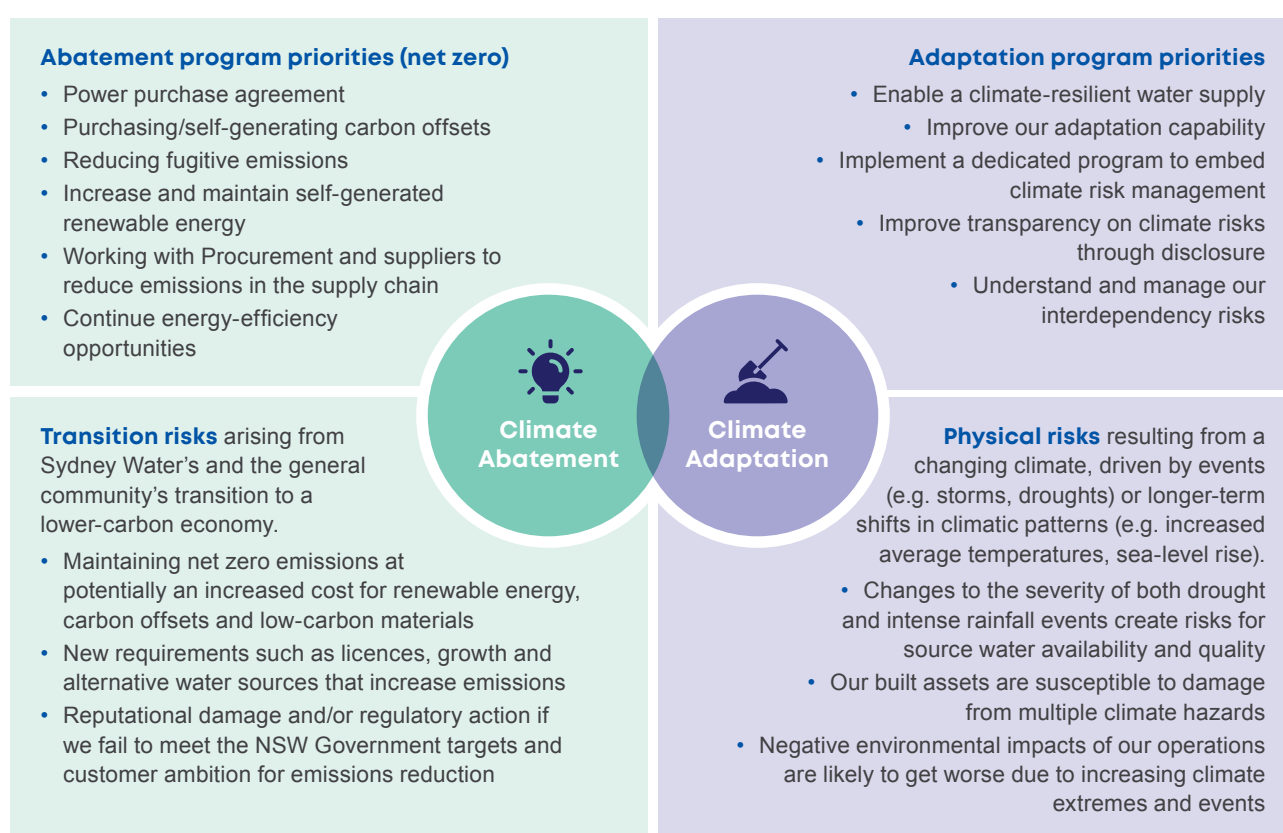
Strategic outcome	Material issues	Related measures (table reference)	Sections in our annual report (page reference)	Find out a little more
Customer experience	Affordable and equal access to water and sanitation	<ul style="list-style-type: none"> <li>Affordability</li> </ul>	<ul style="list-style-type: none"> <li>Financial support and guidance for our customers p42</li> </ul>	<a href="http://www.sydneywater.com.au/accounts-billing/paying-your-bill/help-with-your-bill.html">www.sydneywater.com.au/accounts-billing/paying-your-bill/help-with-your-bill.html</a>
	Community amenity	<ul style="list-style-type: none"> <li>Public access and recreation</li> </ul>	<ul style="list-style-type: none"> <li>Waterway coordination p40</li> </ul>	<a href="http://www.sydneywater.com.au/water-the-environment/how-we-manage-sydneys-water/wastewater-network/wastewater-monitoring.html">www.sydneywater.com.au/water-the-environment/how-we-manage-sydneys-water/wastewater-network/wastewater-monitoring.html</a>
Water quality and reliability	Reliable, safe and clean drinking water	<ul style="list-style-type: none"> <li>Drinking water quality</li> <li>Available water supply</li> <li>Water continuity</li> </ul>	<ul style="list-style-type: none"> <li>Water is Our Life marketing campaign p50</li> <li>Provide safe and clean water p57</li> <li>Maintaining water quality and responding to change p57</li> <li>Purified Recycled Water Discovery Centre p59</li> <li>Understanding PFAS p60</li> <li>Award-winning water management p76</li> </ul>	<a href="http://www.sydneywater.com.au/water-the-environment/how-we-manage-sydneys-water/safe-drinking-water.html">www.sydneywater.com.au/water-the-environment/how-we-manage-sydneys-water/safe-drinking-water.html</a> <a href="http://www.sydneywater.com.au/water-the-environment/how-we-manage-sydneys-water/water-network.html">www.sydneywater.com.au/water-the-environment/how-we-manage-sydneys-water/water-network.html</a>
	Water use (our customers' and our own)	<ul style="list-style-type: none"> <li>Drinking water use (residential)</li> <li>System leakage</li> </ul>	<ul style="list-style-type: none"> <li>Deliver enhanced Water Conservation Plan p57</li> <li>Deliver enhanced Leak Management Plan p58</li> <li>Supporting our customers to save water p45</li> <li>Sydney Water and Kraft Heinz collaborate for sustainability p47</li> <li>Water-saving Superheros – The Wiggles collaboration p49</li> <li>Community education p53</li> <li>Water conservation p69</li> </ul>	<a href="http://www.sydneywater.com.au/your-home.html">www.sydneywater.com.au/your-home.html</a>
Environmental protection	Ecosystems and the natural environment	<ul style="list-style-type: none"> <li>Natural area and green infrastructure land actively managed</li> </ul>	<ul style="list-style-type: none"> <li>Empowering communities through grassroots action p54</li> <li>Muddy Creek naturalisation p32</li> <li>River health p73</li> <li>Regenerating Potts Hill and Prospect sites p135</li> </ul>	<a href="http://www.sydneywater.com.au/water-the-environment/what-we-are-doing/environmental-protection.html">www.sydneywater.com.au/water-the-environment/what-we-are-doing/environmental-protection.html</a>
	Overflows and pollution	<ul style="list-style-type: none"> <li>Quality of treated wastewater</li> <li>Pollution and environmental harm incidents</li> </ul>	<ul style="list-style-type: none"> <li>West Camden WRRF p57</li> <li>Turning the tide p75</li> <li>Stormwater innovation in Sydney's fastest-growing precincts p65</li> <li>Regional Delivery Partners p66</li> <li>Environmental Performance Improvement Plan p73</li> </ul>	<a href="http://www.sydneywater.com.au/water-the-environment/how-we-manage-sydneys-water/wastewater-network/epa-reports.html">www.sydneywater.com.au/water-the-environment/how-we-manage-sydneys-water/wastewater-network/epa-reports.html</a>

Strategic outcome	Material issues	Related measures (table reference)	Sections in our annual report (page reference)	Find out a little more
Environmental Protection	<b>Circular economy, resource use and waste</b> (consumption, recycling, landfill, reuse)	<ul style="list-style-type: none"> <li>Volume of recycled water available</li> </ul>	<ul style="list-style-type: none"> <li>Circular Economy Zone p132</li> <li>Leadership in sustainable infrastructure p134</li> </ul>	<a href="http://www.sydneywater.com.au/water-the-environment/what-we-are-doing/recycling-reuse.html">www.sydneywater.com.au/water-the-environment/what-we-are-doing/recycling-reuse.html</a>
	<b>Emissions and energy</b>	<ul style="list-style-type: none"> <li>Net Carbon emissions</li> </ul>	<ul style="list-style-type: none"> <li>Net zero carbon program and unlocking circular economy p74</li> <li>Climate change p131</li> </ul>	<a href="http://www.sydneywater.com.au/water-the-environment/what-we-are-doing/responding-to-climate-change.html">www.sydneywater.com.au/water-the-environment/what-we-are-doing/responding-to-climate-change.html</a>
	<b>Climate change resilience</b>	<ul style="list-style-type: none"> <li>Climate risk maturity health check</li> </ul>	<ul style="list-style-type: none"> <li>Climate change p131</li> </ul>	<a href="http://www.sydneywater.com.au/water-the-environment/what-we-are-doing/responding-to-climate-change.html">www.sydneywater.com.au/water-the-environment/what-we-are-doing/responding-to-climate-change.html</a>
Accountable, agile, innovative culture	<b>Working conditions</b> (labour rights and work health and safety)	<ul style="list-style-type: none"> <li>Safety (TRIFR)</li> </ul>	<ul style="list-style-type: none"> <li>Work health and safety p89</li> <li>Leading to Safety p92</li> </ul>	<a href="http://www.sydneywater.com.au/about-us/our-people/who-we-are.html">www.sydneywater.com.au/about-us/our-people/who-we-are.html</a>
	<b>Diverse and inclusive workforce</b>	<ul style="list-style-type: none"> <li>Diversity and equity index</li> </ul>	<ul style="list-style-type: none"> <li>Diversity, equity and inclusion p80</li> </ul>	<a href="http://www.sydneywater.com.au/about-us/our-people/diversity-equity-inclusion.html">www.sydneywater.com.au/about-us/our-people/diversity-equity-inclusion.html</a>
Successful and sustainable business	<b>Ethical procurement</b> (incl workers in the value chain)		<ul style="list-style-type: none"> <li>Modern Slavery p136</li> </ul>	<a href="http://www.sydneywater.com.au/about-us/our-suppliers/procurement-approach.html">www.sydneywater.com.au/about-us/our-suppliers/procurement-approach.html</a>
	<b>Rights of Indigenous Peoples</b>		<ul style="list-style-type: none"> <li>Partnering with purpose: supporting First Nations communities through Jawun p87</li> </ul>	<a href="http://www.sydneywater.com.au/about-us/our-people/diversity-equity-inclusion.html">www.sydneywater.com.au/about-us/our-people/diversity-equity-inclusion.html</a>
	<b>Fair and decent business conduct</b> (eg. whistleblower protection, anti-corruption, payment practices)		<ul style="list-style-type: none"> <li>Management and accountability p100</li> </ul>	<a href="http://www.sydneywater.com.au/about-us/our-people/who-we-are.html">www.sydneywater.com.au/about-us/our-people/who-we-are.html</a>

# Climate change

Climate change will create direct challenges to the services we provide to customers. We recognise the need to address the causes (climate abatement) and prepare our business for the changes (climate adaptation).

In 2024-25 Sydney Water added a new enterprise risk specific to climate change and conducted an Enterprise Climate Change Risk and Opportunity Assessment to assess the nature, likelihood and magnitude of climate-related risks. The climate-related risks and opportunities that could reasonably be expected to affect our prospects are summarised below along with our priority abatement and adaptation responses to anticipated impacts.



Under TPG25-10 *Framework for Financial and Annual Reporting*, Sydney Water must include climate-related financial disclosures in its annual reporting. As a phase 1 entity, Sydney Water has prepared its first climate-related financial disclosures this year.

The TPG24-33: *Reporting framework for climate-related financial disclosures* sets the basic rules for the required climate-related financial disclosures by NSW Government entities. This reporting provides the community and stakeholders with greater transparency on our climate-related risks and opportunities, as well as our actions to address them.

Our climate-related financial disclosure for 2024/25 can be found on our website [www.sydneywater.com.au/content/dam/sydneywater/documents/ar25-climate-related-financial-disclosure.pdf](http://www.sydneywater.com.au/content/dam/sydneywater/documents/ar25-climate-related-financial-disclosure.pdf).



# Circular Economy Zone

The Circular Economy Zone will enable a resilient and sustainable Western Sydney.

Unlocking the circular economy and increasing resource and material recovery is a priority for Sydney Water as we work towards net zero carbon emissions by 2030.

This year, we took a step forward in realising this by inviting industry to join us in shaping the future of our Circular Economy Zone (CEZ) in Kemps Creek. Through an expression of interest process, we sought proposals to develop the 12 ha of land next to our Upper South Creek Advanced Water Recycling Centre (AWRC).

The CEZ will enable our vision of an eco-industrial park that activates the circular economy in the Aerotropolis growth area and play a vital role keeping resources in the economy longer and designing out waste.

Proximity to the AWRC, M12 motorway and Western Sydney International Airport gives the CEZ a strategic advantage as the Aerotropolis grows.

Co-locating with the AWRC presents a unique opportunity to drive systemic change in waste management, with the potential to harness recycled water, produce renewable energy and develop innovative circular products and services.

The CEZ is not a one-size-fits-all solution. It is intended to be the first in a network of local circular economy hubs across Greater Sydney, each tailored to local needs and capable of transforming waste streams into valuable products and energy.

We are shaping a more sustainable future for Western Sydney and delivering on our vision to create a better life with world-class water services with the Upper South Creek AWRC at Kemps Creek and the CEZ.

## Advanced Water Recycling Centre at Kemps Creek

Kemps Creek is one of the most advanced water resource recovery facilities in the Southern Hemisphere.

This year, we reached major milestones including site electrification and the completion of a solar farm. With power now officially switched on across the AWRC, this marks the project's transition from early-stage construction to commissioning, in preparation for operations in 2026.

The facility will treat wastewater from homes and businesses across Western Sydney, returning high-quality recycled water to the Nepean River to support vital ecosystems. It will also produce renewable energy and recover valuable bioresources, helping us move closer to our goal of net zero carbon emissions by 2030.

The AWRC is our largest infrastructure investment in Western Sydney and a key part of our support for the NSW Government's vision to transform the region into an economic powerhouse over the next 25 years. It will enable growth in the South West Growth Area and improve wastewater services for communities in Austral, Leppington North, Rossmore, Kemps Creek and surrounding areas.

## AWRC Greenspace

Alongside our vision to achieve net zero carbon emissions, we are enhancing environmental outcomes by improving biodiversity in the Upper South Creek and surrounding regions.

We are restoring around 20 ha of flood-prone land between the operational zone of the AWRC and Wianamatta South Creek using species from the endangered Cumberland Plain ecological community. This area will restore natural floodplain ecology and celebrate cultural and heritage values.

The Dharug Traditional Custodians have played a key role in shaping the Greenspace and guiding the restoration of the Wianamatta South Creek. Their insight has informed our approach, and in 2024, we deepened our collaboration by joining the Custodians for a Walk on Country through the Greenspace. During the walk, we listened to their feedback on environmental restoration, artefact repatriation, education opportunities, and considerations for a potential cultural gathering place.

Their involvement continues to enrich the project and ensures that cultural heritage is embedded in every step we take. This initiative is more than just land rehabilitation. It's a blueprint for how we can Care for Country as we build resilient, thriving environments across Western Sydney.



# Leadership in sustainable infrastructure

Sydney Water leads in sustainable construction and environmental care, and was recognised for two groundbreaking projects in 2025.

## Blended recycled glass sand: a sustainable alternative

Sydney Water, in collaboration with John Holland, Boral, and Jonishan, tested blended recycled glass sand as a substitute for natural sand in the Upper South Creek Pipelines project. Sand is the second most exploited natural resource globally after water, making sustainable alternatives essential. The project required 50,000 tonnes of natural bedding sand, and after thorough analysis, blended glass sand emerged as a promising alternative.

The glass, collected from kerbside pickups, is mixed with virgin sand at a ratio of up to 40 per cent by Boral, reducing the carbon footprint of bedding sand by 9 per cent. Despite past safety and environmental concerns, John Holland's research confirmed that blended glass sand matches the construction and engineering properties of natural sand. This innovative approach was nominated as a finalist in the Australian Water Association's NSW Water Awards in the Research and Development Excellence category.

The trial's success led to the material's approval within Sydney Water specifications and its adoption by the North West Hub Alliance, showcasing its potential for widespread use.

## Bio-bitumen: pioneering sustainable asphalt

The Upper South Creek AWRC project in Kemps Creek features a world-first sustainable asphalt trial. John Holland, along with State Asphalt Services and SAMI Bitumen Technologies, developed an innovative asphalt mix using recycled coffee cups (PAK-PAVE) and a biogenic-based bio-binder

(SAMIGreen). The trial compared the performance of the sustainable asphalt with conventional asphalt under the same conditions.

The results were impressive, showing a 14 per cent reduction in carbon emissions per square metre compared to conventional dense graded asphalt (AC14). When compared to standard stone mastic asphalt (SMA10), the reduction was even more significant at 25 per cent. The trial mix enhances durability and allows for the application of asphalt at reduced thickness, which lowers costs. This innovative approach was nominated as a finalist in the Innovation Excellence category of the National Infrastructure Awards.

The project represents a cultural shift in the construction industry, highlighting the suitability of recycled materials. By diverting coffee cups from landfill and using a renewable bio-binder, the project addresses high material and energy consumption in infrastructure projects. The sustainable asphalt mix not only reduces carbon intensity but also offers improved performance and longevity.





# Regenerating Potts Hill and Prospect sites

■ We trialled a new volunteer-led tree-planting program with positive results.

Sydney Water staff members planted more than 7,000 seedling plants to help restore the endangered Cumberland Plain Woodland (Prospect Reservoir) and Castlereagh Ironbark Forest (Potts Hills).

Staff participated in four tree-planting sessions to regenerate the sites with eucalypts, wattles and other species best suited to each area. They also learnt about the importance of diversity in plantings and plant propagation.

The restoration of these sites through targeted tree-planting activities is helping to increase the biodiversity of each area. It has also provided critical habitat for small birds, such as Willie Wagtails, Superb Fairy Wrens and Scarlet Robins, which thrive in shrubs and midstory trees.

This pilot program aligns with our core business of maintaining and improving the ecological health of Sydney Water sites. There are plans to run more of these activities in the future.

# Modern slavery

Sydney Water supports the objectives of the *Modern Slavery Act 2018* (Cth), which closely align with our core corporate values. We are strongly committed to ensuring that our operations and supply chain are free from modern-day slavery practices; that, as a business, we do not profit from the exploitation of others, and that the products and services we deliver to 5.6 million customers are ethically sourced. Our latest Modern Slavery Statement can be found on our website [www.sydneywater.com.au/about-us/our-suppliers/procurement-approach.html](http://www.sydneywater.com.au/about-us/our-suppliers/procurement-approach.html).

Over the past year, we've undertaken initiatives that build on Sydney Water's deep commitment to ensuring modern slavery practices are reduced and, ultimately, eradicated. Actions taken this reporting period to address modern slavery risks are described below.

## Alignment with the NSW Anti-slavery Commissioner's Guidance on Reasonable Steps to Manage Modern Slavery Risks in Operations and Supply-Chains

In December 2023, the Office of the NSW Anti-slavery Commissioner published Guidance on Reasonable Steps (GRS) to manage modern slavery risks in operations and supply chains. As mentioned in our 2023–24 statement, the intention for 2024–25 is to take a further deep dive into the GRS and its Inherent Risk Identification Tool (IRIT), increase due diligence and use other tools developed by the Office of the Anti-slavery Commissioner to align our supply chain processes with guidance. We reviewed each of the seven Reasonable Steps outlined in the GRS: Commit, Plan, Source, Manage, Remedy, Report and Improve. We compared them with our current processes and practices, and took necessary actions to align wherever feasible, as outlined in table below.



2024-25 Action Plan	Alignment with GRS
Identifying and assessing modern slavery risks by mapping procurement categories of goods and services using the IRIT tool version 1.1.2.	Commit, Plan
Reviewing and updating our procurement policy to ensure modern slavery aspects are more clearly stated.	Commit
Continuing close engagement and collaboration with other water industries across Australia through modern slavery community of practice coordinated by Water Services Association of Australia (WSAA) and companies from non-water industry to share best practices – see 2 below.	Commit
Partnering with our Internal Audit department to assess the veracity of the selected claims made in the Modern Slavery Statement, with no significant issues identified in the audit.	Commit
Reviewing and updating our Supplier Code of Conduct to include clearer expectations of our suppliers regarding modern slavery, which are also consistent with the NSW Supplier of Conduct.	Source
Reviewing and updating our prequalification process to take into account those high-risk categories in the IRIT and information required.	Source
Selecting suppliers identified in the high-risk categories and assessing them using the online Modern Slavery Platform we implemented together with other WSAA members – see 3 below.	Source
Reviewing and updating Modern Slavery clauses in our tendering documents to align with Appendix I – GRS Model Tender Clauses and in our contracting documents to align with Appendix J – GRS Model Contract Clauses.	Source
Submitting report on the reasonable steps taken as per Appendix K – GRS Annual Reporting Template using online GRS Annual Reporting Form and as stand-alone report in our external website.	Report
Continuing engagement with NSW Anti-slavery Commissioner for updates and guidance to align with GRS.	Improve

## Collaboration with water and non-water companies across Australia

This year, we continued our engagement in the modern slavery community of practice (COP) and collaboration with other water companies across Australia through the Water Services Association of Australia (WSAA). Several common themes were discussed by various water companies, including concerns around supplier fatigue of having to continuously provide data, reporting and information; challenges in getting visibility to Tier 2 and 3 suppliers; the potential of using artificial intelligence to have more rigorous data and information around modern slavery risks; and seeking more updates from relevant officials regarding modern slavery content and strategies, to have insights into the supplier selection process and the evaluation of suppliers during procurement activities.

In addition to the engagement through the COP, we also started engaging with other companies outside the COP. This enabled us to share effective strategies for enhancing transparency and due diligence, and information on monitoring contractual obligations, reporting mechanisms, supplier engagement strategies, and best practices and ongoing challenges faced in modern slavery compliance.

We also participated in the discussion and research project, 'Optimising Remediation of Slavery in Supply Chains Through Victim-Centred Decision Design: An Experimental Approach', which aimed to test solutions that might improve the remediation of modern slavery incidents and produce insights and recommendations on how modern slavery law and policy can drive better remediation.

## Online solution to conduct modern slavery risk assessments focusing on our suppliers

We started using an online supplier assessment tool focusing on four main areas: about the organisation, governance and control, operations and supply chains, and employment conditions. As mentioned in our 2023–24 Modern Slavery Statement, we partnered closely with Informed 365 for the online solution developed to assess

and manage modern slavery risks in our supply chain for the purposes of the *Modern Slavery Act 2018* and this online solution is shared with other water companies across Australia through WSAA. In 2024–25 we started to use the tool to conduct risk assessment of our suppliers across different categories to gain a better understanding of our suppliers' modern slavery risk levels and their maturity and effectiveness in managing these risks, regardless of their spend. We completed an online assessment of 168 suppliers and found none to have a high modern slavery risk. The suppliers assessed included those classified as having a high inherent modern slavery risk level as per the IRIT tool version 1.1.2, ranging from information and communications technology, cleaning, catering and uniforms suppliers.

In addition to using the tool, we collaborated closely with Informed 365 and other users from WSAA. We met monthly between July 2024 and June 2025 to collaborate on how Australia's water services and utilities sector can use the tool to better assess and address modern slavery risks. This included due diligence processes through supply chains when data indicates higher risk areas; awareness and use of grievance mechanisms for reporting potential human rights breaches and modern slavery issues; human rights and modern slavery communications, education and awareness; pathways for continuous improvement arising through supplier completion of supplier assessment questionnaires; and risks of harm to people through modern slavery and how these risks can be reduced.

We invited guest speakers and subject matter experts in 2024–25, including the CEO and Founder of the Freedom Hub Sally Irwin, who explained their work with organisations of all kinds, the meaningful engagement of people with lived experience, and opportunities to engage with the work of the Freedom Hub. Representatives from the Office of the NSW Anti-slavery Commissioner spoke about their work and how to use the GRS and IRIT.

It is our intention to continue using this online tool to assess more suppliers and to collaborate with Informed 365 and other water companies for improvements, knowledge sharing and better ways to use the data.





## SECTION 6

# Financial performance



# Financial performance

## Financial Statements

As a State Owned Corporation, we must operate as efficiently as any comparable business and maximise the NSW Government's net investment.

Each year, the board of directors agrees a Statement of Corporate Intent (SCI) with the shareholders. The SCI includes key business objectives, commercial performance, income targets, operational expenditure and capital investment. The SCI also forms the basis for our yearly budget.

During 2024-25, our net profit after tax (NPAT) was \$375 million, which was \$72 million below the SCI Target. Earnings before interest, tax, depreciation, and amortisation (EBITDA) for the year was \$1,961 million, which was \$62 million above the SCI Target.

A final dividend payable of \$245 million was approved for 2024-25 consistent with the SCI Target.

Net profit after tax was lower than the SCI Target by \$72 million. Total income was favourable to the SCI Target by \$83 million. This favourable variance was offset by depreciation, amortisation, impairment, and loss on asset sales exceeding the SCI Target by \$109 million, borrowing costs exceeding the SCI Target by \$57 million and operating expenses exceeding the SCI Target by \$21 million. Income tax expense was lower than the SCI Target by \$32 million.

### Profit and loss statement, 2021-22 to 2024-25

Financial performance target	2021-22 result	2022-23 result	2023-24 result	2024-25 result	2024-25 SCI target	2024-25 variance to SCI target
Total income (\$ million)	2,764	2,946	3,218	3,485	3,402	83
Operating expenses (\$ million)	1,460	1,557	1,438	1,524	1,503	(21)
Earnings before interest, tax, depreciation, and amortisation (\$ million)	1,304	1,389	1,780	1,961	1,899	62
Depreciation, amortisation, impairment, and loss on asset sales (\$ million)	427	437	550	558	449	(109)
Borrowing expenses (\$ million)	416	507	753	868	811	(57)
Net profit before tax (\$ million)	461	445	477	535	639	(104)
Income tax expense (\$ million)	136	131	142	160	192	32
Net profit after tax (\$ million)	325	314	335	375	447	(72)
Dividend (\$ million)	139	100	170	245	245	-
Return on assets (%)	3.8	3.8	4.4	4.4	4.6	(0.2)
Net cash flows from operating activities (\$ million)	756	766	910	712	625	87
Net cash flows from operating activities interest cover (times)	2.8	2.5	2.2	1.8	1.8	-
Capital investment program <sup>26</sup> (\$ million)	1,170	1,558	2,145	2,466	2,940	(474)
Gearing ratio (%) (interest bearing debt / interest bearing debt plus total equity)	59.0	60.0	61.1	62.9	65.6	(2.7)

<sup>26</sup> The capital investment program numbers exclude unregulated capex and capitalised borrowing costs.

## Income

Total income for the year was \$3,485 million, which was \$83 million above the SCI Target of \$3,402 million.

Regulated income was \$3,146 million, which was \$120 million higher (favourable) than the SCI Target of \$3,026 million. Non-regulated income was \$339 million, which was \$37 million lower (unfavourable) than the SCI Target of \$376 million.

## Property sales

During 2024-25, seven properties were sold that were surplus to operational needs at a total gross sale price of \$52 million. All sales were completed in line with accepted NSW Government disposal standards and guidelines.

Members of the public can request access to documents regarding property disposal under the *Government Information (Public Access) Act 2009 (NSW)*.

## Expenditure

Total operating expenses for the year were \$1,524 million, which was \$21 million higher (unfavourable) to the SCI Target of \$1,503 million.

## Time for payment of accounts

Sydney Water did not incur any penalty interest charges during 2024–25 for late payments to creditors.

## Debt management, 2024–25

	Sydney Water	IPART Benchmark
Weighted average cost 2024-25 (%)	5.20%	5.02%

## Cash flow

Cash receipts from our operations in 2024-25 were \$3,083 million, which was \$87 million higher than the SCI Target. We used \$1,714 million in cash for operational purposes, which was \$227 million higher than the SCI Target.

## Net cash flows from operating activities

The net cash flows from operating activities in 2024-25 was \$712 million. This was \$87 million higher than our SCI Target of \$625 million and was mainly due to higher cash receipts compared to the SCI Target.

## Net cash flows from operating activities interest cover (times)

The net cash flows from operating activities interest cover (times) ratio was 1.8, which was consistent with the SCI Target.

## Investment management

We benchmark our investment portfolio's performance against the NSW Treasury Corporation's cash investment facility. In 2024–25, we had no financial investments, as we used surplus cash to minimise debt.

## Debt management

At 30 June 2025, we had a \$43 million cash balance and our total debt was \$16.8 billion. Our debt portfolio was sourced through NSW Treasury Corporation, and this was actively managed to limit the cost of funds. Additionally, 91.1 per cent of our total debt was fixed-rate debt maturing out to 2041, with the remaining 8.9 per cent inflation-indexed debt maturing out to 2041.

Total interest paid was \$688 million, which was \$281 million lower than the SCI Target. Total interest paid includes interest paid and the government guarantee fee paid on our borrowings. Income tax paid was \$104 million, which was \$48 million higher than the SCI Target.

## Return on assets and equity

Our return on assets for 2024-25 was 4.4 per cent, against an SCI Target of 4.6 per cent.

The return on equity for 2024-25 was 4.0 per cent, which is lower than the SCI Target of 5.0 per cent due to net profit after tax being lower than the SCI Target.

## Return on invested capital

Our return on invested capital (ROIC) for 2024-25 was 5.0 per cent which exceeded the SCI Target of 4.7 per cent.

## SCI Target 2025–26

Measure	SCI Target (\$m)
<b>Total income</b>	<b>3,969</b>
Total operating expenses	1,656
Depreciation, amortisation, impairment, and loss on asset sales	589
Borrowing costs	969
<b>Profit before tax</b>	<b>755</b>
Income tax expense	227
<b>Profit after tax</b>	<b>528</b>

## Pricing

### How we set our prices

Our services are declared monopoly services under section 4 of the *Independent Pricing and Regulatory Tribunal Act 1992* (NSW). The Independent Pricing and Regulatory Tribunal (IPART) sets and regulates our prices to ensure they are fair for our customers, while allowing us to cover costs and generate an adequate return on our assets.

We must set prices according to the IPART-determined maximum price, or the IPART-determined methodology for calculating the maximum price. We cannot charge less than the maximum price set by IPART without the NSW Treasurer's approval.

### Retail prices

In June 2020, IPART published its 2020 Price Determination for Sydney Water, which sets the

prices we can charge for water, wastewater, stormwater drainage and other services from 1 July 2020 to 30 June 2024. In November 2021, IPART deferred the pricing review to 2025. Prices have been maintained in nominal terms from 1 July 2024 to 30 June 2025.

In February 2025, a customer disputed the \$392.65 approval application fee for the 25 mm water connection, which was not published on Sydney Water's website. Investigations found that the fee applied was the IPART-determined rate for 32–65 mm connections. Sydney Water had incorrectly charged for some non-standard 25 mm and 20 mm applications. Sydney Water's Developer Services team has initiated remedial actions, which are currently ongoing. The anticipated date for full compliance has yet to be determined.

## New (or upgraded) connection charges

### SCHEDULE 1 – CONNECTING NEW DEVELOPMENTS TO THE SYSTEM – WATER, WASTEWATER AND STORMWATER DEVELOPER CHARGES

During 2018–19, IPART released a determination on the maximum prices for connecting to or upgrading a connection to a water supply, wastewater or drainage system. The NSW Government policy to allow contributions for water, wastewater and stormwater services was gradually reintroduced from 1 July 2024. As approved by the NSW Treasurer, contributions were set to zero between 1 July 2023 and 30 June 2024, and then implemented from 1 July, but capped at 25 per cent of the full charge during 2024–25. Capping moved to 50 per cent in 2025–26, with full contributions to be paid from 1 July 2026.

Under IPART's determination, we had 18 months from the Nil Developer Charge Policy Change Date (later set at 1 January 2022) to develop, exhibit and register Development Servicing Plans (DSPs) for all areas where we expected to provide connection services to development. Draft water and wastewater DSPs were placed on exhibition on 28 April 2023. Sydney Water continued to work with stakeholders over the following months to consider feedback and finalise a set of DSPs. The final set of DSPs was registered by IPART in December 2023, and charges were levied, capped at 25 per cent from 1 July 2024 to 30 June 2025.

Sydney Water also placed a new integrated stormwater DSP for the Mamre Road precinct on exhibition from 8 January to 20 February 2025. This DSP was finalised and registered by IPART on 1 May 2025. The prices in this new DSP were provided with an exemption from the phase that applies to all other DSPs; therefore, they have been levied in full following registration.

### SCHEDULE 2 AND 3 – CONNECTING OR UPGRADING EXISTING DEVELOPMENTS TO THE SYSTEM – MINOR SERVICE EXTENSION CHARGES

In the 12 months to June 2025, Sydney Water did not provide any new service to an existing property to which this determination applied. This determination also allows grandfathering of all existing cases. That is, the prices for existing cases can be calculated in accordance with IPART's previous determination of those charges. We also did not levy any charges calculated in accordance with the previous determination.

## Recycled water infrastructure contributions

Sydney Water has complied with IPART's 2019 determination for recycled water services, which sets a methodology for fixing the maximum price that a water agency may charge for recycled water infrastructure contributions.

## Compliance with IPART's 2019 recycled water determination – infrastructure contribution per equivalent tenement (ET), 2024–25

Recycled water scheme	Status of Development Servicing Plan (DSP)	Infrastructure contribution <sup>1</sup> (\$ per ET)	Compliance status against the determination
Rouse Hill	Reviewed and registered (Oct 21)	\$4,930.22	Compliant
Hoxton Park	Reviewed and registered (Oct 21)	\$9,330.36 <sup>2</sup>	Compliant

1 Infrastructure contributions are described as 'new connection charges' in the 2019 determination.

2 The NSW Treasurer gave approval to cap the price at the Hoxton Park scheme in 2016. The price above reflects the capped price, which is adjusted each year for inflation.

## Sydney Water prices

IPART pricing table, 2024–25

	IPART determined price (\$)	Adjustments for SDP by IPART determined method (\$)	Inflated IPART maximum prices (\$, at the rate of 13.7%)	Sydney Water daily rate (\$) <sup>a</sup>
2024–25	(2020–21)	(2024–25)	(2024–25)	(2024–25)
<b>Service charges (\$)</b>				
<b>Residential premises</b>				
<b>Water</b>				
Metered <sup>c</sup>	39.90	21.67	67.04	0.18367
Unmetered <sup>d</sup>	464.06	21.67	547.64	1.50038
<b>Wastewater<sup>b,d</sup></b>	544.52		618.47	1.69444
<b>Stormwater (drainage)<sup>b</sup></b>				
Standalone premises	77.55		88.18	0.24159
Multi premises	24.79		28.19	0.07723
Low impact	24.79		28.19	0.07723
<b>Non-residential properties</b>				
<b>Water</b>				
Water service charges by meter size (mm) <sup>e</sup>				
20	39.90	21.67	67.04	0.18367
25	62.34	33.86	104.74	0.28696
32	102.14	55.48	171.61	0.47016
40	159.59	86.69	268.14	0.73463
50	249.36	135.46	418.98	1.14789
80	638.36	346.77	1,072.59	2.93860
100	997.43	541.83	1,675.91	4.59153
150	2,244.38	1,219.11	3,771.17	10.33197
200	3,990.00	2,167.30	6,704.30	18.36795
250	6,234.38	3,386.41	10,475.47	28.69992
300	8,977.50	4,876.43	15,084.68	41.32789
500	24,937.50	13,545.65	41,901.90	114.79973
600	35,910.00	19,505.74	60,338.74	165.31162
Unmetered	462.90	21.67	547.64	1.50038
<b>Wastewater<sup>b</sup></b>				
Wastewater service charges by meter size (mm) <sup>f,g</sup>				
20	486.03	n/a	552.62	1.51403
25	759.42	n/a	863.46	2.36564
32	1,244.24	n/a	1,414.70	3.87589
40	1,944.13	n/a	2,210.47	6.05608
50	3,037.70	n/a	3,453.86	9.46263
80	7,776.51	n/a	8,841.89	24.22436
100	12,150.79	n/a	13,815.45	37.85055
150	27,339.19	n/a	31,084.88	85.16405
200	48,603.00	n/a	55,262.00	151.40274
250	75,942.19	n/a	86,346.88	236.56679
300	109,356.75	n/a	124,339.50	340.65616
500	303,768.75	n/a	345,387.50	946.26712
600	437,427.00	n/a	497,358.00	1,362.62466
Unmetered	544.52	n/a	618.47	1.69444

	IPART determined price (\$)	Adjustments for SDP by IPART determined method (\$)	Inflated IPART maximum prices (\$, at the rate of 13.7%)	Sydney Water daily rate (\$) <sup>a</sup>
2024–25	(2020–21)	(2024–25)	(2024–25)	(2024–25)
<b>Stormwater (drainage)<sup>b</sup></b>				
Standalone premises				
Small (200 m <sup>2</sup> or less)	24.79	n/a	28.19	0.07723
Medium (201–1,000 m <sup>2</sup> ) or low impact	77.55	n/a	88.18	0.24159
Large (1,001–10,000 m <sup>2</sup> )	447.82	n/a	509.17	1.39499
Very large (10,001–45,000 m <sup>2</sup> )	1,987.42	n/a	2,259.70	6.19096
Largest (45,001 m <sup>2</sup> or greater)	4,967.28	n/a	5,647.80	15.47342
Multi premises	24.79	n/a	28.19	0.07723
Low impact assessed non-residential property (irrespective of property area)	77.55	n/a	88.18	0.24159
<b>Usage charges (\$/kL)</b>				
<b>Residential premises</b>				
Filtered water	2.35	n/a	2.67	2.67
Uplift on Drought Response Days <sup>h</sup>	0.83	n/a	0.94	0.94
<b>Non-residential properties</b>				
Filtered water	2.35	n/a	2.67	2.67
Uplift on Drought Response Days <sup>h</sup>	0.83	n/a	0.94	0.94
Wastewater	1.20	n/a	1.36	1.36
<b>Mandated recycled water supply services (\$/kL)</b>				
Recycled water usage charge <sup>i</sup>	n/a	n/a	n/a	2.40

## 6 FINANCIAL PERFORMANCE

- a. Sydney Water's charges applied from 1 July 2024. Illustrated service charges are charged to customers at a daily rate based on 365 days in the year.
- b. The illustrated wastewater and stormwater service charges for both residential and non-residential premises/properties contain discretionary service charges set by IPART for Sydney Water to recover the costs of wastewater and stormwater customer-supported programs, which are the Vaucluse Diamond Bay and the Waterways Health Improvement programs. The wastewater discretionary charge for residential premises is \$1.19 pa (\$2024–25), and the stormwater discretionary charge for residential premises that do attract a stormwater drainage charge is \$0.97 pa (\$2024–25). The wastewater discretionary charge applicable to non-residential properties is subject to the meter size of the property, whereas the stormwater discretionary charge for non-residential properties that do attract a stormwater drainage charge is \$0.97 pa (\$2024–25).
- c. 'Metered residential property' means a residential property that is serviced by one or more meters and includes a residential property within multi-premises that is serviced by one or more common meters.
- d. Wastewater service charge includes a deemed sewerage use charge of \$204.00 (\$2024–25) per year based on a discharge allowance of 150 kL per year.
- e. IPART's maximum determined water service charge for meter sizes not specified in its determination is calculated using the following formula:  $(\text{meter size})^2 \times 20 \text{ mm charge} / 400$ .
- f. The service charge assumes a Discharge Factor (df%) of 100%. The relevant df% may vary from one non-residential property to another, as determined by Sydney Water. A pro rata adjustment shall be made where the df% is less than 100%.
- g. IPART's maximum determined wastewater meter connection charge for meter sizes not specified in its determination is calculated using the following formula:  $(\text{meter size})^2 \times 20 \text{ mm charge} / 400 \times \text{df}\%$ .
- h. Drought Response Days as defined in the Schedule 8 of the 2020 Price Determination for Sydney Water. There were no Drought Response Days in the 2024–25 financial year.
- i. Water service charge for unmetered customers of \$547.64 (\$2024–25) per year during non-drought periods includes a deemed water use charge of \$480.60 (\$2024–25) per year based on a use allowance of 180 kL per year multiplied by the filtered water use price of \$2.67 per kL (as defined in Schedule 1 of the 2020 Price Determination for Sydney Water).
- j. IPART has deferred setting prices for Sydney Water's mandatory recycled water schemes in the 2020 determination, but has accepted Sydney Water's recycled water price of 90% of the filtered water use price (non-drought). Sydney Water's mandated recycled water schemes are located at Rouse Hill, Hoxton Park, Colebee, Ropes Crossing and Oran Park/Turner Road.

### Notes:

- Other charging arrangements – including for Rouse Hill and Kellyville Village stormwater drainage, boarding houses, metered standpipes, trade waste and ancillary charges – are in accordance with IPART's determined maximum price. Visit [sydneywater.com.au/our-prices](https://sydneywater.com.au/our-prices) for more information.
- Sydney Water charges one non-residential property in the Rouse Hill stormwater catchment area a low-impact stormwater drainage charge instead of the Rouse Hill stormwater drainage charge, as approved by the NSW Treasurer in 2014. This is the only non-residential property in the Rouse Hill area that receives the benefit of a land size cap or non-residential low-impact charge (which would be applicable if the property was in a declared stormwater catchment area).
- In the 2020 determination, IPART deferred setting maximum recycled water usage charges for our mandatory schemes at Rouse Hill, Hoxton Park, Colebee, Ropes Crossing, and Oran Park and Turner Road. It required that Sydney Water set the prices of these schemes in accordance with its recycled water pricing principles. In line with these principles, Sydney Water adopted a recycled water charge for all mandated schemes at 90% of the non-drought drinking water usage charge.

# **Sydney Water Corporation**

**Financial Statements  
for the year ended 30 June 2025**

## Contents

Contents .....	2
Statement of profit or loss and other comprehensive income .....	3
Statement of financial position .....	4
Statement of changes in equity .....	5
Statement of cash flows .....	6
About these Financial Statements .....	7
Notes to the Financial Statements .....	10
Performance for the reporting year .....	10
Note 1. Income .....	10
Note 2. Expenses .....	12
Note 3. Taxation .....	15
Assets, asset related liabilities and fair values .....	18
Note 4. Property, plant and equipment .....	18
Note 5. Right-of-use assets and lease liabilities .....	25
Note 6. Service concession assets and service concession liabilities .....	28
Note 7. Intangible assets .....	29
Note 8. Non-current assets classified as held-for-sale .....	32
Working capital management .....	33
Note 9. Cash and cash equivalents .....	33
Note 10. Trade and other receivables .....	35
Note 11. Other current assets .....	37
Note 12. Trade and other payables .....	37
Debt Management .....	38
Note 13. Borrowings and other financial liabilities .....	38
Other liabilities .....	40
Note 14. Provisions .....	40
Note 15. Dividends payable .....	49
Equity .....	50
Note 16. Contributed equity .....	50
Unrecognised Items .....	51
Note 17. Commitments .....	51
Note 18. Contingencies .....	51
Other Notes .....	52
Note 19. Financial risk management .....	52
Note 20. Related party disclosures .....	58
Note 21. Consultants .....	58
Note 22. Auditors' remuneration .....	58
Note 23. Events occurring after the reporting year .....	59
Directors' Declaration .....	60
Independent Auditor's Report .....	61

## Statement of profit or loss and other comprehensive income

### for the year ended 30 June 2025

	Note	2025 \$'000	2024 \$'000
Revenue	1(a)	3,479,667	3,214,568
Other income	1(b)	5,271	3,306
Finance costs	2(a)	(867,538)	(752,704)
Other expenses	2(b)	(2,082,002)	(1,987,929)
<b>Profit before income tax</b>		<b>535,398</b>	<b>477,241</b>
Income tax expense	3(a)	(160,889)	(141,946)
<b>Profit for the year</b>		<b>374,509</b>	<b>335,295</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Gain on revaluation of property, plant and equipment	4	966,217	584,318
Income tax effect	3(a)	(289,865)	(175,295)
		676,352	409,023
Remeasurement of defined benefit superannuation net liability	14(c)(iii)	(11,341)	2,662
Income tax effect	3(a)	3,402	(799)
		(7,939)	1,863
<b>Other comprehensive income for the year net of income tax</b>		<b>668,413</b>	<b>410,886</b>
<b>Total comprehensive income for the year</b>		<b>1,042,922</b>	<b>746,181</b>

This statement should be read in conjunction with the accompanying notes.

## Statement of financial position

as at 30 June 2025

	Note	30 June 2025 \$'000	30 June 2024 \$'000
<b>Current assets</b>			
Cash and cash equivalents	9	42,881	8,013
Trade and other receivables	10	687,692	471,388
Other current assets	11	41,031	36,337
Current tax asset		15,479	-
		<b>787,083</b>	<b>515,738</b>
Non-current assets classified as held for sale	8	28,060	73,473
<b>Total current assets</b>		<b>815,143</b>	<b>589,211</b>
<b>Non-current assets</b>			
Non-current receivables	10	10,305	3,311
Property, plant and equipment	4	30,295,821	26,942,859
Right-of-use assets	5	2,062,574	2,125,250
Intangible assets	7	475,811	455,267
<b>Total non-current assets</b>		<b>32,844,511</b>	<b>29,526,687</b>
<b>Total assets</b>		<b>33,659,654</b>	<b>30,115,898</b>
<b>Current liabilities</b>			
Trade and other payables	12	939,028	1,114,057
Borrowings and other financial liabilities	13	222,039	170,498
Lease liabilities	5	38,659	31,222
Current tax liabilities		-	39,044
Dividends payable	15	245,000	170,000
Provisions	14	268,975	233,121
Deferred Government grants		293	107
<b>Total current liabilities</b>		<b>1,713,994</b>	<b>1,758,049</b>
<b>Non-current liabilities</b>			
Borrowings and other financial liabilities	13	16,987,171	14,578,457
Lease liabilities	5	2,123,292	2,150,437
Deferred tax liabilities	3(b)	2,498,387	2,100,416
Provisions	14	446,579	435,902
Deferred Government grants		66	394
<b>Total non-current liabilities</b>		<b>22,055,495</b>	<b>19,265,606</b>
<b>Total liabilities</b>		<b>23,769,489</b>	<b>21,023,655</b>
<b>Net assets</b>		<b>9,890,165</b>	<b>9,092,243</b>
<b>Equity</b>			
Contributed equity	16	3,911,854	3,911,854
Asset revaluation reserve		4,066,096	3,424,958
Retained earnings		1,912,215	1,755,431
<b>Total equity</b>		<b>9,890,165</b>	<b>9,092,243</b>

This statement should be read in conjunction with the accompanying notes.

## Statement of changes in equity

### for the year ended 30 June 2025

	Note	Contributed equity \$'000	Asset revaluation reserve \$'000	Retained earnings \$'000	Total Equity \$'000
<b>Balance at 30 June 2024</b>		3,911,854	3,424,958	1,755,431	9,092,243
Profit for the year		-	-	374,509	374,509
Other comprehensive income/(loss)		-	676,352	(7,939)	668,413
<b>Total comprehensive income for the year</b>		-	<b>676,352</b>	<b>366,570</b>	<b>1,042,922</b>
Transfers between equity items on disposal of assets		-	(35,214)	35,214	-
<b>Total transfers between equity items</b>		-	<b>(35,214)</b>	<b>35,214</b>	-
<b>Transactions with owners in their capacity as owners:</b>					
Dividends provided for or paid	15	-	-	(245,000)	(245,000)
<b>Total transactions with owners in their capacity as owners</b>		-	-	<b>(245,000)</b>	<b>(245,000)</b>
<b>Balance at 30 June 2025</b>		<b>3,911,854</b>	<b>4,066,096</b>	<b>1,912,215</b>	<b>9,890,165</b>
<b>Balance at 30 June 2023</b>		3,911,854	3,016,464	1,587,744	8,516,062
Profit for the year		-	-	335,295	335,295
Other comprehensive income		-	409,023	1,863	410,886
<b>Total comprehensive income for the year</b>		-	<b>409,023</b>	<b>337,158</b>	<b>746,181</b>
Transfers between equity items on disposal of assets		-	(529)	529	-
<b>Total transfers between equity items</b>		-	<b>(529)</b>	<b>529</b>	-
<b>Transactions with owners in their capacity as owners:</b>					
Dividends provided for or paid	15	-	-	(170,000)	(170,000)
<b>Total transactions with owners in their capacity as owners</b>		-	-	<b>(170,000)</b>	<b>(170,000)</b>
<b>Balance at 30 June 2024</b>		<b>3,911,854</b>	<b>3,424,958</b>	<b>1,755,431</b>	<b>9,092,243</b>

This statement should be read in conjunction with the accompanying notes.

## Statement of cash flows

### for the year ended 30 June 2025

	Note	2025 \$'000	2024 \$'000
<b>Cash flows from operating activities</b>			
Cash receipts		3,083,489	3,091,855
Cash payments		(1,714,160)	(1,738,127)
Cash generated from operations		1,369,329	1,353,728
Social programs grants received from NSW Government		133,583	145,610
Other grants received from NSW Government		230	249
Grants received from Commonwealth Government		-	18
Interest received		4,748	5,620
Interest paid		(494,686)	(427,816)
Government guarantee fee paid		(193,061)	(170,928)
Contributions paid to DCCEE Climate Change Fund		(3,550)	-
Income tax (paid)/refunded		(103,914)	3,258
<b>Net cash flows from operating activities</b>	9(b)	<b>712,679</b>	<b>909,739</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		53,070	2,265
Other cash contributions received		72,573	2,053
Security and other deposits received		35,253	41,952
Payments for property, plant and equipment		(2,825,269)	(1,882,884)
Payments for intangible assets		(82,747)	(96,811)
Security and other deposits released		(23,316)	(32,647)
<b>Net cash flows from investing activities</b>		<b>(2,770,436)</b>	<b>(1,966,072)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	9(d)	2,354,021	1,245,829
Payment of principal for lease liabilities related to right-of-use assets	9(d)	(45,924)	(54,414)
Payment of principal for service concession liabilities	9(d)	(45,472)	(39,847)
Dividends paid	9(d),15	(170,000)	(100,000)
<b>Net cash flows from financing activities</b>		<b>2,092,625</b>	<b>1,051,568</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>34,868</b>	<b>(4,765)</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>8,013</b>	<b>12,778</b>
<b>Cash and cash equivalents at end of the year</b>	9(a)	<b>42,881</b>	<b>8,013</b>

This statement should be read in conjunction with the accompanying notes.

# About these Financial Statements

## Corporate information

Sydney Water Corporation (the Corporation) is a NSW statutory state-owned corporation established on 1 January 1999 following the enactment of the *Water Legislation Amendment (Drinking Water and Corporate Structure) Act 1998* and legislative amendments to the *Sydney Water Act 1994*. The address of the Corporation's head office is 1 Smith Street, Parramatta, NSW 2150.

The Corporation provides water and water-related services under its Operating Licence to customers in its area of operations in NSW. It operates under the commercial disciplines of the NSW Government's Commercial Policy Framework and accordingly the directors have determined that it is a for-profit entity for financial reporting purposes. The Corporation's ultimate parent is the NSW Government. Accordingly, the Corporation's financial statements form part of the consolidated NSW Total State Sector Accounts.

The Corporation's financial statements for the year ended 30 June 2025 were authorised for issue in accordance with a resolution of the Board of Directors on 27 August 2025.

## Basis of preparation

These general-purpose financial statements have been prepared in accordance with applicable Australian Accounting Standards (including Australian Accounting Interpretations), the *Government Sector Finance Act 2018* (GSF Act), the Government Sector Finance Regulation 2024, mandates issued by NSW Treasury including NSW Treasury Directions issued under the GSF Act, NSW Treasury Circulars and NSW Treasury Policy and Guidelines Papers adopted in the Corporation's Statement of Corporate Intent.

The financial statements have been prepared on the historical cost basis, except for the following items:

- Certain classes of property, plant and equipment and intangible assets are stated using the fair value basis;
- Greenhouse trading certificates and biodiversity offset credits are held at fair value;
- Inventory is held at the lower of cost and net realisable value;
- Non-monetary developer contributions are recognised at current replacement cost;
- Non-current assets classified as held for sale are stated at the lower of carrying amount and fair value less costs to sell;
- Borrowings and lease liabilities related to right-of-use assets are measured at amortised cost;
- Defined benefit superannuation liabilities are stated at the present value of the accrued defined benefit obligations less the fair value of fund assets; and
- Other non-current provisions are stated at the present value of the future estimated obligations for the relevant liabilities concerned.

## Presentation currency

The financial statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000).

## Comparative information

Except when Australian Accounting Standards permit or require otherwise, comparative information is presented in respect of all amounts reported in the financial statements.

The comparative information for the following notes have been amended in the current financial year:

- Note 1 Revenue;
- Note 2 Expenses; and
- Note 5 Right-of-use assets and lease liabilities.

Amendments were made to correct the classification between usage charges and ancillary charges. Amendments were made to correct the classification between capitalised non-labour costs incorrectly included as part of labour costs capitalised. Amendments were made to correct the classification of transportation and property costs incorrectly included as part of short-term lease expense. The amendments do not change the prior financial reporting year's reported total revenue and other expenses recognised in profit or loss and the right-of-use assets and lease liabilities recognised in the statement of financial position.

## Critical judgements and estimates

The Corporation makes estimates and assumptions concerning the future that are regularly evaluated based on historical experience and other factors. This includes expectations of future events that may have a financial effect on the Corporation and that are believed to be reasonable under the circumstances. Actual results may therefore differ from these estimates. Estimates and judgments that are material to the financial statements are disclosed in the following notes:

- Note 3 Taxation;
- Note 4 Property, plant and equipment;
- Note 5 Right-of-use assets and lease liabilities;
- Note 6 Service concession assets and service concession liabilities;
- Note 7 Intangible assets;
- Note 8 Non-current assets held-for-sale;
- Note 10 Trade and other receivables; and
- Note 14 Provisions.

## Material accounting policies

The accounting policies described in these financial statements are based on the requirements applicable to for-profit entities and have been consistently applied to all financial years presented. Material accounting policies that summarise the basis of recognition and measurement of material items presented in these financial statements are provided in each applicable note about those items. There were no changes in accounting policy during the financial year.

**Accounting Standards effective during the financial year**

Several amendments to accounting standards are effective in the current financial year. These amendments do not lead to any change in measurement or have a material impact on the financial statements.

**Accounting Standards issued but not yet effective**

As of the reporting date, several Australian Accounting Standards issued by the AASB are not yet effective and have not been early adopted by the Corporation. The following standards and interpretations are listed below:

Standard/interpretation	Applicable to reporting periods beginning on or after	Applicable reporting year
AASB 2023-5 <i>Amendments to Australian Accounting Standards – Lack of Exchangeability</i>	1 January 2025	2025-26
AASB 17 <i>Insurance Contracts</i>	1 July 2026	2026-27
AASB 2022-9 <i>Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector</i>	1 July 2026	2026-27
AASB 2024-2 <i>Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments</i>	1 January 2026	2026-27
AASB 2024-3 <i>Amendments to Australian Accounting Standards – Annual Improvements Volume 11</i>	1 January 2026	2026-27
AASB 2025-1 <i>Amendments to Australian Accounting Standards – contracts Referencing Nature-dependent Electricity</i>	1 January 2026	2026-27
AASB 18 <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027	2027-28
AASB 2014-10 <i>Amendments to Australian Accounting Standards – Sale or Contribution of Asset between Investor and its Associate or Joint Venture</i>	1 January 2028	2028-29
AASB 2024-4b <i>Effective Date of Amendments to AASB 10 and AASB 128</i>	1 January 2028	2028-29

These accounting standards are not expected to significantly impact the Corporation except for AASB 18 *Presentation and Disclosure in Financial Statements*. The latter is expected to require a change in the presentation of the statement of profit and loss and other comprehensive income and the statement of cash flows.

#### Impact of climate-related matters on the financial statements

The Corporation is significantly impacted by climate-related events. This is likely to continue and to change into the future. Climate change could impact the ability of the Corporation to continuously provide quality treated water and wastewater services without interruption to an increasing population of customers.

##### (a) Current impact from climate related events

Severe bushfires and floods in recent years resulted in increased soil and silt run-off impacting Warragamba Dam's turbidity levels. The Corporation in the current and previous financial years mitigated this impact to water quality through obtaining desalinated water from the Sydney Desalination Plant. During 2022-23 and previous years, the Corporation issued successive emergency response notices under its agreement with the owner of the Sydney Desalination Plant to provide desalinated water.

In the financial year 2022-23, there was a change in the arrangements for the use of the Sydney Desalination Plant to also enable the supply of desalinated water to cater for future population growth. This non-rainfall dependent water supply has eased the strain on our existing treatment infrastructure to treat the raw water sourced from Warragamba Dam but comes at an additional financial cost to our customers of \$17.252 million for the current financial year (2024: \$30.734 million).

Severe floods associated with compounding extreme rainfall events saw temporary disruption of services to our customers based in the Orchard Hills catchment area during July 2022. In response, the Corporation has commenced a program to build a new facility at Orchard Hills Water Filtration Plant to improve the reliability and resilience of operations. The new facility will include a new pre-treatment plant and screening chamber. The work in progress asset balance for this program totals \$11.823 million as at the end of the current financial year (2024: \$1.782 million).

The Corporation commenced two capital programs which have as their objective the mitigation of the physical and transition risks that will arise from future climate related events. These capital programs relate to implementing a resilient and reliable water supply and to increasing energy efficiency. The following table discloses the work in progress asset balances relating to these two programs.

	2025	2024
	\$'000	\$'000
<b>Resilient and reliable water supply</b>	<b>31,728</b>	<b>16,900</b>
<b>Energy efficiency</b>		
Cogeneration	3,124	22,515
Other energy efficiency projects	2,865	2,583
	<b>5,989</b>	<b>25,098</b>

The work in progress asset for cogeneration decreased year on year as construction of the cogeneration facility at Malabar was completed and commissioned.

##### (b) Future impact from climate change

The change in climate is expected to bring about an increase to both the frequency and severity of natural hazards that the Corporation's infrastructure is exposed to. These natural hazards will continue to include droughts, bushfires and floods but could also include heat waves, intense rainfall events, king tides and rising sea levels.

##### (c) Impact on fair values of Property, Plant and Equipment

The Corporation has adopted the fair value of its systems asset infrastructure utilising the income approach under AASB 13 *Fair Value Measurement*. The income approach utilises the forecast revenue, operational expenditure and capital expenditure included within the Corporation's 2025-30 Draft Pricing Determination and its long-term forecast Corporate Model (refer to Note 4(f)). The capital expenditure forecasts include a long-term redeployment of capital investment to promote increased resilience of our infrastructure network and adaptation to climate change. It includes further investment in desalination as envisaged under the Greater Sydney Water Strategy.

Whilst the capital investment program drivers will change over time in response to the risk of climate change, this is not expected to significantly increase the existing risk that the pricing determined by IPART will not be sufficient to cover the Corporation's forecast capital expenditure within any one current price path.

If resilience standards change to render a portion of the infrastructure portfolio obsolete and/or requiring further investment, this is expected to give rise to future capital investment and related pricing to cover the cost of this future capital investment.

## Notes to the Financial Statements

### Performance for the reporting year

#### Note 1. Income

##### (a) Revenue

	Note	Regulated		Non- Regulated		Total	
		2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
<b>Revenue from contracts with customers</b>							
Service availability charges (redress rebates)		1,410,471	1,377,283	(4,322)	(3,766)	1,406,149	1,373,517
Usage charges		1,431,049	1,411,513	18,325	18,938	1,449,374	1,430,451
Ancillary services		29,152	29,707	3,682	3,265	32,834	32,972
Sundry revenue		-	-	17,715	11,547	17,715	11,547
<b>Total service/usage charges, ancillary services and sundry revenues</b>		<b>2,870,672</b>	<b>2,818,503</b>	<b>35,400</b>	<b>29,984</b>	<b>2,906,072</b>	<b>2,848,487</b>
Developer contributions – monetary	9(b)	120,173	-	48,835	4,045	169,008	4,045
Developer contributions – non-monetary	9(c)	-	-	236,222	199,956	236,222	199,956
<b>Total developer contributions</b>		<b>120,173</b>	<b>-</b>	<b>285,057</b>	<b>204,001</b>	<b>405,230</b>	<b>204,001</b>
<b>Total revenue from contracts with customers</b>		<b>2,990,845</b>	<b>2,818,503</b>	<b>320,457</b>	<b>233,985</b>	<b>3,311,302</b>	<b>3,052,488</b>
<b>Timing of revenue recognition</b>							
Over time		2,841,520	2,779,025	14,003	15,172	2,855,523	2,794,197
At a point in time		149,325	39,478	306,454	218,813	455,779	258,291
		<b>2,990,845</b>	<b>2,818,503</b>	<b>320,457</b>	<b>233,985</b>	<b>3,311,302</b>	<b>3,052,488</b>
<b>Other revenues</b>							
NSW Government grants for social programs		143,773	144,026	-	-	143,773	144,026
Other grants from NSW Government		-	-	373	-	373	-
Grants from Commonwealth Government		-	-	-	18	-	18
Interest revenue		-	-	4,748	5,620	4,748	5,620
Rent revenue from operating leases		5,293	5,919	5,293	5,919	10,586	11,838
Sundry revenue		-	-	8,885	578	8,885	578
<b>Total other revenues</b>		<b>149,066</b>	<b>149,945</b>	<b>19,299</b>	<b>12,135</b>	<b>168,365</b>	<b>162,080</b>
<b>Total revenue</b>		<b>3,139,911</b>	<b>2,968,448</b>	<b>339,756</b>	<b>246,120</b>	<b>3,479,667</b>	<b>3,214,568</b>

#### Recognition and measurement

Regulated revenues are revenues subject to Independent Pricing and Regulatory Tribunal New South Wales (IPART) Pricing Determination. All other revenues are non-regulated.

##### Revenue from contracts with customers

The Corporation's revenue streams from contracts with customers each consist of only a single performance obligation and a single transaction price. The transaction price is determined either by IPART (for regulated revenues and for regulated and non-regulated monetary developer contributions) or by agreement with the customer (for all other non-regulated revenues). The variability of the consideration for the Corporation's revenue streams can also be easily identified. The conditions for the customer to receive a redress or other rebate, discount or refund can be readily determined.

The Corporation does not have any contracts with customers where the period between the transfer of the promised services or goods and payment from the customer exceeds one year. As a result, transaction prices have not been adjusted for the time value of money.

#### Service availability charges

Service availability charges are a fixed charge to customers to cover the cost of making the Corporation's water, wastewater, stormwater, and recycled water services available. The Corporation transfers control over the availability of the services and recognises revenue evenly over time as customers continue to receive their service connection. The service availability charge revenue is billed in advance to customers at the commencement of each quarter and is progressively released to revenue as each month of the quarter concludes.

Redress rebates are provided to customers who experience interruption to their service. This redress rebate is a part of the Corporation's contract with its customers but is not subject to the IPART Pricing Determination.

#### Usage charges

Usage charges reflect revenue derived from the consumption of the Corporation's water, wastewater, recycled water, and trade waste services. The Corporation transfers control over the services to customers who then simultaneously consume those services, with the transfer and consumption considered to occur over time.

The Corporation recognises revenue based on a right to invoice as this corresponds with the value customers have received to date from their consumption of the services. Consumption is measured through the reading of the Corporation's installed meters. The Corporation recognises an estimate for the accrued revenue earned from unbilled consumption where meters have not been read as at the reporting date (refer to note 10).

#### Ancillary services

Ancillary services are provided to customers for water, wastewater, stormwater, and recycled water related services including building approvals and the provision of information such as plans and diagrams. Revenue is recognised at a point in time when the control over the services or information is transferred to the customer.

#### Developer contributions - monetary

The water and wastewater monetary developer contributions came into effect on 1 July 2024 and the Mamre Road Precinct Integrated stormwater monetary developer contributions came into effect on 1 May 2025. This is when the development servicing plans were registered with IPART. Certification which involves connection of new developments to the Corporation's water, wastewater, recycled water and Mamre Road stormwater infrastructure have additional monetary developer contributions charged to cover the incremental cost to the Corporation of the connection.

Sydney Water earned \$48.153 million in non-regulated revenue during the financial year (2024: nil) via a commercial agreement with a private developer. The commercial agreement required the construction and delivery of water related infrastructure at Sydney Science Park in Luddenham.

#### Developer contributions – non-monetary

The construction of pipes and other works by developers for the connection of their developments to the Corporation's water, wastewater, stormwater and recycled water infrastructure is certified by the Corporation. This is to ensure that construction meets the Corporation's design and construction standards for quality of service delivery.

The Corporation issues a compliance certificate to the developer upon the completion of certification. In return, the developer contributes the constructed pipes and other works at no cost to the Corporation. The fair value of these non-monetary developer contributions at initial recognition is estimated using current replacement cost. These non-monetary developer contributions are non-regulated revenues.

The non-monetary and monetary developer contributions revenues are recognised when the certification process is completed and control over the compliance certificate is transferred at a point in time to the developer being when the Corporation issues the compliance certificate.

#### **Other revenues**

##### NSW Government grants for social programs

The Corporation delivers several non-commercial social programs of the NSW Government. These include pensioner rebates, properties exempt from service and usage charges and expenditures for priority sewerage areas. The Corporation is reimbursed for the full cost of all social programs. Such reimbursements are recognised as revenue on an accrual basis at the same time as the related social program items are recognised in profit or loss.

Where such reimbursements are received in advance, they are recognised initially as deferred income in the statement of financial position and subsequently as revenue when the costs incurred, or revenues foregone for which they are intended to compensate are recognised in profit or loss.

#### **(b) Other income**

	<b>Note</b>	<b>2025 \$'000</b>	<b>2024 \$'000</b>
Gain on disposal of property, plant and equipment	9(b)	3,869	845
Income from sale of greenhouse trading certificates		1,206	2,313
Unrealised gain on biodiversity credits		196	161
Unrealised (loss) on foreign currency derivatives		-	(13)
<b>Total other income recognised in profit or loss</b>		<b>5,271</b>	<b>3,306</b>

## Note 2. Expenses

### (a) Finance costs

	Note	2025 \$'000	2024 \$'000
Interest expense for borrowings at amortised cost		452,856	343,149
Interest expense for lease liabilities related to right-of-use assets	5	215,914	197,617
Interest expense for service concession liabilities		17,587	20,000
Amortisation of deferred discounts on loans	9(b)	121,069	50,353
Total interest expense		<b>807,426</b>	<b>611,119</b>
Government guarantee fee expense – NSW Treasury		193,653	193,061
Indexation of CPI bonds	9(b)	32,773	68,598
Other finance (income) costs		(518)	1,489
		<b>1,033,334</b>	<b>874,267</b>
Less amount capitalised as borrowing costs		(165,796)	(121,563)
<b>Total finance costs recognised in profit or loss</b>		<b>867,538</b>	<b>752,704</b>

### Recognition and measurement

Interest and other borrowing costs are expensed as incurred within finance costs in profit or loss unless they relate to qualifying capital assets, in which case they are capitalised as part of the cost of those assets. Qualifying capital assets are assets that take a substantial period of time (12 months or more) to get ready for their intended use or sale.

Payments for the lease liabilities related to the right-of-use assets and for the service concession liabilities are allocated between principal and interest. The interest is expensed as incurred within finance costs in profit or loss over the lease period for the lease liabilities or over the service concession arrangement term for the service concession liabilities. This expense is to produce a constant periodic rate of interest on the remaining balance of the lease liabilities and service concession liabilities for each period.

Borrowing costs are capitalised where there is a direct relationship between the borrowings and the projects giving rise to qualifying capital assets.

Where funds are borrowed specifically for the acquisition, construction or production of a qualifying capital asset, the amount of borrowing costs capitalised is net of any interest earned on those borrowings. Where funds are borrowed generally, borrowing costs are capitalised using a weighted average interest rate.

The Government guarantee fee represents the fee paid by the Corporation to NSW Treasury for the guarantee that the NSW Government provides in relation to the Corporation's borrowings.

**(b) Other expenses**

	Note	2025 \$'000	2024 \$'000
<b>Employee-related expenses:</b>			
Total employee-related expenses before amounts capitalised		728,224	654,397
Less amounts capitalised		(279,918)	(216,679)
Total employee-related expenses		448,306	437,718
<b>Non-employee related expenses:</b>			
Availability charges and purchases of bulk water – Water NSW		224,599	223,214
Operational costs - Sydney Desalination Plant		17,252	30,734
Tariff expenses from water filtration plant agreements		116,960	113,088
Maintenance services	2(d)	387,113	376,113
Operational services		86,331	72,542
Materials, plant and equipment		82,603	66,871
Leases of low value assets	5	15	15
Short-term leases expense	5	2,255	2,053
Electricity and other energy		74,932	61,880
Transport		8,831	8,897
Property including land tax		38,185	28,256
Data management		77,873	67,694
Contribution to NSW Climate Change Fund		3,550	-
Other expenses from ordinary activities		64,461	61,439
Total non-employee related expenses before amounts capitalised		1,184,960	1,112,796
Less amounts capitalised		(110,216)	(112,826)
Total non-employee related expenses		1,074,744	999,970
<b>Depreciation and amortisation expenses:</b>			
Depreciation of property, plant and equipment	4	369,542	348,993
Depreciation of property, plant and equipment – right-of-use assets	5	88,852	82,717
Amortisation of intangible assets	7	62,615	69,187
Total depreciation and amortisation expenses	9(b)	521,009	500,897
<b>Losses from disposal of:</b>			
Property, plant and equipment	9(b)	26,028	12,556
Total losses from disposal		26,028	12,556
<b>Impairment losses expensed (reversed) through profit or loss:</b>			
Receivables	10(c)	2,433	969
Property, plant and equipment	4, 9(b)	8,914	26,459
Intangible assets	7, 9(b)	(412)	(358)
Inventory write-off (reversal of write-off)		980	(70)
Provision for inventory obsolescence		-	9,788
Total impairment losses expensed (reversed) through profit or loss		11,915	36,788
<b>Total other expenses recognised in profit or loss</b>		<b>2,082,002</b>	<b>1,987,929</b>

**(c) Additional information on superannuation expense**

	Note	2025 \$'000	2024 \$'000
<b>Superannuation expense recognised in profit or loss</b>			
<b>Defined benefit schemes</b>			
Current service cost	14(c)(iii)	1,697	1,970
Net interest on the net defined benefit liability (asset)	14(c)(iii)	20,755	21,614
Defined benefit superannuation expense (advised by Administrator)		22,452	23,584
Other movements		3,646	(625)
Defined benefit superannuation expense before amounts capitalised		26,098	22,959
Less amount capitalised		(5,904)	(5,194)
<b>Defined benefit superannuation expense</b>		<b>20,194</b>	<b>17,765</b>
<b>Defined contribution schemes</b>			
Defined contribution superannuation expense before amounts capitalised		26,345	23,135
Less amount capitalised		(4,848)	(4,257)
<b>Defined contribution superannuation expense</b>		<b>21,497</b>	<b>18,878</b>
<b>Total superannuation expense recognised in profit or loss</b>		<b>41,691</b>	<b>36,643</b>

**(d) Additional information on maintenance expense**

	Note	2025 \$'000	2024 \$'000
<b>Maintenance expenses</b>			
Maintenance related expense included in employee related expenses		89,467	93,667
Maintenance expense included in non-employee related expenses	2(b)	387,113	376,113
<b>Total maintenance expenses</b>		<b>476,580</b>	<b>469,780</b>

### Note 3. Taxation

#### (a) Income tax expense recognised in profit or loss and on other comprehensive income

	2025 \$'000	2024 \$'000
<b>Current tax expense</b>		
Current tax on profits for the year	50,234	98,057
Adjustments for current tax of prior years	(853)	(430)
	<u>49,381</u>	<u>97,627</u>
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	107,692	42,416
Adjustments for prior years	3,816	1,903
	<u>111,508</u>	<u>44,319</u>
<b>Total income tax expense in profit or loss</b>	<b>160,889</b>	<b>141,946</b>
<b>Reconciliation of income tax expense to prima facie tax payable</b>		
Profit before income tax	535,398	477,241
Tax at the Australian tax rate of 30% (2024: 30%)	<u>160,619</u>	<u>143,172</u>
Tax effect of amounts which are not (taxable) deductible		
Research and development concession	(389)	(391)
Sundry items	(2,304)	(2,308)
	<u>157,926</u>	<u>140,473</u>
Under/(Over) provided in prior year – current tax	(853)	(430)
Under provided in prior year – deferred tax	3,816	1,903
<b>Income tax expense</b>	<b>160,889</b>	<b>141,946</b>
<b>Income tax on other comprehensive income</b>		
<b>Deferred tax relating to:</b>		
Revaluation of property, plant and equipment	289,865	175,295
Remeasurement of defined benefit superannuation liability	(3,402)	799
<b>Total income tax on other comprehensive income</b>	<b>286,463</b>	<b>176,094</b>

#### Recognition and Measurement

The Corporation is subject to notional taxation in accordance with the *State Owned Corporations Act 1989*. Notional income tax is payable to the NSW Government through Revenue NSW. The taxation liability is assessed according to the National Tax Equivalent Regime (NTER). The NTER closely mirrors the *Income Tax Assessment Act 1936* and the *Income Tax Assessment Act 1997* (as amended) and is administered by the Australian Taxation Office (ATO). The income tax expense for the year is the tax payable on the current year's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and for adjustments to tax payable or receivable in respect of prior years.

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the end of the financial year. Income tax is recognised in profit or loss except to the extent that it relates to items recognised in equity, in which case the income tax is itself recognised in equity as part of other comprehensive income. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the financial year and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled. Current and deferred tax assets are offset with current and deferred tax liabilities respectively where they relate to income taxes levied by the same taxation authority and the Corporation intends to settle current tax assets and liabilities with that taxation authority on a net basis.

## (b) Deferred tax assets and liabilities

## Movements

	Balance 1 July 2024	Recognised in profit or loss	Recognised in other comprehensive income	Balance 30 June 2025
	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment and intangibles	2,367,741	120,249	289,865	2,777,855
Other assets	1,225	(2,151)	-	(926)
Right-of-use assets	(16,922)	(12,891)	-	(29,813)
Employee benefits	(168,616)	193	(3,402)	(171,825)
Provisions not currently deductible	(6,644)	(16,858)	-	(23,502)
Anticipated receipts and accrued expenses	(14,203)	15,077	-	874
Service concession liabilities	(60,541)	7,827	-	(52,714)
Greenhouse trading certificates and biodiversity offset credits	(1,624)	62	-	(1,562)
<b>Net tax (assets) / liabilities</b>	<b>2,100,416</b>	<b>111,508</b>	<b>286,463</b>	<b>2,498,387</b>

	Balance 1 July 2023	Recognised in profit or loss	Recognised in other comprehensive income	Balance 30 June 2024
	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment and intangibles	2,142,281	50,165	175,295	2,367,741
Other assets	5,158	(3,933)	-	1,225
Right-of-use assets	(8,774)	(8,148)	-	(16,922)
Employee benefits	(168,657)	(758)	799	(168,616)
Provisions not currently deductible	(7,331)	687	-	(6,644)
Anticipated receipts and accrued expenses	(12,523)	(1,680)	-	(14,203)
Service concession liabilities	(68,024)	7,483	-	(60,541)
Greenhouse trading certificates and biodiversity offset credits	(2,127)	503	-	(1,624)
<b>Net tax (assets) / liabilities</b>	<b>1,880,003</b>	<b>44,319</b>	<b>176,094</b>	<b>2,100,416</b>

## Carrying amounts

	Assets		Liabilities		Net	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Property, plant and equipment and intangibles	-	-	2,777,855	2,367,741	2,777,855	2,367,741
Other assets	-	-	(926)	1,225	(926)	1,225
Right-of-use assets	(29,813)	(16,922)	-	-	(29,813)	(16,922)
Employee benefits	(171,825)	(168,616)	-	-	(171,825)	(168,616)
Provisions not currently deductible	(23,502)	(6,644)	-	-	(23,502)	(6,644)
Anticipated receipts and accrued expenses	874	(14,203)	-	-	874	(14,203)
Service concession liabilities	(52,714)	(60,541)	-	-	(52,714)	(60,541)
Greenhouse trading certificates and biodiversity offset credits	(1,562)	(1,624)	-	-	(1,562)	(1,624)
<b>Tax (assets) liabilities</b>	<b>(278,542)</b>	<b>(268,550)</b>	<b>2,776,929</b>	<b>2,368,966</b>	<b>2,498,387</b>	<b>2,100,416</b>
Set-off of tax	278,542	268,550	(278,542)	(268,550)	-	-
<b>Net tax (assets) / liabilities</b>	<b>-</b>	<b>-</b>	<b>2,498,387</b>	<b>2,100,416</b>	<b>2,498,387</b>	<b>2,100,416</b>

### (c) Uncertainty over income tax treatment

AASB Interpretation 23 *Uncertainty over income Tax Treatment* clarifies the application of the recognition and measurement criteria in AASB 112 *Income Taxes* where there is uncertainty over income tax treatments. An assessment is required of each uncertain tax position as to whether it is probable that the ATO will accept the position. Where it is not probable, the effect of the uncertainty is reflected in determining the relevant taxable profit or loss, tax bases and tax rates. The amount is determined as either the single most likely amount or the sum of the probability weighted amounts in a range of possible outcomes, whichever better predicts the resolution of the uncertainty. Judgements are reassessed as and when new facts and circumstances are presented.

In *Victoria Power Networks Pty Ltd v Commissioner of Taxation* (2020) FCAFC 169, on 21 October 2020 the Full Federal Court made a judgement on what value to assign to assets received free of charge in terms of determining assessable income for the taxpayer. The Full Federal Court held that the arm's length value of the assets received free of charge under section 21A of the *Income Tax Assessment Act 1936* was limited to the rebate amount paid to the electricity distribution taxpayer by the customer. The arm's length value excluded the estimated cost of construction undertaken by the customer and provided free of charge to the taxpayer. The effect was to exclude the assets received free of charge from being classified as part of assessable income. The case was decided based on legislation and industry guidelines specific to the electricity distribution industry in the state of Victoria.

A subsequent Decision Impact Statement issued by the ATO stated that the Commissioner was currently assessing the potential impact of the decision on other infrastructure providers and regulated industries such as gas, water, telecommunications, rail and ports. The Commissioner is still yet to perform its assessment as at the reporting date. No specific guidance has been issued in relation to assets received free of charge and their classification as assessable income for entities within the regulated water industry.

The Corporation has considered the most likely outcome of the uncertainty associated with the case is that there will be no change to the status of the assets received free of charge (non-monetary developer contributions - refer to note (1)(a)) being classified as assessable income. Hence no adjustment was made to the current income tax expense and the current income tax payable for the current financial year or for previous financial years.

**Assets, asset related liabilities and fair values****Note 4. Property, plant and equipment****Movements and carrying amounts**

	Market land and buildings	Leasehold property	System assets - infrastructure including system land	Service concession assets	Plant and equipment	Computer equipment	Work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2023 – net carrying amount	134,696	30,573	19,403,386	1,509,468	27,382	13,958	3,275,706	24,395,169
Additions to work in progress	-	-	-	-	-	-	2,211,603	2,211,603
Additions transferred from work in progress	(3,015)	-	1,177,593	15,329	10,642	13,138	(1,213,687)	-
Additions – non-monetary developer contributions	-	-	199,956	-	-	-	-	199,956
Additions – service concession arrangements	-	-	-	235	-	-	-	235
Disposals	(45)	-	(12,631)	-	(24)	(9)	-	(12,709)
Reclassified as assets held for sale	(66,951)	-	-	-	-	-	-	(66,951)
Other reclassifications	201	-	(201)	-	-	-	-	-
Reclassified from intangibles	-	-	-	-	-	-	6,690	6,690
Revaluation increments/(decrements) recognised in the asset revaluation reserve	42,049	1,642	451,772	88,855	-	-	-	584,318
Impairment (losses)/losses reversed or revaluation (decrements)/increments recognised in profit or loss	415	-	-	-	-	-	(26,874)	(26,459)
Depreciation charge	(148)	(1,520)	(301,414)	(19,022)	(13,532)	(13,357)	-	(348,993)
<b>At 30 June 2024 – net carrying amount</b>	<b>107,202</b>	<b>30,695</b>	<b>20,918,461</b>	<b>1,594,865</b>	<b>24,468</b>	<b>13,730</b>	<b>4,253,438</b>	<b>26,942,859</b>
Additions to work in progress	-	-	-	-	-	-	2,573,979	2,573,979
Additions transferred from work in progress	525	674	1,961,501	-	6,694	13,400	(1,982,794)	-
Additions – non-monetary developer contributions	-	-	236,222	-	-	-	-	236,222
Disposals	-	-	(26,116)	-	(143)	(30)	-	(26,289)
Reclassified as assets held for sale	(3,644)	-	-	-	-	-	-	(3,644)
Other reclassifications	(7,271)	-	5,446	1,825	-	-	-	-
Reclassified to intangibles	-	-	-	-	-	-	(15,067)	(15,067)
Revaluation increments/(decrements) recognised in the asset revaluation reserve	14,759	1,522	564,702	385,234	-	-	-	966,217
Impairment (losses)/losses reversed or revaluation (decrements)/increments recognised in profit or loss	289	-	-	-	-	-	(9,203)	(8,914)
Depreciation charge	(122)	(1,572)	(326,804)	(20,771)	(8,308)	(11,965)	-	(369,542)
<b>At 30 June 2025 – net carrying amount</b>	<b>111,738</b>	<b>31,319</b>	<b>23,333,412</b>	<b>1,961,163</b>	<b>22,711</b>	<b>15,135</b>	<b>4,820,353</b>	<b>30,295,821</b>

	Market land and buildings	Leasehold property	System assets - infrastructure including system land	Service concession assets	Plant and equipment	Computer equipment	Work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 30 June 2024</b>								
Fair value (level 2) – market approach	110,170	31,700	-	-	-	-	-	141,870
Fair value (level 3) – income approach	-	-	20,918,461	-	-	-	-	20,918,461
Fair value (level 3) – cost approach	-	-	-	1,806,006	202,907	143,379	4,253,438	6,405,730
	110,170	31,700	20,918,461	1,806,006	202,907	143,379	4,253,438	27,466,061
Accumulated depreciation	(50)	(645)	-	(211,141)	(178,439)	(129,649)	-	(519,924)
Accumulated impairment	(2,918)	(360)	-	-	-	-	-	(3,278)
	(2,968)	(1,005)	-	(211,141)	(178,439)	(129,649)	-	(523,202)
<b>At 30 June 2024 – net carrying amount</b>	<b>107,202</b>	<b>30,695</b>	<b>20,918,461</b>	<b>1,594,865</b>	<b>24,468</b>	<b>13,730</b>	<b>4,253,438</b>	<b>26,942,859</b>
<b>At 30 June 2025</b>								
Fair value (level 2) – market approach	114,616	32,373	-	-	-	-	-	146,989
Fair value (level 3) – income approach	-	-	23,333,412	-	-	-	-	23,333,412
Fair value (level 3) – cost approach	-	-	-	2,437,208	152,049	152,743	4,820,353	7,562,353
	114,616	32,373	23,333,412	2,437,208	152,049	152,743	4,820,353	31,042,754
Accumulated depreciation	(52)	(694)	-	(476,055)	(129,338)	(137,608)	-	(743,747)
Accumulated impairment	(2,826)	(360)	-	-	-	-	-	(3,186)
	(2,878)	(1,054)	-	(476,055)	(129,338)	(137,608)	-	(746,933)
<b>At 30 June 2025 – net carrying amount</b>	<b>111,738</b>	<b>31,319</b>	<b>23,333,412</b>	<b>1,961,153</b>	<b>22,711</b>	<b>15,135</b>	<b>4,820,353</b>	<b>30,295,821</b>
<b>Revalued assets based on cost model</b>								
Cost	34,127	27,420	26,478,539	778,938	-	-	-	-
Accumulated depreciation	(5,761)	(20,137)	(6,667,616)	(409,923)	-	-	-	-
Accumulated impairment	(6,656)	-	-	-	-	-	-	-
	(12,417)	(20,137)	(6,667,616)	(409,923)	-	-	-	-
<b>At 30 June 2025 – net carrying amount</b>	<b>21,710</b>	<b>7,283</b>	<b>19,810,923</b>	<b>369,015</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Market land and buildings	Leasehold property	System assets - infrastructure including system land	Service concession assets	Plant and equipment	Computer equipment	Work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 30 June 2023</b>								
Fair value (level 2) – market approach	138,176	31,701	-	-	-	-	-	169,877
Fair value (level 3) – income approach	-	-	19,403,386	-	-	-	-	19,403,386
Fair value (level 3) – cost approach	-	-	-	1,684,711	192,363	131,936	3,275,706	5,284,716
	138,176	31,701	19,403,386	1,684,711	192,363	131,936	3,275,706	24,857,979
Accumulated depreciation	(67)	(767)	-	(175,243)	(164,981)	(117,978)	-	(459,036)
Accumulated impairment	(3,413)	(361)	-	-	-	-	-	(3,774)
	(3,480)	(1,128)	-	(175,243)	(164,981)	(117,978)	-	(462,810)
<b>At 30 June 2023 – net carrying amount</b>	<b>134,696</b>	<b>30,573</b>	<b>19,403,386</b>	<b>1,509,468</b>	<b>27,382</b>	<b>13,958</b>	<b>3,275,706</b>	<b>24,395,169</b>
<b>At 30 June 2024</b>								
Fair value (level 2) – market approach	110,170	31,700	-	-	-	-	-	141,870
Fair value (level 3) – income approach	-	-	20,918,461	-	-	-	-	20,918,461
Fair value (level 3) – cost approach	-	-	-	1,806,006	202,907	143,379	4,253,438	6,405,730
	110,170	31,700	20,918,461	1,806,006	202,907	143,379	4,253,438	27,466,061
Accumulated depreciation	(50)	(645)	-	(211,141)	(178,439)	(129,649)	-	(519,924)
Accumulated impairment	(2,918)	(360)	-	-	-	-	-	(3,278)
	(2,968)	(1,005)	-	(211,141)	(178,439)	(129,649)	-	(523,202)
<b>At 30 June 2024 – net carrying amount</b>	<b>107,202</b>	<b>30,695</b>	<b>20,918,461</b>	<b>1,594,865</b>	<b>24,468</b>	<b>13,730</b>	<b>4,253,438</b>	<b>26,942,859</b>
<b>Revalued assets based on cost model</b>								
Cost	35,390	26,745	24,349,501	773,518	-	-	-	-
Accumulated depreciation	(5,455)	(19,237)	(6,356,521)	(394,858)	-	-	-	-
Accumulated impairment	(6,945)	-	-	-	-	-	-	-
	(12,400)	(19,237)	(6,356,521)	(394,858)	-	-	-	-
<b>At 30 June 2024 – net carrying amount</b>	<b>22,990</b>	<b>7,508</b>	<b>17,992,980</b>	<b>378,660</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## **(a) Asset classes**

The Corporation has the following asset classes forming property, plant and equipment:

### **System assets**

These are infrastructure assets that deliver water, wastewater, stormwater services and recycled water to customers through an integrated network of various asset categories. This class also includes system land and water meters. System land is land upon which the various system asset categories are located and which has no other alternative use.

### **Market land and buildings**

These are properties held and owned by the Corporation and that have potential for alternative use.

### **Leasehold property**

This is a property held by the Corporation under a 99-year lease.

### **Plant and equipment**

These are assets that comprise vehicles, office equipment and operating plant and machinery.

### **Computer equipment**

These are assets that comprise computer hardware, such as servers, desktop computers, laptops and other associated computer peripherals.

### **Service concession assets**

The Corporation as a public sector grantor engages private sector operators to provide public services using the Corporation's assets. The private sector operators must exercise managerial discretion over the specified term of the arrangements when providing the public services. The Corporation's assets identified in these arrangements are recognised as service concession assets (refer to note 6).

## **(b) Acquisitions and capitalisation**

Property, plant and equipment assets are recognised initially at the cost of acquisition, which includes costs directly attributable to bringing the relevant asset to the location and condition necessary for it to operate as intended.

Items costing \$5,000 or more individually and having a minimum expected working life of three years are capitalised. In the case of system (pipeline) asset categories that work together to form an entire network, all expenditures are capitalised regardless of cost.

For system assets constructed by the Corporation for its own use, the initial cost capitalised includes the cost of construction including direct labour, materials, contractors' services costs, inspection costs, capital support costs and borrowing costs. These costs are capitalised initially as work in progress and then reclassified as completed assets when the asset becomes operational.

Inspection costs are capitalised when incurred and are depreciated over the period until the next inspection. Restoration costs are also capitalised when a decision to decommission the asset has been made. This also gives rise to the recognition of a corresponding liability as a provision (refer to note 14(d)).

Where system assets are handed over by developers free of charge, they are initially recognised at fair value using the cost approach (refer to note 4(d)) based on an estimate of the sub-contractor's cost, which in effect represents their replacement cost as at the date of acceptance.

## **(c) Asset revaluations**

After initial recognition, each class of property, plant and equipment is stated at fair value less any accumulated depreciation and accumulated impairment losses. Adoption of the revaluation model, rather than the cost model, is required under NSW Treasury mandates for NSW public sector entities.

For system assets, market land and buildings, leasehold properties and service concession assets, remeasurement to fair value is undertaken by way of an asset revaluation. For these asset classes, revaluation increments are recognised in other comprehensive income and credited to an asset revaluation reserve within equity in the statement of financial position.

Plant and equipment, computer equipment and work in progress are not subject to revaluations as their carrying amounts closely approximate their fair value.

Where a revaluation decrement or an impairment loss reverses a previous revaluation increment within the asset revaluation reserve, the revaluation decrement or impairment loss is debited to that reserve until the original credit is extinguished. Any excess debit above the original credit is recognised as an expense in profit or loss.

Revaluation increments and decrements are offset against one another on an 'individual asset' basis.

For system assets (including right-of-use assets similarly classified), the 'individual asset' is considered to be the entire system asset network at the whole of entity level. This is because all the system asset categories work together as an integrated network to provide services to customers and to generate cash flows, rather than individually. For market land and buildings and the leasehold property (including right-of-use assets similarly classified), the 'individual asset' is considered to be each individual land parcel together with any building improvements on the land parcel.

When revaluing system assets, market buildings and leasehold property to fair value, any accumulated depreciation or amortisation is netted against the gross carrying amount and the resulting balance is then increased or decreased by the revaluation adjustment.

Upon disposal of assets that have been revalued, any asset revaluation reserve balance relating to the disposed assets is transferred to retained earnings.

**(d) Fair value approaches and hierarchy levels**

Fair value is defined as 'the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.' There are three approaches to calculating fair value:

- the market approach, where fair value is determined using prices and other relevant information generated by market transactions involving identical or comparable assets or groups of assets;
- the income approach, where fair value is determined by converting future cash flows to a single current (discounted) amount; and
- the cost approach, where fair value is determined by calculating the current replacement cost of an asset, which represents the amount that would be required currently to replace the service capacity of an asset.

Fair value measurement is classified into three levels of a hierarchy based on the inputs used:

- Quoted prices in active markets (level 1);
- Other observable inputs (level 2); and
- Unobservable inputs (level 3).

Due to the unique nature of the Corporation's property, plant and equipment assets, while level 2 observable inputs are considered, the inputs used to determine the fair value measurements also includes level 3 unobservable inputs. Hence the fair value measurements are considered level 3 valuations. This also applies to intangible assets (refer to note 7).

**(e) Fair value measurement of asset classes**

The relevant valuation technique used for each asset class of property, plant and equipment is as follows:

**System assets – income approach**

The income approach is used to value system assets, as there is generally no active market for assets of such a specialised nature. The income approach is considered more relevant to a market participant than the estimated depreciated current replacement cost of these assets.

The income approach calculates fair value using the stream of future net cash flows (discounted to their present value) from the whole, integrated network of system assets held by the Corporation. Determining fair value under this approach is highly dependent on the assumptions used to estimate the future net cash flows (refer note 4(f)).

The Corporation aligns its approach to determining the future cash flows with the pricing methodology applied by IPART. In addition to the cash flows for regulated assets under this approach, the Corporation's fair value calculations also include estimated cash flows from non-regulated assets, which are not included in IPART's methodology.

System assets are assessed as an integrated network because of the interdependent nature of their operations, and they are grouped at a whole of entity level because the IPART pricing methodology assesses future cash flows at that level.

The fair value of system assets is determined by initially calculating the total value of all the Corporation's assets that contribute to the generation of future cash flows. The fair value of system assets is then derived by deducting asset classes that are shown separately and have been valued (at fair value) using a market or cost approach.

**Market land and buildings, and leasehold property – market approach**

Fair value is measured based on valuations of the open market value of the property by independent valuers, after (where applicable) considering community expectations, government directives and heritage aspects concerning the future use of the property being valued.

Inputs to the valuations are sale prices of similar properties in the same or comparable localities, rental income and applicable lease terms. Where land is environmentally contaminated and the Corporation has an obligation to remediate the land, a separate provision is raised where reliable estimates of remediation costs have been determined. Estimates of the costs to sell are regarded as an impairment to the realisation of fair value and are deducted from the independent market valuations when determining their recoverable amount (as an impairment to fair value).

Independent comprehensive market valuations are obtained every three years unless market conditions necessitate an earlier valuation. During the interim years between comprehensive valuations, an index based valuation adjustment (determined by independent valuers) is applied to each property. Market land and buildings acquired between valuations are stated at directors' valuation for the reporting year and revalued at the next valuation date unless there is a specific need to obtain an independent valuation earlier. At each reporting date, a review of the property market is undertaken to see if there has been a material change in the fair values of market land and buildings since the revaluation date. Where there has been a material change, the carrying amounts in the statement of financial position are adjusted accordingly.

**Plant and equipment, computer equipment and work in progress – cost approach**

Depreciated historical cost is considered an acceptable surrogate for a market-based fair value for plant and equipment and computer equipment. Cost is considered the most accurate fair value measurement of assets under construction and within work in progress.

**Service concession assets - cost approach**

Service concession assets are measured at current replacement cost. Current replacement cost is estimated using the modern engineering equivalent replacement asset (MEERA) methodology and then depreciated via the straight-line method based on an assessment of useful lives and asset condition. This assessment is based on visual inspection of the asset and the review of asset condition records provided by the operator.

Independent replacement cost valuations are obtained once every five years. During the interim years between comprehensive valuations, an index based valuation adjustment (determined by independent valuers) is applied to each service concession asset. New service concession assets are subject to an independent replacement cost valuation.

## (f) Fair value model

A discounted cash flow model is used to determine the total fair value of all the Corporation's asset classes, including market land and buildings, leasehold property, system assets, plant and equipment, computer equipment, service concession assets and intangible assets (refer to note 7). Fair value is calculated based on discounting the future cash flows derived from the IPART methodology for regulated assets and including estimated cash flows from non-regulated assets. For the current reporting year, future revenues were estimated as follows:

- For future years for the Pricing Determination period from 1 October 2025 to 30 June 2030, the revenue requirement was based on the draft IPART 2025-30 Pricing Determination. IPART will issue the final Pricing Determination on 1 October 2025.
- For future years (after 30 June 2030), the methodology applied by IPART was used. This involves determining a regulatory asset base (RAB) for the purpose of calculating an 'annual revenue requirement', and therefore the future cash flows, that will be generated by the Corporation's assets. The 'annual revenue requirement' is the revenue needed to pay for the Corporation's investment in its assets ('return of' capital), obtain an investment return ('return on' capital) and pay for operating expenses. It also covers an allowance for a theoretical income tax amount and working capital.
- The final determination will be issued on 1 October 2025. There is a high probability that the draft 2025-30 Pricing Determination cash flow estimates that have been used in our fair value modelling will differ from those cash flows that will be derived using the cash flows based on the final IPART Pricing Determination.

The major assumptions used in the Corporation's fair value model are outlined below:

Assumptions	Approach used to determine fair value and impact on fair value measurement
<b>Discount rate</b>	Post-tax WACC 'nominal' discount rate of 5.90% (2024: 5.79%). The rate was determined after a market assessment of rate parameters. The asset value would decrease with an increase in the discount rate.
<b>Terminal value</b>	The terminal value has been determined based on a 1.0x multiple of the year 30 regulated asset base value.
<b>CPI rate for future years after the current 'Price Path'</b>	The RAB is escalated using a CPI rate of 2.50% (2024: 2.50%) for determining the annual revenue requirement beyond the current 'Price Path', for future years in the forecast after 30 June 2026. The asset value would increase/decrease with an increase/decrease in the CPI.
<b>Period of discounting</b>	The discounting incorporates cash flows over a 30-year (2024: 30-year) period and an estimate of 'terminal value' using the year 30 regulated asset base value.
<b>Service and usage revenue cash inflows</b>	<p>Estimates of future revenue earnings were drawn from the Corporation's long-term forecast Corporate Model and were based on:</p> <ul style="list-style-type: none"> <li>• IPART's draft 2025-30 Pricing Determination and expected earnings rates over succeeding pricing periods,</li> <li>• the RAB determined by IPART from the draft 2025-30 Pricing Determination and rolled forward thereafter, and</li> <li>• capital spending over the future forecast / discount period.</li> </ul> <p>The asset value would be higher if future revenue was higher.</p>
<b>Infrastructure contributions</b>	Infrastructure contributions to be charged for future years are excluded as these help the Corporation to recover the cost of its growth capital expenditure which in accordance with the requirements of the relevant accounting standard is excluded from the valuation model.
<b>Other non-regulated revenue cash inflows</b>	Cash flows from non-regulated recycled water assets are added to future regulated income streams. Investment and interest income are excluded. The asset value would be higher if non-regulated revenue (including developer charges on non-regulated recycled water assets) was higher.
<b>Operating expenditure cash outflows</b>	Operating expenditures were drawn from the draft Pricing Determination issued by IPART and the long-term forecast Corporate Model, excluding non-cash items such as depreciation and impairment expenses. The asset value would be higher if operating expenditure was lower than that incorporated into prices over the current 'Price Path' and no effect thereafter as it is assumed that operating expenditure would be fully funded ('passed through') in future IPART Pricing Determinations.
<b>Capital expenditure cash outflows</b>	Capital expenditure over the 30-year (2024: 30-year) forecast period. The asset value would be higher if capital expenditure was higher. Growth capital expenditure is excluded. The capital expenditure is sourced from IPART's draft 2025-30 Pricing Determination and for beyond 2030, from the long-term capital operating plan.
<b>Cash flows from franking credits</b>	Benefits accruing from franking credits that could accompany future dividends paid by the Corporation to a hypothetical investor (in the private sector) were included in future cash flows.

## Sensitivity analysis

Discount rate	Rate Applied %	If higher +0.2%	If lower -0.2%
Nominal post-tax rate	5.90%	6.10%	5.70%
Calculated fair value of property, plant and equipment including right-of-use assets (\$'000)	32,358,395	31,141,189	33,640,749
Resulting change (\$'000)		(1,217,206)	1,282,354

Estimated future service and usage revenue	Rate Applied %	If higher +1.0%	If lower -1.0%
2025-30 Pricing Determination	100%	101%	99%
Calculated fair value of property, plant and equipment including right-of-use assets (\$'000)	32,358,395	33,015,935	31,696,076
Resulting change (\$'000)		657,540	(662,319)

Terminal value based on multiple of year 30 regulatory asset base	Rate Applied x	If higher +0.05x	If lower -0.05x
Terminal value growth rate	1.00x	1.05x	0.95x
Calculated fair value of property, plant and equipment including right-of-use assets (\$'000)	32,358,395	33,050,201	31,666,589
Resulting change (\$'000)		691,806	(691,806)

## (g) Depreciation and amortisation

Items of property, plant and equipment (excluding freehold land) that are owned are depreciated or amortised on a straight-line basis over their estimated useful lives, making allowance where appropriate for residual values. The lives are reviewed annually, considering assessments of asset condition, commercial and technical obsolescence and expected normal wear and tear. Work in progress is not depreciated until the assets are brought into service and are available for use. The normal life expectancies of major asset classes and categories of property, plant and equipment when initially installed are as follows for 2025 and 2024:

	Number of Years
<b>System asset network categories:</b>	
Dams (non-catchment) and stormwater wetlands infrastructure	200
Canals, tunnels and weirs	100
Major pipelines (above ground)	140
Water mains, wastewater mains / aqueducts	55 to 150
Stormwater drains and basins	80 to 150
System buildings	20 to 50
Water, sewage and stormwater pumping stations	15 to 100
Reservoirs	15 to 150
Integrated control systems	3 to 15
Water meters	8 to 20
Right-of-use assets	Lease term
<b>Other classes:</b>	
Market buildings	20 to 40
Leasehold property	99
Plant and equipment	5 to 12
Computer equipment	3 to 15
Right-of-use assets (note 5)	Lease term
Service concession assets (note 6)	7 to 100

For wastewater gravity mains greater than 100mm in diameter, the hole/cavity component is considered to be non-depreciable as these mains are capable of being repeatedly re-lined in the future (rather than being entirely replaced through excavation) and hence only the pipe conduit component for these mains shown above under the category of wastewater mains is considered to be depreciable.

## (h) Impairment testing

At each reporting date, the carrying amount of property, plant and equipment assets is reviewed to determine whether there is an indication of impairment. If any indication of impairment exists, an estimate of the recoverable amount of the assets affected is made. Recoverable amount is determined as the higher of fair value less costs to sell, and value in use. Value in use is also determined by discounting future cash flows generated by the Corporation's assets using the IPART regulatory pricing methodology.

Impairment losses for a cash-generating unit taken as a whole are allocated to reduce the carrying amount of each asset in the cash-generating unit on a pro rata basis, except for those assets that have a separately determinable recoverable amount. The Corporation has a single cash-generating unit at the whole of entity level.

## Note 5. Right-of-use assets and lease liabilities

### Movements and carrying amounts of right-of-use assets

	Market land and buildings	System assets - infrastructure including system land	Plant and equipment	Computer equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2023 – net carrying amount	133,656	143,469	19,603	2,288	299,016
Additions	89,370	1,804,748	10,823	-	1,904,941
Remeasurements	(2,095)	5,561	544	-	4,010
Depreciation charge	(6,923)	(63,947)	(9,559)	(2,288)	(82,717)
<b>At 30 June 2024 – net carrying amount</b>	<b>214,008</b>	<b>1,889,831</b>	<b>21,411</b>	<b>-</b>	<b>2,125,250</b>
Additions	1,140	-	11,810	3,755	16,705
Remeasurements	739	7,145	1,587	-	9,471
Depreciation charge	(12,730)	(64,163)	(10,082)	(1,877)	(88,852)
<b>At 30 June 2025 – net carrying amount</b>	<b>203,157</b>	<b>1,832,813</b>	<b>24,726</b>	<b>1,878</b>	<b>2,062,574</b>

	Note	2025 \$'000	2024 \$'000
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### Carrying amounts of related lease liabilities

#### Current

Lease liabilities related to right-of-use assets	38,659	31,222
<b>Total current lease liabilities related to right-of-use assets</b>	<b>38,659</b>	<b>31,222</b>

#### Non-current

Lease liabilities related to right-of-use assets	2,123,292	2,150,437
<b>Total non-current lease liabilities related to right-of-use assets</b>	<b>2,123,292</b>	<b>2,150,437</b>
<b>Total lease liabilities related to right-of-use assets</b>	<b>2,161,951</b>	<b>2,181,659</b>

### Amounts recognised in profit or loss

Interest expense for lease liabilities related to right-of-use assets	2(a)	215,914	197,617
Depreciation charge – right-of-use assets	2(b)	88,852	82,717
Leases of low value assets expense	2(b)	15	15
Short-term lease expense	2(b)	2,255	2,053

### Amounts recognised in the statement of cash flows

Cash outflows for lease payments (within cash flows from financing activities)	45,924	54,414
Lease interest paid (within cash flows from operating activities)	215,914	197,617
<b>Total cash outflows for leases</b>	<b>261,838</b>	<b>252,031</b>

**(a) Types of right-of-use assets and related lease liabilities**

The Corporation has the following types of right-of-use assets and related lease liabilities:

**Sydney Desalination Plant (SDP) infrastructure lease**

The Greater Sydney Water Strategy (GSWS) was released in August 2022. The GSWS outlined a change for the use of SDP to meet the growing population needs of Greater Sydney. The intent is that SDP is used to produce additional drinking water to first contribute towards higher dam levels at the start of a future drought and to then slow down the rate of dam depletion during this future drought.

The Corporation is party to a set of arrangements with SDP Pty Ltd (the SDP owner). These arrangements include a water supply agreement to produce desalinated drinking water and a set of operating rules to govern the use of SDP in conjunction with the Corporation's infrastructure network. The operating rules were revised with effect from 1 July 2023 to reflect the GSWS objectives and to provide the Corporation with a greater degree of operational control over SDP. The impact of these revised arrangements is that the Corporation holds a lease agreement over SDP from 1 July 2023. The lease term covers the period 1 July 2023 to 30 June 2062. There is no option for extension.

The Corporation uses the rate implicit in the SDP lease arrangements (IRIL) of 10.897% to discount the future stream of cash flow payments to their net present value. The calculation of the IRIL incorporates an estimate of the residual value for SDP at the end of the lease term. This residual value estimate is based on SDP's Regulated Asset Base value as determined by IPART within its last pricing determination for SDP Pty Ltd.

**Property leases**

The Corporation leases properties to conduct its operations. Leases for these properties generally have terms of one to ten years' duration with option periods following, ranging up to 15 years. Where no option periods exist, it is necessary to negotiate a new lease with the owner, who has the right to require vacant possession. Where there are option periods, the option to continue occupation rests with the Corporation alone. The following factors are relevant when considering the option to extend the lease term:

- If any leasehold improvements are expected to have a significant remaining value, the Corporation is typically reasonably certain to extend; and
- The Corporation considers the historical lease durations, the costs and business disruption required to replace the leased properties.

Extension and termination options are included in most of the property leases. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the Corporation as lessee.

**Head office building**

The Corporation holds a lease agreement to use the property at 1 Smith Street, Parramatta as a head office. This lease agreement came into effect during May 2024, replacing the previous lease agreement for the same property.

The initial term for the current lease agreement is for ten years which is to end in May 2034. It is assumed the lease term will be extended by a further ten years to May 2044 as the Corporation is considered likely to exercise the two five-year options contained within the current lease agreement.

**Recycled water infrastructure lease**

The Corporation has a lease agreement to obtain recycled water from a plant that is owned and operated by an external party in the Rosehill/Camellia area. A lease arises for the Corporation in relation to the payments made to obtain the recycled water which is subsequently sold to a small number of foundation customers for industrial and irrigation purposes. The lease agreement is for a term of 20 years, extending to 2031-32. There is no option to extend.

**Computer equipment leases**

The Corporation holds two leases to rent server capacity at two NSW Government Data centre facilities. During the current financial year, the Corporation entered into two new leases for a term of two years to 2025-26 with no option to extend.

**Plant and other equipment**

The Corporation leases motor vehicles and other plant and equipment. These leases are predominantly for terms between two and five years. There is an option to extend the lease liability however these have not been included because the Corporation can replace the asset without significant cost, i.e., commence a new lease liability.

**Short-term leases and low-value leases**

The Corporation applied the short-term lease recognition exemption under AASB 16 *Leases* as mandated by NSW Treasury to its short-term leases (where lease term at commencement is 12 months or less and do not contain a purchase option). The Corporation also applied the lease of low-value assets recognition exemption under AASB 16 *Leases* as mandated by NSW Treasury to its leases considered to be low value (less than \$10,000). Lease payments on short-term leases and low value asset leases are recognised as an expense on a straight-line basis over the lease term.

## **(b) Recognition and measurement of right-of-use assets**

The Corporation as lessee recognises right-of-use assets and lease liabilities for most leases at commencement date of the lease term. This is the date the underlying lease assets are available for use. Right-of-use assets are initially measured at the amount of the related initial measurement of the lease liability. This amount is then adjusted for any lease payments made at or before the commencement date, any lease incentives received, initial direct costs incurred in relation to the lease and the estimated costs for dismantling and removing the right-of-use asset. Subsequent to initial recognition the right-of-use asset is measured using the cost model as per NSW Treasury mandate.

## **(c) Depreciation of right-of-use assets**

The right-of-use assets are depreciated on a straight-line basis over their lease term as this is considered to be shorter than the right-of-use assets' estimated useful lives. The normal life expectancy of these assets when initially installed is the lease term.

## **(d) Recognition and measurement of lease liabilities**

At the commencement date of the lease, the Corporation as lessee recognises lease liabilities related to right-of-use assets measured at the present value of lease payments to be made over the lease term. Lease payments include:

- Fixed payments less any lease incentives receivable;
- Variable lease payments that depend on an index or a rate;
- Amounts expected to be paid under residual value guarantees;
- The exercise price of any purchase options reasonably certain to be exercised by the Corporation; and
- Payments of penalties for terminating the lease, if the lease term reflects the Corporation exercising the option to terminate.

The lease payments are discounted using the interest rate implicit in the lease. Where this rate cannot be readily determined, which is generally the case for most of the Corporation's leases, the incremental borrowing rate of the Corporation is used instead. The incremental borrowing rate is the rate that the Corporation would have to pay to borrow the funds necessary to obtain a right-of-use asset of similar value and in a similar economic environment, with similar terms and conditions. This rate is then increased by the Government guarantee fee rate charged by NSW Treasury.

After the commencement date, the amount of lease liabilities is increased to reflect the accumulation of interest expense and reduced for the lease payments made. Lease payments are dissected into a principal portion and an interest portion, with the principal portion reducing the lease liability over time.

The carrying amount of the lease liabilities is also remeasured if there is a modification, a change in the lease term, a change in the lease payments due to a change in the CPI index or another index/rate used to determine such lease payments or a change in the assessment of an option to purchase the underlying asset.

Where the Corporation is exposed to potential future increases in variable lease payments based on the CPI index or another index/rate, these are not included within the lease liability until they take effect. When the adjustments take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

The lease agreements do not impose any covenants. The leased assets are not used as security for borrowing purposes. The Corporation also does not provide residual value guarantees in relation to leases.

The average incremental borrowing rate applied to new lease liabilities from 1 July 2024 was 5.92% (from 1 July 2023: 6.12%).

## **(e) Leases for where the Corporation is the lessor**

The Corporation as lessor classifies its leases as either operating or finance leases. The Corporation does not hold any finance leases as lessor.

**Note 6. Service concession assets and service concession liabilities**

The Corporation holds the following service concession arrangements as at 30 June 2025 and 30 June 2024:

Description	Blue Mountains sewage transfer scheme agreement	Water filtration plant agreements	Gerrigong Gerroa sewage treatment plant agreement	Bingara Gorge treatment plant
Name and description of the service concessions arrangements	The Corporation has a service concession arrangement for both the Corporation owned portion and the operator owned portion of a sewage tunnel in the Blue Mountains. This tunnel is used for the transfer of sewage to the Corporation's sewage treatment plant at Winmalee.	The Corporation has contractual arrangements with the owners of water filtration plants at Prospect, Macarthur, Illawarra, and Woronora for the filtration of bulk water.	The Corporation has a service agreement with an operator for the collection, transport and treatment of sewage using the Corporation's pumping stations, pipe networks and sewage treatment works. The treated sewage is then re-used as part of a dairy farm's operations.	The Corporation has a service agreement with the operator to take and treat wastewater from Bingara Gorge and Wilton Village. This will supply recycled water services for the Bingara and Wilton area and any excess flow sent to an effluent pond for irrigation of an adjacent golf course.
Terms of the arrangement	The term of the agreement is for 35 years and commenced in April 1996, with the Corporation having an option to extend to 50 years.	The term of the water filtration plant agreements are: <ul style="list-style-type: none"> <li>• Macarthur: 1 March 2011 to 8 September 2030.</li> <li>• Illawarra and Woronora: 1 October 2015 – 30 November 2036.</li> <li>• Prospect: 1 Jul 2016 – 30 November 2035.</li> </ul>	The term of the agreement is for 34 years and will end on 30 November 2036.	The term of the agreement is for 13 years and will end on 30 March 2028.
Rights and obligations	A tariff is payable to the legal owner, separated into principal and interest, and the legal title of the asset will transfer to the Corporation at the end of the agreement. The tariff component includes both a service and capital component, with the latter giving rise to a service concession liability.	A tariff is payable to the legal owner, separated into principal and interest, and the legal title of the asset will transfer to the Corporation at the end of the agreement. The tariff component includes both a service and capital component, with the latter giving rise to a service concession liability.	A tariff is payable to the operator for the operations and maintenance of the Corporation's plant. The tariff component includes only a service concession liability for this service concession asset.	A tariff is payable to the operator for the operations and maintenance of the Corporation's plant. The tariff component includes only a service concession liability for this service concession asset.
Frequency of payments	Quarterly.	Monthly.	Monthly.	Monthly.
Changes in arrangements that occurred during FY24	No changes.	The Corporation arranged a new concession for plant and equipment for \$0.235 million for the Macarthur water filtration plant. This concession was paid during the year.	No changes.	No changes.
Changes in arrangements that occurred during FY25	No changes.	No changes.	No changes.	No changes.

## Carrying amounts of service concession assets

	Note	2025 \$'000	2024 \$'000
Blue Mountains Sewage Tunnel - owned by Corporation		590,574	583,693
Blue Mountains Sewage Tunnel - owned by operator		458,521	437,923
Water filtration plants		808,049	471,696
Gerrigong Gerroa Sewage treatment plant		85,504	82,918
Bingara Gorge treatment plant		18,505	18,635
<b>Total service concession assets</b>	<b>4</b>	<b>1,961,153</b>	<b>1,594,865</b>

### (a) Recognition and measurement of service concession assets

The Corporation will recognise the service concession asset when it obtains control over the underlying asset. Control arises if the following conditions are present:

- The Corporation as the grantor controls or regulates what services the operator must provide with the service concession asset, to whom it must provide the services and the related price, and either;
- The Corporation as the grantor controls through ownership, beneficial entitlement or other factors, a significant residual interest in the service concession asset at the end of the term of the service concession arrangement; or
- The service concession arrangement requires that the service concession asset is used for its entire economic life.

Service concession assets are initially recognised at current replacement cost based on the principles set out within AASB 13 *Fair Value Measurement*.

Where the asset is an existing asset of the Corporation, the asset is reclassified as a service concession asset and remeasured at current replacement cost at the date of the reclassification. Any difference between the previous carrying amount and current replacement cost is recognised as if it were a revaluation of the asset.

Subsequent to initial recognition, the service concession asset is measured at current replacement cost less depreciation and any impairments.

At the end of the service concession arrangement term, the Corporation will reclassify the service concession arrangement to the appropriate asset class. The fair value reverts from current replacement cost to the appropriate approach to determining fair value by asset class. The asset is only derecognised when the Corporation ceases to control the asset.

## Note 7. Intangible assets

### Movements and carrying amounts

	Computer software \$'000	Easements and other rights of access \$'000	Work in progress \$'000	Total \$'000
At 1 July 2023 – net carrying amount	306,879	16,234	104,170	427,283
Additions to work in progress	-	-	103,503	103,503
Additions transferred from work in progress	49,654	-	(49,654)	-
Reclassifications to property, plant and equipment	-	-	(6,690)	(6,690)
Impairment (losses)/losses reversed or revaluation (decrements)/increments recognised in profit or loss	-	358	-	358
Amortisation charge	(69,187)	-	-	(69,187)
<b>At 30 June 2024 – net carrying amount</b>	<b>287,346</b>	<b>16,592</b>	<b>151,329</b>	<b>455,267</b>
Additions to work in progress	-	-	67,680	67,680
Additions transferred from work in progress	55,541	-	(55,541)	-
Reclassifications from property, plant and equipment	-	-	15,067	15,067
Impairment (losses)/losses reversed or revaluation (decrements)/increments recognised in profit or loss	-	412	-	412
Amortisation charge	(62,615)	-	-	(62,615)
<b>At 30 June 2025 – net carrying amount</b>	<b>280,272</b>	<b>17,004</b>	<b>178,535</b>	<b>475,811</b>

	Computer software \$'000	Easements and other rights of access \$'000	Work in progress \$'000	Total \$'000
<b>At 1 July 2024</b>				
Cost	975,009	-	151,329	1,126,338
Fair value (level 3) – income approach	-	16,592	-	16,592
	<b>975,009</b>	<b>16,592</b>	<b>151,329</b>	<b>1,142,930</b>
Accumulated amortisation	(687,663)	-	-	(687,663)
	(687,663)	-	-	(687,663)
<b>At 1 July 2024 – net carrying amount</b>	<b>287,346</b>	<b>16,592</b>	<b>151,329</b>	<b>455,267</b>
<b>At 30 June 2025</b>				
Cost	1,030,550	-	178,535	1,209,085
Fair value (level 3) – income approach	-	17,004	-	17,004
	<b>1,030,550</b>	<b>17,004</b>	<b>178,535</b>	<b>1,226,089</b>
Accumulated amortisation	(750,278)	-	-	(750,278)
	(750,278)	-	-	(750,278)
<b>At 30 June 2025 – net carrying amount</b>	<b>280,272</b>	<b>17,004</b>	<b>178,535</b>	<b>475,811</b>
	Computer software \$'000	Easements and other rights of access \$'000	Work in progress \$'000	Total \$'000
<b>At 1 July 2023</b>				
Cost	925,355	-	104,170	1,029,525
Fair value (level 3) – income approach	-	16,234	-	16,234
	<b>925,355</b>	<b>16,234</b>	<b>104,170</b>	<b>1,045,759</b>
Accumulated amortisation	(618,476)	-	-	(618,476)
	(618,476)	-	-	(618,476)
<b>At 1 July 2023 – net carrying amount</b>	<b>306,879</b>	<b>16,234</b>	<b>104,170</b>	<b>427,283</b>
<b>At 30 June 2024</b>				
Cost	975,009	-	151,329	1,126,338
Fair value (level 3) – income approach	-	16,592	-	16,592
	<b>975,009</b>	<b>16,592</b>	<b>151,329</b>	<b>1,142,930</b>
Accumulated amortisation	(687,663)	-	-	(687,663)
	(687,663)	-	-	(687,663)
<b>At 30 June 2024 – net carrying amount</b>	<b>287,346</b>	<b>16,592</b>	<b>151,329</b>	<b>455,267</b>

## (a) Asset classes

Intangible assets are identifiable non-monetary assets without physical substance. The Corporation has the following asset classes forming intangible assets:

### Computer software

Computer software that is not an integral part of any related hardware is classified as an intangible asset. Software that is an integral part of related hardware is incorporated within the relevant class of physical assets, such as computer equipment or system assets under property, plant and equipment.

### Cloud computing arrangements

Cloud computing arrangements provide the Corporation with the right to access the cloud provider's application software over the term of the arrangement. The Corporation does not receive a software intangible asset at the commencement of the term of the arrangement. A right to receive future access to the cloud provider's application software does not give the Corporation as a customer the right to obtain the future economic benefits flowing from the cloud application software itself and to restrict others from accessing these benefits.

Costs incurred for the development of software code that enhances, modifies or creates an additional capability for existing on premise systems are classified as an intangible software asset where the Corporation has the right to obtain the future economic benefits flowing from the software development and can restrict others from accessing those future economic benefits. Configuration and customisation costs associated with cloud computing arrangements is only capitalised where the Corporation satisfies the definition of control.

### Easements and other rights of access

Easements or licences are entered into to allow the Corporation to access system assets situated on or under land owned by other parties.

## (b) Acquisition and capitalisation

Intangible assets are capitalised initially at cost. Costs incurred on incomplete intangible assets that are being progressively acquired are recognised as work in progress at the reporting date. These assets are reclassified as completed intangible assets when the assets are fully acquired and are operational or available for use.

## (c) Measurement of asset classes

The relevant valuation technique used for each asset class of intangible assets is as follows:

### Computer software – cost approach

The fair value of computer software is based on the cost approach as it is considered that there is no active market that can be referenced to obtain a market-based fair value. In this case, amortised historical cost is considered an acceptable surrogate for depreciated replacement cost under the cost approach.

### Easements and other rights of access – income approach

The fair value of easements and other rights of access is determined using the income approach as part of the fair value model used for system assets, as the easements are directly related to those assets (refer to notes 4(e) and 4(f)). Easements and other rights of access are included in the calculation of the fair value of the system assets. Any valuation adjustment that is applied to system assets is also applied to easements and other rights of access.

## (d) Amortisation

Computer software has a finite life and accordingly it is amortised on a straight-line basis over its expected useful life.

Easements have indefinite lives, as there is no finite period over which their use is fully consumed, and so they are not amortised. Other rights of access that have a defined licensing period are amortised over that period on a straight-line basis.

Easements are only derecognised when a management decision has been made to relocate the relevant system asset component and the need for the easement no longer exists.

Work in progress intangible assets with finite lives are not amortised until the assets are brought into service and are available for use.

The normal life expectancies of intangible asset classes are as follows:

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Intangible assets subject to amortisation	Number of Years
Computer software	3 to 15

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**Note 8. Non-current assets classified as held-for-sale**

	2025	2024
	\$'000	\$'000
<b>Non-current assets held-for-sale:</b>		
Land and buildings	28,060	73,473
<b>Total non-current assets held-for-sale</b>	<b>28,060</b>	<b>73,473</b>

Non-current assets held for sale consist of land and buildings identified by the Corporation as no longer required for the provision of services to our customers. The land and buildings are the subject of an active sales campaign and are expected to be sold within the next 12 months.

## Working capital management

### Note 9. Cash and cash equivalents

#### (a) Balances at the reporting date

##### Carrying amounts

	2025 \$'000	2024 \$'000
Cash at bank	42,881	8,013

#### Recognition and measurement

Cash and cash equivalents in the statement of financial position comprise cash at bank and short-term deposits with a maturity period of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The Corporation does not hold any cash equivalents (2024: nil).

#### Cash balance not recognised

Under the terms of an agreement between City of Parramatta Council (Council) and the Corporation, the Corporation is contributing to the overall development of the Civic Place public domain at Parramatta. At the reporting date, an amount of \$4.296 million (2024: \$4.124 million) is currently placed in an interest-bearing bank account administered by the Corporation in accordance with the agreement. The balance of cash in this bank account has not been recognised by the Corporation as an asset because officers of Council are also signatories to the account and restrict its use so that the cash is not able to be used for any other purpose by the Corporation. Funds can only be released from the bank account when Council provides to the Corporation certification of public domain works procured by Council in relation to the Civic Place development. At that time, the Corporation must hand over to the Council 14.3 per cent of the certified value of the public domain work completed. The bank account is expected to be closed during the next financial year. Any funds remaining unexpended in the bank account as at the end of the agreement will be transferred to Council as a contribution.

#### (b) Notes to the statement of cash flows

	Note	2025 \$'000	2024 \$'000
<b>Reconciliation of profit to net cash flows from operating activities</b>			
<b>Profit for the year</b>		<b>374,509</b>	<b>335,295</b>
<b>Adjustments for:</b>			
Gain on disposal of property, plant and equipment	1(b)	(3,869)	(845)
Loss on disposal of property, plant and equipment	2(b)	26,028	12,556
Developer contributions – monetary	1(a)	(169,008)	(4,045)
Developer contributions – non-monetary	1(a)	(236,222)	(199,956)
Depreciation and amortisation	2(b)	521,009	500,897
Amortisation of deferred discounts on loans	2(a)	121,069	50,353
Indexation of CPI bonds	2(a)	32,773	68,598
Impairment loss (reversed) for property, plant and equipment	2(b), 4	8,914	26,459
Impairment loss (reversed) for intangible assets	2(b), 7	(412)	(358)
<b>Net movement in statement of financial position items applicable to operating activities:</b>			
Other current assets		439	2,364
Trade and other receivables		(121,042)	(8,038)
Trade and other payables		55,249	(26,740)
Provisions		46,644	9,614
Income tax assets and liabilities		56,974	146,205
Deferred Government grants		(143)	250
Inventories		(233)	(2,870)
<b>Net cash flows from operating activities</b>		<b>712,679</b>	<b>909,739</b>

**(c) Non-cash financing and investing activities**

Assets handed over at no cost by developers and the acquisition and remeasurements of right-of-use assets are not included in the statement of cash flows as these are regarded as non-cash.

The amount capitalised during the current financial year relating to the assets received at no cost from developers (non-monetary developer contributions) was \$236.222 million (2024: \$199.956 million) (refer to note 1(a) and note 4).

The amount capitalised during the current financial year relating to the acquisition of right-of-use assets (refer to note 5) was \$16.705 million (2024: \$1,904.941 million). The remeasurements of leases amounted to an increase in assets of \$9.471 million (2024: an increase in assets \$4.010 million).

**(d) Reconciliation of changes in liabilities arising from financing activities (from cash flows and non-cash flows)**

	<b>Borrowings - NSW Treasury Corporation \$'000</b>	<b>Lease liabilities related to right- of-use assets \$'000</b>	<b>Service concession liabilities \$'000</b>	<b>Dividends payable \$'000</b>	<b>Total \$'000</b>
<b>Balance at 1 July 2023</b>	12,899,703	328,262	526,950	100,000	13,854,915
Cash flows	1,245,829	(54,414)	(39,847)	(100,000)	1,051,568
Non-cash acquisition	-	1,904,941	-	-	1,904,941
Non-cash amortisation of deferred premiums	50,353	-	-	-	50,353
Non-cash indexation of CPI indexed loans	68,598	-	-	-	68,598
Remeasurements of liabilities	-	2,870	(2,631)	-	239
Dividends payable	-	-	-	170,000	170,000
<b>Balance at 1 July 2024</b>	<b>14,264,483</b>	<b>2,181,659</b>	<b>484,472</b>	<b>170,000</b>	<b>17,100,614</b>
Cash flows	2,354,021	(45,924)	(45,472)	(170,000)	2,092,625
Non-cash acquisition	-	16,705	-	-	16,705
Non-cash amortisation of deferred premiums	121,069	-	-	-	121,069
Non-cash indexation of CPI indexed loans	32,773	-	-	-	32,773
Remeasurements of liabilities	-	9,511	(2,136)	-	7,375
Dividends payable	-	-	-	245,000	245,000
<b>Balance at 30 June 2025</b>	<b>16,772,346</b>	<b>2,161,951</b>	<b>436,864</b>	<b>245,000</b>	<b>19,616,161</b>

## Note 10. Trade and other receivables

### (a) Balances at the reporting date

#### Carrying amounts

	2025 \$'000	2024 \$'000
<b>Current assets</b>		
<b>Trade receivables from contracts with customers</b>		
Outstanding service availability and usage charges	178,213	139,317
Loss allowance	(3,571)	(1,191)
	174,642	138,126
Accrued unbilled usage charges on unread meters:		
Water	220,053	227,872
Wastewater	46,456	38,806
Other	2,052	2,015
	268,561	268,693
Other trade debtors	105,912	16,622
Loss allowance	(100)	(100)
	105,812	16,522
<b>Total trade receivables from contracts with customers</b>	<b>549,015</b>	<b>423,341</b>
<b>Other receivables</b>		
Reimbursement receivable –stabilisation works	77,091	-
Other debtors and accrued revenue	35,996	20,709
Prepayments	25,590	27,338
<b>Total other receivables</b>	<b>138,677</b>	<b>48,047</b>
<b>Total current trade receivables from contracts with customers and other receivables</b>	<b>687,692</b>	<b>471,388</b>
<b>Non-current assets</b>		
Non-current receivable held with Biodiversity Conservation Trust	3,415	3,311
Reimbursement receivable –stabilisation works	6,890	-
	<b>10,305</b>	<b>3,311</b>

### Recognition and measurement

#### Trade and other receivables

Trade and other receivables are amounts receivable for services to customers prior to the end of the financial year and that are yet to be collected. Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price. The Corporation holds the trade and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

#### Accrued unbilled charges

Accrued unbilled usage charges on unread meters comprises estimates for accrued revenue for water usage, sewer usage, trade waste and recycled water charges where meters have not been read as at the reporting date. The Corporation estimates the accrual based on consumption data and other inputs. These charges are billed to customers with actual consumption once meters are read. The estimation is inherently uncertain due to the continuous consumption of water and the time delay in water meter readings and billings to the customer (generally one quarter in arrears to consumption). Consumption patterns also vary between customers and seasons, adding estimation complexity. Outstanding trade receivables for service availability and usage charges are required to be settled within 21 days. Other trade debtors are generally required to be settled within 14 days. All other current receivables are expected to be realised within 12 months of the reporting date.

**Reimbursement receivable –stabilisation works**

The Corporation has a reimbursement receivable to cover the cost of stabilisation works at Boundary Creek, Penrith as per a court order. The reimbursement receivable was confirmed by and is held with the Corporation's insurer, Insurance and Care NSW (refer to note 14(d)).

**Receivable held with the Biodiversity Conservation Trust**

The non-current receivable represents a portion of the proceeds from sale of the Corporation's biodiversity offset credits that will be used to help meet the Corporation's obligations to protect its biodiversity stewardship sites (refer to notes 11 and 14(d)). The proceeds from sale are held with the Biodiversity Conservation Trust (a NSW Government agency).

**(b) Ageing analysis of trade receivables from contracts with customers**

	Gross Amount	Allowance for Impairment	Net amount	Gross Amount	Allowance for Impairment	Net amount
	2025	2025	2025	2024	2024	2024
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Outstanding service and usage charges</b>						
Not past due	89,746	-	89,746	50,062	-	50,062
Past due 22 - 30 days	6,645	-	6,645	6,873	-	6,873
Past due 31 - 60 days	17,493	-	17,493	21,915	-	21,915
Past due 61 - 90 days	8,391	-	8,391	8,177	-	8,177
Past due 91 - 180 days	13,608	-	13,608	13,039	-	13,039
Past due 181 - 365 days	14,364	-	14,364	13,947	-	13,947
Past due > 365 days	27,966	(3,571)	24,395	25,304	(1,191)	24,113
	<b>178,213</b>	<b>(3,571)</b>	<b>174,642</b>	<b>139,317</b>	<b>(1,191)</b>	<b>138,126</b>
<b>Other trade debtors</b>						
Not past due	76,809	-	76,809	6,306	-	6,306
Past due 15 - 30 days	18,572	-	18,572	1,588	-	1,588
Past due 31 - 60 days	-	-	-	1,080	-	1,080
Past due 61 - 90 days	-	-	-	221	-	221
Past due 91 - 180 days	4,892	-	4,892	3,943	-	3,943
Past due 181 - 365 days	4,614	-	4,614	2,732	-	2,732
Past due > 365 days	1,025	(100)	925	752	(100)	652
	<b>105,912</b>	<b>(100)</b>	<b>105,812</b>	<b>16,622</b>	<b>(100)</b>	<b>16,522</b>

All other balances within trade receivables and other receivables are not past due and are expected to be realised at the amounts carried in the statement of financial position when due.

**(c) Movement in loss allowance****Movements**

	Outstanding service and usage charges		Other trade debtors		Total	
	2025	2024	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at beginning of the year	(1,191)	(372)	(100)	(546)	(1,291)	(918)
Charge for (loss allowance)	(2,433)	(895)	-	(74)	(2,433)	(969)
Amounts written off	53	76	-	520	53	596
<b>Carrying amount at end of the year</b>	<b>(3,571)</b>	<b>(1,191)</b>	<b>(100)</b>	<b>(100)</b>	<b>(3,671)</b>	<b>(1,291)</b>

The Corporation applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables (refer to note 19(b)).

## Note 11. Other current assets

### Carrying amounts

	2025 \$'000	2024 \$'000
Inventories – at cost	39,064	33,932
Greenhouse trading certificates – at fair value	70	363
Biodiversity offset credits – at fair value	1,897	2,042
<b>Total other current assets</b>	<b>41,031</b>	<b>36,337</b>

### Recognition and measurement

#### Inventories

Inventories include a variety of items on hand including stock, stores and materials for operational and maintenance purposes. These items have been measured by actual count or weight and are valued at cost or net realisable value using the 'weighted average' basis of valuation for the purposes of determining cost. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale. The closing balance of the provision for slow moving and obsolete inventory at the end of the financial year is \$4.889 million (2024: \$9.788 million).

Water that resides in the Corporation's infrastructure assets at the reporting date is not recognised as inventory. This water is under the control of the Department of Climate Change, Energy, the Environment and Water NSW.

## Note 12. Trade and other payables

### Carrying amounts

	2025 \$'000	2024 \$'000
<b>Current</b>		
Trade payables	152,148	121,698
Non-trade payables	61,438	51,954
Income in advance	50,754	45,812
Government guarantee fee payable	2(a) 193,653	193,061
Interest expense payable	109,446	83,070
Accrued expenses	336,893	318,662
Compulsory land acquisition payable	34,696	299,800
<b>Total trade and other payables</b>	<b>939,028</b>	<b>1,114,057</b>

### Recognition and measurement

Trade accounts payable and accrued expenses (other than for interest on loans and the Government guarantee fee) are normally settled within 30 days. Accrued interest on loans and advances is generally payable within a maximum period of six months. Other non-trade payables are payable at various times throughout the financial year. Trade and other payables are not secured against the assets of the Corporation. Trade accounts payable and accrued expenses are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

#### Compulsory land acquisition

The Corporation compulsorily acquired land at Camellia in the previous financial year and recognised an accrual for the purchase price based on an external valuation at \$299.800 million.

During the current financial year, the Valuer General determined the final purchase price payable at \$346.961 million. A compensation notice was issued to the previous landowner who then subsequently raised an objection and commenced court proceedings. The Corporation was required to pay 90% of the Valuer General determined valuation within 28 days after notice of commencement of court proceedings. An amount of \$312.265 million was paid to the previous landowner during the current financial year. The remaining 10% of the Valuer General determined valuation of \$34.696 million remains accrued for until a court judgment is delivered.

## Debt Management

### Note 13. Borrowings and other financial liabilities

#### Carrying amounts

	2025 \$'000	2024 \$'000
<b>Current</b>		
<b>Borrowings:</b>		
Come and Go borrowings – NSW Treasury Corporation	173,500	124,500
<b>Other financial liabilities</b>		
Service concession liabilities	48,539	45,998
<b>Total current borrowings and other financial liabilities</b>	<b>222,039</b>	<b>170,498</b>
<b>Non-current</b>		
<b>Borrowings:</b>		
Long-term borrowings – NSW Treasury Corporation	16,598,846	14,139,983
<b>Other financial liabilities</b>		
Service concession liabilities	388,325	438,474
<b>Total non-current borrowings and other financial liabilities</b>	<b>16,987,171</b>	<b>14,578,457</b>
<b>Total borrowings</b>	<b>16,772,346</b>	<b>14,264,483</b>
<b>Total service concession liabilities</b>	<b>436,864</b>	<b>484,472</b>

#### Recognition and measurement

##### (a) Borrowings

Interest-bearing borrowings obtained by the Corporation from NSW Treasury Corporation are recognised initially at the fair value of the consideration received, which incorporates any transaction costs associated with the borrowings. Subsequent to initial recognition, they are stated at amortised cost using the effective interest method. This includes capital indexed bonds whose carrying amount is restated at each reporting date by way of an indexation adjustment based on CPI. Amortised cost is calculated by considering any differences between the initial fair value and the final redemption value of the borrowings, such as discounts or premiums. These differences are amortised to profit or loss as part of finance costs over the period of the borrowings on an effective interest basis. Indexation adjustments on CPI indexed loans are also recognised as part of finance costs in profit or loss.

Interest-bearing borrowings are classified as current liabilities only if the borrowing is due to be settled within 12 months after the reporting date and there is no right on the part of the Corporation to roll over the obligation on a long-term basis with the respective lender. All other interest-bearing borrowings are classified as non-current liabilities, including those in which the Corporation has the right to roll over the borrowings for at least 12 months after the reporting date even if they are due to mature within a shorter period.

The agreement with NSW Treasury Corporation for the short-term and long-term borrowing facilities defines an event of default to include:

- failure by the Corporation to pay any amount due under the loan agreement within 7 days of written notice from NSW Treasury Corporation; or
- ceasing to hold a valid approval under the *Government Sector Finance Act 2018*.

The Corporation met all covenant requirements as at 30 June 2025.

##### (b) Service concession liabilities

Where the Corporation as grantor recognises a service concession asset (refer to note 6), it shall also recognise a service concession liability owed to the owner or operator. The exception to recognition of a service concession liability is when the service concession asset is only recognised as a result of a reclassification from another property, plant and equipment asset class or from intangible assets and there is no additional consideration provided by the owner or operator.

The fair value of the service concession liabilities has been determined as the present value of the payments to be made under the service concession arrangements that represent repayments of the service concession liability. The repayments have been discounted

per NSW Treasury mandate using the incremental borrowing rate of the Corporation. This is the rate that the Corporation would have to pay to borrow the funds necessary to obtain a service concession asset of similar value in a similar economic environment and with similar terms and conditions. This rate is then increased by the amount of the Government guarantee fee rate charged by NSW Treasury. Payments by Sydney Water to the operators under the service concession arrangements are, in accordance with their substance, allocated between repayments of the service concession liability and charges for services provided by the operator. Charges for services provided by the operator in respect of the service concession are expensed as the services are delivered.

After initial recognition, the amount of the service concession liabilities is increased to reflect the accumulation of interest expense and is reduced for the service concession liability repayments made.

Service concession liabilities comprise liabilities for the Corporation's obligations under the Blue Mountains sewage transfer scheme agreement and the water filtration plant agreements (refer to note 6).

### (c) Borrowing facilities

The Corporation holds the following borrowing facilities as at 30 June:

Financing facilities	Utilised 2025 \$'000	Not Utilised 2025 \$'000	Total Facility 2025 \$'000	Utilised 2024 \$'000	Not Utilised 2024 \$'000	Total Facility 2024 \$'000
Transaction negotiation authority facility	-	110,000	110,000	-	110,000	110,000
Purchase credit card facility	232	468	700	284	1,216	1,500
Guarantee facility	21,300	8,700	30,000	21,300	8,700	30,000
Come and Go short-term borrowing facility	173,500	176,500	350,000	124,500	125,500	250,000
Long-term borrowing facility	16,598,846	1,301,154	17,900,000	14,139,983	1,860,017	16,000,000
	<b>16,793,878</b>	<b>1,596,822</b>	<b>18,390,700</b>	<b>14,286,067</b>	<b>2,105,433</b>	<b>16,391,500</b>

#### Transaction Negotiation authority

The Corporation holds a transaction negotiation authority facility with Westpac. An authority is provided to Westpac to draw funds from the nominated bank accounts up to the value of the agreed limits. This allows payments to creditors and employees regardless of the available funds in the nominated bank accounts.

#### Purchase credit card facility

The Corporation holds a purchase credit card facility with Citi.

#### Guarantee facility

The Corporation has the NSW Treasurer's approval for obtaining a total guarantee facility from either the Corporation's corporate banker, NSW Treasury Corporation or a combination of both. This facility is predominantly used by the Corporation to provide a guarantee to Insurance and Care NSW in respect of the Corporation's remaining self-insurance workers' compensation liability. The facility can also be used from time to time whenever a guarantee is required, in lieu of security deposits, under contractual arrangements with external parties.

#### Come and Go short-term borrowing facility

The Corporation has a Come and Go short-term borrowing facility in place with NSW Treasury Corporation. The facility is used extensively as part of the Corporation's daily cash management function.

#### Long-term borrowing facilities

The Corporation has the NSW Treasurer's approval to obtain long-term borrowing facilities from NSW Treasury Corporation. The Corporation cannot borrow in its own name from the market without the NSW Treasurer's approval. Accordingly, both new loans and the refinancing of maturing loans are arranged via NSW Treasury Corporation.

NSW Treasury Corporation loans are negotiated with either a floating interest rate, in which case the rate is reset periodically, or at a fixed rate where interest is paid half-yearly in arrears or on maturity.

NSW Treasury Corporation also provides CPI indexed loans and resettable loans to the Corporation. CPI indexed loans are either restated by an indexation adjustment based on CPI on a quarterly basis, or they require payment of the CPI indexation semi-annually along with the interest payment. Resettable loans are loans where the interest rate resets in line with the regulatory Pricing Determination period. These loans are usually refinanced at maturity. Fixed rate loans currently have maturities up to 16 years (2024: 17 years) for the Corporation. CPI indexed loans have a maximum term to maturity of 10 years to 2035 (2024: 11 years to 2035). None of these facilities are secured against the assets of the Corporation.

## Other liabilities

### Note 14. Provisions

#### Carrying amounts

	2025 \$'000	2024 \$'000
<b>Current</b>		
<b>Short-term provisions:</b>		
Annual leave	44,374	42,851
Rostered day off	2,364	-
Termination benefits	2,376	9,271
Employee benefits on-costs	2,630	2,841
<b>Total short-term provisions</b>	<b>51,744</b>	<b>54,963</b>
<b>Current portion of long-term provisions:</b>		
Long service leave	108,396	95,219
Employee benefits on-costs	5,188	5,189
Superannuation	104	996
Workers' compensation self-insurance	1,401	2,392
General insurance	2,538	1,334
Restoration of leased premises	-	57
Stabilisation works	42,891	-
Biodiversity management action plan	184	-
Restoration costs from decommissioning and maintaining system assets	7,762	7,853
Hardship applications	48,767	65,118
<b>Total current portion of long-term provisions</b>	<b>217,231</b>	<b>178,158</b>
<b>Total current provisions</b>	<b>268,975</b>	<b>233,121</b>
<b>Non-current</b>		
<b>Long-term provisions:</b>		
Employee benefits for long service leave	14,534	12,275
Employee benefits on-costs	1,107	669
Post-employment benefits from superannuation	391,676	392,746
Workers' compensation self-insurance	14,161	14,330
General insurance	3,563	1,649
Restoration of leased premises	3,255	2,675
Stabilisation works	6,674	-
Restoration costs from decommissioning and maintaining system assets	7,804	7,287
Biodiversity management action plan	3,805	4,271
<b>Total non-current provisions</b>	<b>446,579</b>	<b>435,902</b>
<b>Employee benefits and related on-costs</b>		
Employee benefits – current	155,134	138,070
Employee benefits on-costs – current	7,818	8,030
Employee benefits – non-current	14,534	12,275
Employee benefits on-costs – non-current	1,107	669
<b>Aggregate employee benefits and related on-costs</b>	<b>178,593</b>	<b>159,044</b>

The annual leave and the unconditional entitlements to long service leave (where employees have completed the required period of service or where employees are entitled to pro-rata payments in certain circumstances) are presented as current liabilities. The Corporation does not have an unconditional right to defer settlement for any of these obligations. However, based on experience, the Corporation does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

The Corporation expects to make payments totalling \$35.657 million (2024: \$34.433 million) for annual leave, and payments totalling \$28.345 million (2024: \$24.899 million) for long service leave in the next financial year. All other provisions under current liabilities are expected to be paid in the next financial year for the amount recognised.

## **Recognition and measurement**

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

If the obligation is to be settled greater than 12 months after the reporting date and the effect is material, a provision is determined by discounting the expected future cash flows required to settle the obligation at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. This is usually the risk-free rate on Government bonds that most closely matches the timing of the expected future payments, except where noted below. If the obligation is due to be settled less than 12 months after the reporting date, the provision is stated at the best estimate available and is not discounted.

### **(a) Employee benefits provisions**

#### **Short-term employee benefits**

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled less than 12 months after the reporting date in which the employees render the related service. They include wages, salaries, annual leave and rostered day off. All short-term employee benefits that are payable at the reporting date are measured on an undiscounted basis at the nominal amount expected to be paid. Liabilities for wages and salaries are included within trade and other payables (refer to note 12).

#### **Termination benefits**

Termination benefits for the Corporation refers specifically to redundancy benefits payable to employees as a result of organisational restructures. Provisions for restructuring are recognised only when the Corporation has a detailed formal plan and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main details to those affected.

The liability for termination benefits for specific employees that have accepted an offer of termination benefits is measured at the calculated entitlement that will be paid to those employees. When specific employees are not known, an estimate for a provision is calculated based on the number of employees expected to accept an offer of termination benefits in accordance with the termination plan. The liability for termination benefits is usually settled in the following financial year and thus is not discounted.

#### **Long service leave liabilities**

Long service leave liabilities represent the present value of the future benefits that employees have earned in return for their service in the current and prior reporting years. The discount rate used is the yield at the reporting date on high quality corporate bonds that have maturity dates approximating to the terms of these obligations.

The liabilities and expenses for long service leave are recognised when employees render service that increases their entitlement to future benefits. The expense in each case is recognised as one net amount that encompasses several components, such as current service cost and the interest cost from discounting. Unconditional entitlements to long service leave benefits are classified as current liabilities in the statement of financial position, while conditional and pre-conditional entitlements are classified as non-current liabilities. The high-quality corporate bond discount rate used to value the long service leave liabilities was 4.65% (2024: 5.30%).

#### **Employee benefit on-costs**

Costs that are a consequence of employment, but which are not employee benefits themselves, such as payroll tax, are recognised as liabilities and expenses when the employment to which they relate has occurred. Payroll tax payable at the reporting date in relation to wages and salaries paid during the previous month is recognised as part of trade and other payables, consistent with the classification of any recognised liability for wages and salaries. Payroll tax payable in respect of annual leave, long service leave or termination benefits to be made in the future is recognised as part of provisions, consistent with the classification of any recognised liabilities for these employee benefits.

### **(b) Post-employment benefits - Defined contribution superannuation schemes**

Contributions to these schemes are recognised as an expense in profit or loss as incurred. The liability recognised at the reporting date represents the contributions to be paid to these schemes in the following month. The Corporation contributes to the Aware Superannuation Scheme and other private schemes nominated by employees to a lesser extent.

### **(c) Post-employment benefits - Defined benefit superannuation schemes**

The Corporation's net obligation in respect of defined benefit schemes is actuarially calculated separately for each scheme by estimating the amount of future benefit that employees have earned in return for their service in the current and prior reporting years. That benefit is discounted to determine its present value, and the fair value of any scheme assets is deducted. The discount rate is the yield at the reporting date on high quality corporate bonds that have maturity dates approximating to the terms of the Corporation's obligations. Calculations are performed by the Pooled Fund's actuary using the projected unit credit method and they are advised to individual agencies for recognition and disclosure purposes in their financial statements. Where the present value of the defined benefit obligation in respect of a scheme exceeds the fair value of the scheme's assets, a liability for the difference is recognised in the statement of financial position. Where the fair value of a scheme's assets exceeds the present value of the scheme's defined benefit obligation, an asset is recognised in the statement of financial position.

Any superannuation asset recognised is limited to the total of any unrecognised past service cost and the present value of any economic benefits that may be available in the form of refunds from the schemes or reductions in future contributions to the schemes, as advised by the Pooled Fund's actuary. The Corporation discloses defined benefit superannuation liabilities or assets as non-current as this best reflects when the Corporation expects to settle (realise) the liabilities (assets). Remeasurements of the net defined benefit liability or asset are recognised in other comprehensive income (directly through retained earnings) in the reporting year in which they occur. Such remeasurements include actuarial gains or losses, the return on plan assets (excluding amounts included in net interest on the defined benefit liability or asset) and any change in effect of the asset ceiling (excluding amounts included in net interest on the defined benefit liability or asset).

The Corporation contributes to three defined benefit superannuation schemes in the NSW public sector Pooled Fund. The schemes are:

- State Superannuation Scheme (SSS);
- State Authorities Superannuation Scheme (SASS); and
- State Authorities Non-Contributory Superannuation Scheme (SANCS).

The Pooled Fund holds in trust the investments of these schemes. The following disclosures in relation to these schemes have been provided by SAS Trustee Corporation (STC).

#### Nature of benefits provided by the Pooled Fund

As these schemes are defined benefit schemes, at least a component of the final benefit is derived from a multiple of member salary and years of membership. Members receive lump sum or pension benefits on retirement, death, disablement and withdrawal. These schemes are closed to new members.

#### The regulatory framework

The above schemes in the Pooled Fund are established and governed by the following NSW legislation: *Superannuation Act 1916*, *State Authorities Superannuation Act 1987*, *State Authorities Non-Contributory Superannuation Scheme Act 1987*, and their associated regulations. The schemes in the Pooled Fund are exempt public sector superannuation schemes under the *Commonwealth Superannuation Industry (Supervision) Act 1993* (SIS). The SIS legislation treats exempt public sector superannuation funds as complying funds for concessional taxation and superannuation guarantee purposes.

Under a Heads of Government agreement, the NSW Government undertakes to ensure that the Pooled Fund will conform with the principles of the Commonwealth Government's retirement incomes policy relating to preservation, vesting and reporting to members and that members' benefits are adequately protected.

The NSW Government prudentially monitors and audits the Pooled Fund and the STC Board activities in a manner consistent with the prudential controls of the SIS legislation. These provisions are in addition to other legislative obligations on the STC Board and internal processes that monitor the STC Board's adherence to the principles of the Commonwealth Government's retirement incomes policy.

An actuarial investigation of the Pooled Fund is performed every three years. The last actuarial investigation was performed as at 30 June 2024. The next actuarial investigation is to be carried out as at 30 June 2027.

#### Other entities' responsibilities for the governance of the Pooled Fund

STC is responsible for the governance of the Pooled Fund. STC has a legal obligation to act solely in the best interests of the Pooled Fund beneficiaries. STC has the following roles:

- Administration of the Pooled Fund and payment to the beneficiaries from Pooled Fund assets when required in accordance with the Pooled Fund rules;
- Management and investment of the Pooled Fund assets; and
- Compliance with other applicable regulations.

#### Risks

There are several risks to which the Pooled Fund exposes the Corporation. The significant risks relating to the defined benefits are:

- Investment risk – The risk that investment returns will be lower than assumed and the Corporation will need to increase contributions to offset this shortfall;
- Longevity risk – The risk that pensioners live longer than assumed, increasing future pensions;
- Pension indexation risk – The risk that pensions will increase at a rate greater than assumed, increasing future pensions;
- Salary growth risk – The risk that wages or salaries (on which future benefit amounts for active members will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions; and
- Legislative risk – The risk that legislative changes could be made which increase the cost of providing the defined benefits.

The Pooled Fund assets are invested with independent fund managers and have a diversified asset mix. The Pooled Fund has no significant concentration of investment risk or liquidity risk.

#### Significant events

There were no scheme amendments, curtailments or settlements during the reporting year.

#### Net defined benefit liability movement

The Pooled Fund actuary calculates the defined benefit obligations based on two separate methodologies, an Accounting basis and the Funding basis:

- Under the Accounting basis (used for financial reporting purposes), the Pooled Fund's actuary determines the present value of the defined benefit obligations by discounting the future benefits payable to members at the yield on high quality corporate bonds of a similar maturity at the end of the reporting year.
- Under the Funding basis, the Pooled Fund's actuary determines the value of the accrued benefits as the value of future benefits payable to members (allowing for future salary increases), discounted using the expected rate of return on the assets to fund the benefits.

The Funding basis is used to determine the level of employer contributions needed to be provided by each employer to meet the defined benefit obligations. The net underfunded shortfall calculated using the Funding Basis at 30 June 2025 is \$140.605 million (refer to note 14(c)(i)).

#### Movements and carrying amounts

	SASS		SANCS		SSS		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Reconciliation of the net defined benefit liability</b>								
Net defined benefit liability at beginning of the year	76,764	78,220	982	12,079	315,000	308,421	392,746	398,720
Current service cost	636	754	712	763	349	453	1,697	1,970
Net interest on the net defined benefit liability (asset)	4,054	4,211	(263)	390	16,964	17,013	20,755	21,614
Actual return on Fund assets less interest income	(5,278)	(2,300)	(3,002)	(2,370)	(36,248)	(14,470)	(44,528)	(19,140)
Actuarial (gains) losses arising from changes in demographic assumptions	1,128	-	-	-	26,906	-	28,034	-
Actuarial (gains) losses arising from changes in financial assumptions	2,859	5,959	121	1,194	37,617	25,063	40,597	32,216
Actuarial (gains) losses arising from liability experience	5,238	(3,769)	(1,102)	(819)	(16,898)	(11,150)	(12,762)	(15,738)
Employer contributions	(6,907)	(6,311)	(11,492)	(10,255)	(16,464)	(10,330)	(34,863)	(26,896)
<b>Net defined benefit liability at end of the year</b>	<b>78,494</b>	<b>76,764</b>	<b>(14,044)</b>	<b>982</b>	<b>327,226</b>	<b>315,000</b>	<b>391,676</b>	<b>392,746</b>
<b>Reconciliation of the fair value of fund assets</b>								
Fair value of fund assets at beginning of the year	142,892	141,194	22,420	14,018	877,101	880,738	1,042,413	1,035,950
Interest income	7,553	7,539	1,447	941	46,572	47,369	55,572	55,849
Actual return on Fund assets less interest income	5,278	2,300	3,002	2,370	36,248	14,470	44,528	19,140
Employer contributions	6,907	6,311	11,492	10,255	16,464	10,330	34,863	26,896
Contributions by participants	1,527	1,631	-	-	445	674	1,972	2,305
Benefits paid	(21,779)	(17,499)	(3,599)	(3,431)	(82,635)	(80,946)	(108,013)	(101,876)
Taxes, premiums and expenses paid	(1,377)	1,416	(23)	(1,733)	1,025	4,466	(375)	4,149
<b>Fair value of fund assets at end of the year</b>	<b>141,001</b>	<b>142,892</b>	<b>34,739</b>	<b>22,420</b>	<b>895,220</b>	<b>877,101</b>	<b>1,070,960</b>	<b>1,042,413</b>
<b>Reconciliation of the defined benefit obligation</b>								
Present value of defined benefit obligations at beginning of the year	219,656	219,414	23,402	26,097	1,192,101	1,189,159	1,435,159	1,434,670
Current service cost	636	754	712	763	349	453	1,697	1,970
Interest cost	11,607	11,750	1,184	1,331	63,536	64,382	76,327	77,463
Contributions by fund participants	1,527	1,631	-	-	445	674	1,972	2,305
Actuarial (gains) losses arising from changes in demographic assumptions	1,128	-	-	-	26,906	-	28,034	-
Actuarial (gains) losses arising from changes in financial assumptions	2,859	5,959	121	1,194	37,617	25,063	40,597	32,216
Actuarial (gains) losses arising from liability experience	5,238	(3,769)	(1,102)	(819)	(16,898)	(11,150)	(12,762)	(15,738)
Benefits paid	(21,779)	(17,499)	(3,599)	(3,431)	(82,635)	(80,946)	(108,013)	(101,876)
Taxes, premiums and expenses paid	(1,377)	1,416	(23)	(1,733)	1,025	4,466	(375)	4,149
<b>Present value of defined benefit obligations at end of the year</b>	<b>219,495</b>	<b>219,656</b>	<b>20,695</b>	<b>23,402</b>	<b>1,222,446</b>	<b>1,192,101</b>	<b>1,462,636</b>	<b>1,435,159</b>

**Fair value of Pooled Fund assets**

All Pooled Fund assets are invested by STC at arm's length through independent fund managers. Assets are not separately invested for each entity, and it is not possible or appropriate to disaggregate and attribute fund assets to individual entities. As such, the disclosures below relate to total assets of the Pooled Fund:

Asset category	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Percentage invested in each asset class
<b>As at 30 June 2025:</b>					
Short term securities	2,550,082	2,550,082	-	-	6.7
Australian fixed interest	891,143	1	891,142	-	2.4
International fixed interest	259,116	5,390	246,983	6,743	0.7
Australian equities	4,415,312	4,328,683	86,629	-	11.7
International equities	14,709,914	14,702,437	-	7,477	38.9
Property	2,893,002	450,960	-	2,442,042	7.7
Alternatives	12,068,524	134,404	4,332,150	7,601,970	31.9
<b>Total</b>	<b>37,787,093</b>	<b>22,171,957</b>	<b>5,556,904</b>	<b>10,058,232</b>	<b>100.0</b>
<b>As at 30 June 2024:</b>					
Short term securities	2,492,529	2,284,654	207,875	-	6.7
Australian fixed interest	91,776	-	91,776	-	0.2
International fixed interest	1,026,896	-	1,015,170	11,726	2.8
Australian equities	6,036,366	4,491,341	1,545,025	-	16.3
International equities	14,849,540	14,704,964	140,680	3,896	40.1
Property	2,100,819	-	-	2,100,819	5.7
Alternatives	10,459,855	2,865	2,864,176	7,592,814	28.2
<b>Total</b>	<b>37,057,781</b>	<b>21,483,824</b>	<b>5,864,702</b>	<b>9,709,255</b>	<b>100.0</b>

Level 1 – quoted prices in active markets for identical assets or liabilities. The assets in this level are listed shares and listed unit trusts.

Level 2 – inputs other than quoted prices observable for the asset or liability either directly or indirectly. The assets in this level are cash, notes, government, semi-government and corporate bonds, unlisted trusts where quoted prices are available in active markets for identical assets or liabilities.

Level 3 – inputs for the asset or liability that are not based on observable market data. The assets in this level are unlisted property, unlisted shares, unlisted infrastructure, distressed debt and hedge funds.

Derivatives, including futures and options, can be used by investment managers. However, each manager's investment mandate clearly states that derivatives may only be used to facilitate efficient cash flow management or to hedge the portfolio against market movements and cannot be used for speculative purposes or gearing of the investment portfolio. As such, managers make limited use of derivatives.

For the direct properties owned by the Pooled Fund:

- SAS Trustee Corporation occupies part of a property 100% owned by the Pooled Fund with a fair value of \$280.0 million (2024: \$285.0 million)

## Significant actuarial assumptions at the reporting date

	2025	2024
Discount rate	5.29% pa	5.53% pa
Salary increase rate (excluding promotional increases):		
2025-26	3.47% pa	3.80% pa
2026-27	3.56% pa	3.78% pa
2027-28	3.58% pa	3.80% pa
Thereafter	3.50% pa	3.70% pa
Rate of CPI increase		
2024-25	2.50% pa	3.00% pa
2025-26	3.00% pa	2.75% pa
2026-27	2.60% pa	2.50% pa
Thereafter	2.50% pa	2.50% pa

Pensioner mortality: The pensioner mortality assumptions are as per the 2024 Triennial Actuarial investigation of the Pooled Fund. These assumptions are disclosed in the actuarial investigation report available from STC's website. The report shows the pension mortality rates for each age.

## Sensitivity analysis

The Corporation's total defined benefit obligation as at the current reporting date under several scenarios is presented below. The total defined benefit obligation disclosed is inclusive of the contribution tax provision which is calculated based on the asset level at the current reporting date. Scenarios A to F relate to sensitivity of the total defined benefit obligation of the Pooled Fund to economic assumptions, and scenarios G and H relate to sensitivity to demographic assumptions.

Discount rate	Base case	Scenario A -0.5% discount rate	Scenario B +0.5% discount rate
Discount rate	5.29%	4.79%	5.79%
Rate of CPI increase	As above	As above	As above
Salary inflation rate	As above	As above	As above
Defined benefit obligation (\$'000)	<b>1,462,636</b>	<b>1,536,612</b>	<b>1,394,242</b>
CPI	Base case	Scenario C +0.5% rate of CPI increase	Scenario D -0.5% rate of CPI increase
Discount rate	As above	As above	As above
Rate of CPI increase	As above	Above rates plus 0.5% pa	Above rates less 0.5% pa
Salary inflation rate	As above	As above	As above
Defined benefit obligation (\$'000)	<b>1,462,636</b>	<b>1,536,463</b>	<b>1,393,962</b>
Salary inflation rate	Base case	Scenario E +0.5% salary increase rate	Scenario F -0.5% salary increase rate
Discount rate	As above	As above	As above
Rate of CPI increase	As above	As above	As above
Salary inflation rate	As above	Above rates plus 0.5% pa	Above rates less 0.5% pa
Defined benefit obligation (\$'000)	<b>1,462,636</b>	<b>1,465,971</b>	<b>1,459,410</b>
Mortality rate	Base case	Scenario G Lower mortality*	Scenario H Higher mortality**
Defined benefit obligation (\$'000)	<b>1,462,636</b>	<b>1,512,889</b>	<b>1,412,143</b>

\*Assumes mortality rates, including future improvements, are as if the pensioner were 1 year younger than actual.

\*\*Assumes mortality rates, including future improvements, are as if the pensioner were 1 year older than actual.

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

## Asset – Liability matching strategies

STC monitors its asset-liability risk continuously in setting its investment strategy. It also monitors cash flows to manage liquidity requirements. No explicit asset-liability matching strategy is used by STC.

**Funding arrangements**

Funding arrangements are reviewed at least every three years following the release of the triennial actuarial review and was last reviewed following completion of the triennial review as at 30 June 2024. Contribution rates are set after discussions between the employer, STC and NSW Treasury. Funding positions are reviewed annually, and funding arrangements may be adjusted as required after each annual review.

**(i) Surplus/deficit**

The following is a summary of the 30 June 2025 and 30 June 2024 financial position of the Schemes calculated in accordance with AASB 1056 *Superannuation Entities* (AASB 1056).

	SASS		SANCS		SSS		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Accrued benefits *	190,695	194,302	21,223	21,930	999,647	1,019,100	1,211,565	1,235,332
Fund assets' net market value	(141,001)	(142,892)	(34,739)	(22,419)	(895,220)	(877,102)	(1,070,960)	(1,042,413)
<b>Net (surplus) deficit</b>	<b>49,694</b>	<b>51,410</b>	<b>(13,516)</b>	<b>(489)</b>	<b>104,427</b>	<b>141,998</b>	<b>140,605</b>	<b>192,919</b>

\* There is no allowance for a contribution tax provision in the accrued benefits figure. Allowance for contribution tax is made when setting the contribution rates.

The AASB 1056 deficit is lower than the AASB 119 net defined benefit liability recognised in the Statement of Financial Position, because the expected after-tax rate of return on plan assets is typically higher than the government/corporate bond rate.

**(ii) Economic assumptions**

The economic assumptions adopted for AASB 1056 at the reporting date are:

<b>Weighted Average Assumptions:</b>	<b>2025</b>	<b>2024</b>
Expected rate of return on Fund assets backing current pension liabilities	7.00% pa	7.00% pa
Expected rate of return on Fund assets backing other liabilities	6.20% pa	6.20% pa
Expected salary increase rate (excluding promotional salary increases):		
2025-26	3.47% pa	3.80% pa
2026-27	3.56% pa	3.78% pa
2027-28	3.58% pa	3.80% pa
Thereafter	3.50% pa	3.70% pa
Expected rate of CPI increase		
2024-25	1.90% pa	2.50% pa
Thereafter	2.50% pa	2.50% pa

**Expected contributions to be paid in the next reporting year**

	SASS		SANCS		SSS		Total	
	2026	2025	2026	2025	2026	2025	2026	2025
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expected employer contributions	6,943	6,943	11,571	11,571	16,834	16,834	35,348	35,348

**Maturity profile of defined benefit obligation**

The weighted average duration of the defined benefit obligation is 9.8 years (2024: 9.8 years).

(iii) Additional information

Profit or Loss Impact

	SASS		SANCS		SSS		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current service cost	636	754	712	763	349	453	1,697	1,970
Net interest	4,054	4,211	(263)	390	16,964	17,013	20,755	21,614
<b>Profit or loss component of the defined benefit cost</b>	<b>4,690</b>	<b>4,965</b>	<b>449</b>	<b>1,153</b>	<b>17,313</b>	<b>17,466</b>	<b>22,452</b>	<b>23,584</b>

Other Comprehensive Income

	SASS		SANCS		SSS		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Actuarial (gains)/losses on liabilities	9,225	2,190	(981)	375	47,625	13,913	55,869	16,478
Actual return on Fund assets less Interest income	(5,278)	(2,300)	(3,002)	(2,370)	(36,248)	(14,470)	(44,528)	(19,140)
<b>Total remeasurement in Other Comprehensive Income</b>	<b>3,947</b>	<b>(110)</b>	<b>(3,983)</b>	<b>(1,995)</b>	<b>11,377</b>	<b>(557)</b>	<b>11,341</b>	<b>(2,662)</b>

**(d) Other provisions****Carrying amounts and movements**

	Workers' compensation self-insurance \$'000	General insurance \$'000	Restoration of leased premises \$'000	Stabilisation works \$'000	Biodiversity management action plan \$'000	Decommissioning and maintaining system assets \$'000	Hardship applications \$'000
<b>Carrying amounts at beginning of the year</b>							
Current	2,392	1,334	57	-	-	7,853	65,118
Non-current	14,330	1,649	2,675	-	4,271	7,287	-
	<b>16,722</b>	<b>2,983</b>	<b>2,732</b>	<b>-</b>	<b>4,271</b>	<b>15,140</b>	<b>65,118</b>
<b>Movement during the year</b>							
Provisions made/(reversed)	328	6,492	458	89,906	37	410	(16,351)
Provisions used	(1,488)	(3,374)	(49)	(40,341)	(319)	(307)	-
Unwinding of discount	-	-	114	-	-	323	-
	<b>(1,160)</b>	<b>3,118</b>	<b>523</b>	<b>49,565</b>	<b>(282)</b>	<b>426</b>	<b>(16,351)</b>
<b>Carrying amounts at end of the year</b>							
Current	1,401	2,538	-	42,891	184	7,762	48,767
Non-current	14,161	3,563	3,255	6,674	3,805	7,804	-
	<b>15,562</b>	<b>6,101</b>	<b>3,255</b>	<b>49,565</b>	<b>3,989</b>	<b>15,566</b>	<b>48,767</b>

#### Workers' compensation self-insurance and general insurance

The workers' compensation self-insurance provision recognises the Corporation's remaining self-insurance liability for workers' compensation injury claims prior to 1 March 2007. The general insurance provision recognises the Corporation's remaining self-insurance liability claims relating to damage, costs, goodwill payments, loss or injury (other than workers' compensation). The provisions are actuarially calculated on a discounted cash flow basis, using information including estimates of the probable cost of each claim, the type of injuries and claims, potential recoveries and industry wide experience. The provisions also include an estimate for incurred but not reported claims based on past experience and is based on a likelihood of adequacy of 50%. There is uncertainty with some factors such as probable costs, discount rates, settlement period, the likelihood of adequacy and estimations of future claims, and claims incurred and not yet reported. The liability is calculated on a discounted cash flow basis using the yield on government bonds.

#### Restoration of leased premises

This provision recognises the Corporation's obligation to pay restoration costs for leased premises where the Corporation must restore the premises back to their original state at the end of the lease term. Estimates of restoration costs are discounted using the yield on government bonds. The main uncertainty is in relation to the actual restoration costs that will ultimately be incurred. Restoration costs are separately capitalised against assets that have been acquired as part of leasing the premises, such as fit outs. Where the Corporation has not incurred expenditure to acquire assets as part of leasing the premises, the restoration costs are expensed in profit or loss.

#### Stabilisation works

A Land and Environment Court judgment ruled that the Corporation was responsible for the erosion and destabilisation of the bank of land which adjoins Boundary Creek, Penrith. The judgment includes an order that the Corporation undertake substantive works to stabilise the impacted bank of the land and reduce the risk of further erosion. The substantive works includes planning, design and construction. A provision for \$90.122 million undiscounted (\$89.906 million discounted) was recognised to cover the costs of fulfilling this legal obligation. A reimbursement receivable for \$91.481 million was also separately recognised (refer to note 10). This includes a reimbursement receivable for \$90.122 million being the provision for substantive works and \$1.359 million being the costs for preliminary works already incurred in previous years. The Corporation's insurer confirmed that the Corporation's insurance policy provided coverage for reimbursement of the costs of the stabilisation works. The provision expense and the reimbursement revenue has been recorded on a net basis in profit or loss as per the requirements contained within AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

#### Biodiversity management action plan

This provision recognises the Corporation's obligation to protect and maintain the biodiversity of its Biodiversity Stewardship sites. The provision is an estimate as determined by the NSW Biodiversity Conservation Trust and included in the Biodiversity Stewardship agreements. The provision covers such costs as weed control, signage, fencing and gate maintenance, pest control, monitoring and other costs.

#### Decommissioning and maintaining system assets

This provision recognises the Corporation's obligation to pay restoration costs for decommissioning and/or maintaining system asset network components, including costs of dismantling, decommissioning, removing a system asset network component and restoring the site on which it was located. It also includes constructive obligations for rectification works where safety issues have been identified, such as electrical cabling repairs and asbestos removal. Estimates are made in relation to the period over which the system asset network component will be decommissioned, or the constructive obligation is expected to be settled. The liability is calculated on a discounted cash flow basis using the yield on government bonds.

#### Hardship applications

The Corporation has been appointed as the stormwater drainage authority for the Aerotropolis Precinct (the Precinct). The provision for hardship applications recognises the Corporation's constructive obligation towards satisfying landholder-initiated hardship claims that are yet to be finalised under the *Land Acquisition (Just Terms Compensation) Act 1991* and which relate to the Corporation's capital works programs for the Precinct. The provision is based on recent market land sales transactions within the Precinct.

### Note 15. Dividends payable

#### Movements and carrying amounts

	2025 \$'000	2024 \$'000
<b>Dividends payable at the beginning of the year</b>	170,000	100,000
<b>Movement during the year</b>		
Dividend recognised at 6.26 cents per share (2024: 4.35 cents per share)	245,000	170,000
Dividends paid on shares at 4.35 cents per share (2024: 2.56 cents per share)	(170,000)	(100,000)
	<b>75,000</b>	<b>70,000</b>
<b>Dividends payable at the end of the year</b>	<b>245,000</b>	<b>170,000</b>

#### Recognition and measurement

A liability for dividends payable is recognised in the reporting year in which the dividend is declared. Dividends are regarded as declared when they are appropriately authorised as no longer at the discretion of the Corporation. This occurs through a formal process whereby the Board recommends the dividend to its voting shareholder Ministers and the final agreed dividend is accepted and approved by the voting shareholder Ministers prior to the end of the financial year. Under the NTER, the Corporation is not required to maintain a dividend franking account.

## Equity

### Note 16. Contributed equity

#### Carrying amounts and movements

	2025 \$'000	2024 \$'000
Issued and fully paid-up share capital	3,911,854	3,911,854
<b>Total contributed equity</b>	<b>3,911,854</b>	<b>3,911,854</b>

### Share Capital

The Corporation's two shareholders are:

- the Treasurer; and
- the Minister for Finance, Minister for Domestic Manufacturing and Government Procurement, and Minister for Natural Resources.

Each shareholder holds 1,955,927,000 (2024: 1,955,927,000) ordinary shares non-beneficially on behalf of the NSW Government. The shares entitle the NSW Government to a dividend from the Corporation. The amount of the dividend is determined as part of the annual process of negotiating and agreeing the Corporation's Statement of Corporate Intent with the shareholder Ministers.

Any changes to the Corporation's share capital can only be undertaken in accordance with the Corporation's constitution and with the agreement of its shareholder Ministers.

## Unrecognised Items

### Note 17. Commitments

#### (a) Capital expenditure commitments

	2025 \$'000	2024 \$'000
<b>Capital expenditure commitments</b>		
Not later than one year	3,038,147	2,826,025
Later than one year and not later than five years	2,223,065	1,402,279
Later than five years	233,032	270,070
	<b>5,494,244</b>	<b>4,498,374</b>

Contractual commitments for capital expenditure cover both property, plant and equipment and intangible assets. Amounts disclosed for these commitments include total GST of \$499.477 million (2024: \$408.943 million).

#### (b) Other lease commitments

	2025 \$'000	2024 \$'000
<b>Receivable as lessor</b>		
Future rentals:		
Not later than one year	11,071	10,521
Later than one year and not later than five years	35,293	34,713
Later than five years	94,306	97,631
	<b>140,670</b>	<b>142,865</b>

Leases are non-cancellable and are mainly in respect of residential, commercial and industrial properties, open space and space for telecommunication towers. Leases are for terms ranging from less than one year to 50 years. Lease rentals are generally reviewed annually. Amounts disclosed for these commitments include total GST of \$12.788 million (2024: \$12.988 million).

### Note 18. Contingencies

#### (a) Contingent liabilities

A contingent liability is a possible obligation that may become payable depending on a future event or a present obligation that is not probable to require payment or cannot be reliably measured. A provision is not recognised for contingent liabilities. The Corporation is a party to various legal actions and claims which have arisen in the ordinary course of business. Any liabilities arising from such claims cannot be reliably measured at this time. In the directors' opinion, disclosure of any further information would be prejudicial to the interests of the Corporation.

#### Guarantees provided

Under the *Workers' Compensation Act 1987*, as the Corporation was a self-insurer until 1 March 2007 and as a state-owned corporation was deemed to not have Government employer status, the Corporation is required to provide a guarantee to Insurance and Care NSW that secures the Corporation's remaining self-insurance workers' compensation liability. The value of the guarantee at the reporting date was \$21.300 million (2024: \$21.300 million) (refer to note 13(c)).

#### (b) Contingent assets

The Corporation is seeking to recover costs incurred under contractual arrangements through litigation. It is also seeking to settle several outstanding insurance claims and recover costs or losses from insurers. In the directors' opinion, disclosure of any further information about these claims would be prejudicial to the interests of the Corporation and cannot be reliably measured at this time.

## Other Notes

### Note 19. Financial risk management

#### (a) Financial instruments and financial risk factors

The Corporation has the following financial instruments:

- lease liabilities related to right-of-use assets (refer to note 5);
- service concession liabilities (refer to note 6 and 13);
- cash and cash equivalents (refer to note 9);
- trade and other receivables (refer to note 10);
- trade and other payables (refer to note 12); and
- borrowings (refer to note 13).

These financial instruments expose the Corporation to a range of financial risks in its normal course of business operations. These risks include liquidity risk, credit risk, interest rate risk and regulatory risk. The Corporation does not have any material exposure to price risk or foreign currency risk.

#### (b) Financial risk exposures

##### Liquidity risk

During the current and previous financial years, there were no defaults or breaches on any borrowings payable. No assets have been pledged as collateral. The Corporation's exposure to liquidity risk is deemed low based on previous financial years' data and current reassessment of risk. Liquidity risk is managed by the Corporation through the maintenance of extensive short-term and long-term cash flow forecasting models, and through the availability of borrowing facilities approved by the NSW Treasurer under the *Government Sector Finance Act 2018* (GSF Act).

The objective is to maintain a balance of funding and flexibility in ensuring cash is available each day to meet the Corporation's financial obligations, whilst maintaining a daily bank balance with minimum surplus funds.

Whilst current liabilities are greater than current assets, the Corporation continues to operate as a going concern. The Corporation derives most of its revenue from the operation of its infrastructure assets, generating positive cash flows and also has access to significant committed borrowing facilities. In addition, the Corporation has obtained a letter of shareholder support from the voting shareholder Ministers that indicates sufficient financial resources will be made available to meet the Corporation's financial obligations for a period of 12 months from the date that the Financial Statements will be signed by the Directors (the 12-month period from 27 August 2025).

##### Credit risk

Exposures to credit risk for the Corporation are primarily in relation to cash and cash equivalents and trade and other receivables. At the reporting date, the maximum exposure to credit risk for the Corporation is represented by the carrying amount of cash and cash equivalents and trade and other receivables in the statement of financial position (refer to notes 9 and 10).

##### Cash and cash equivalents

The Corporation only deals with creditworthy counterparties and recognised financial intermediaries as a means of mitigating the risk of financial losses from defaults. Policies are in place to monitor the credit ratings of counterparties and to limit the amount of funds placed with those counterparties, depending on their credit rating.

##### Trade and other receivables

The Corporation monitors balances outstanding on an ongoing basis and has policies in place for the recovery or write-off of amounts outstanding. The Corporation applies the simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. To measure the lifetime expected credit losses, trade and other receivables were grouped based on:

- whether the trade and other receivables related to service availability and/or usage charges or related to sundry charges; and
- shared credit risk characteristics including whether the outstanding debtor is subject to legal recovery.

The expected loss rates are based on the payment profiles of revenues over the ten-year period prior to the reporting date and the related historical credit losses experienced over the same period. The historical loss rates were then adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Corporation identified the NSW gross domestic product rate to be the most relevant factor and accordingly adjusts the historical loss rates based on the expected change in this factor.

##### Interest rate risk

The Corporation is exposed to changes in market interest rates, primarily from the Corporation's portfolio of interest-bearing short-term and long-term borrowings. The Corporation manages this exposure by implementing various treasury management policies and controls approved by the Board that are designed to ensure debt maturities are spread across the yield curve. These controls include approved parameters specifying the minimum and maximum percentages of debt issuance in maturity bands, approved parameters limiting the maximum exposure to floating interest rate debt products, weighted average life management targets and approved trading bands.

Long-term fixed rate and CPI indexed loans with maturities to 2041 have been issued in order to maintain a high weighted average life of the debt portfolio over time. At the reporting date, the debt portfolio was comprised of 91.1% of fixed rate bond debt and 8.9% CPI indexed debt respectively (2024: 88.3% of fixed rate bond debt and 11.7% CPI indexed debt).

The Corporation's Treasury Management Policy has been approved by the Board, allowing debt management strategies to manage the financial impact of regulatory risks that occur in the current regulatory pricing environment (refer to 'Regulatory risk' below).

The table below details the carrying amounts of financial assets and financial liabilities, including their weighted average interest rates, that are exposed to interest rate risk at the reporting date:

		Weighted average interest rate		Carrying amount	
	Note	2025 %	2024 %	2025 \$'000	2024 \$'000
<b>Financial assets</b>					
<b>At amortised cost:</b>					
Cash	9	3.85	4.35	42,881	8,013
				<b>42,881</b>	<b>8,013</b>
<b>Financial liabilities</b>					
<b>At amortised cost:</b>					
Borrowings:					
Come and Go borrowings - NSW Treasury Corporation	13	3.76	4.04	173,500	124,500
Long-term borrowings - NSW Treasury Corporation	13	3.83	3.41	16,598,846	14,139,983
Other financial liabilities:					
Service concession liabilities	13	3.82	3.95	436,864	484,472
Lease liabilities related to right-of-use assets	5	9.80	8.90	2,161,951	2,181,659
				<b>19,371,161</b>	<b>16,930,614</b>

#### Sensitivity analysis

The table below shows the effect on profit after tax and equity at the reporting date if nominal interest rates had been 100 basis points (that is, one percentage point) higher or lower than current levels, with all other variables being held constant and considering all underlying exposures and related hedges if any.

Based on the value of the Australian short-term interest rates (one month Bank Bill Swap Rate – BBSW) at the reporting date of 3.61% (2024: 4.30%), a 100 basis points increase would increase the rate to 4.61% (2024: 5.30%) and a 100 basis points decrease would reduce the rate to 2.61% (2024: 3.30%). This is broadly representative of recent interest rate increases and decreases within a certain range, which is reasonably possible given historical movements in official interest rates by the Reserve Bank of Australia. Historically, the Reserve Bank of Australia official cash rate has fluctuated between 0.10% and 4.35% over the past five years.

	Interest Revenue		Post Tax Profit		Equity	
	Higher (lower)		Higher (lower)		Higher (lower)	
	2025	2024	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Judgement of reasonably possible events</b>						
Interest rates 100 basis points higher	429	80	300	56	300	56
Interest rates 100 basis points lower	(429)	(80)	(300)	(56)	(300)	(56)

For the current reporting year shown above, the sensitivity to changes in interest rates at the reporting date relates to the bank account balance only, as no debt was subject to changes in interest rates at the reporting date.

#### Regulatory risk

Regulatory risk is the risk that the Corporation's actual cost of debt will not be fully compensated through the methodology employed by IPART in determining the Corporation's prices to be charged to customers. The main components of regulatory risk are real interest rate risk, debt margin risk and inflation risk.

Regulatory risk is managed by the Corporation through policies and strategies to hedge the components of regulatory risk. These include strategies that align the debt portfolio structure to IPART's cost of debt determination methodology.

The objective of managing regulatory risk is to ensure that the Corporation's actual cost of debt does not vary significantly from the cost of debt included by IPART in its Pricing Determination, and so that this does not impact negatively on financial ratios and the Corporation's credit rating.

**(c) Financial risk management policies, objectives and reporting**

The risks outlined above are managed in accordance with the Treasury Management Policy (the Policy) approved by the Board. This Policy provides a framework of strict controls to manage the impact of these exposures, within the overall framework of the GSF Act. The Policy covers several aspects such as:

- approved delegation levels and segregation of duties for dealing, authorising and settling treasury management transactions;
- approved credit limits for dealing with counterparties;
- the types of treasury transactions, including derivatives, that the Corporation can enter into;
- approved limits for hedging foreign exchange exposures;
- the structure of debt and investment portfolios; and
- approved benchmarks for managing performance.

Treasury and financial risk management performance is reported to a designated sub-committee of the Board on a quarterly basis. Treasury management strategies and performance are also reported on and reviewed on a quarterly basis by a Treasury Committee of senior finance managers.

**(d) Capital management**

The Corporation's objective when managing capital is to safeguard the Corporation's ability to continue as a going concern, so that it can continue to provide appropriate returns for its shareholders and benefits for the community within its area of operations. This is achieved by maintaining an optimal capital structure that aims to minimise or reduce the cost of capital, whilst at the same time ensuring the Corporation's operations and capital works objectives are achieved. The capital structure of the Corporation is monitored based on a number of factors including:

- the level of gearing for the Corporation; and
- the debt-to-equity ratio.

In determining appropriate prices for the Corporation to charge its customers, IPART has adopted a standard gearing assumption of 60 per cent for the purposes of determining the Corporation's weighted average cost of capital (WACC). The WACC is a key input in IPART's regulatory pricing methodology in which a regulated asset base is used to determine the Corporation's 'annual revenue requirement' (and ultimately prices to be charged to customers) based on the efficient use of resources and an appropriate rate of return on capital invested.

The table below shows the level of capital employed at the reporting date for the Corporation, as well as financial ratios used in the management of capital.

	Note	2025 \$'000	2024 \$'000
<b>Interest-bearing debt</b>			
Come and Go borrowings - NSW Treasury Corporation	13	173,500	124,500
Long-term borrowings - NSW Treasury Corporation	13	16,598,846	14,139,983
<b>Total interest-bearing debt</b>		<b>16,772,346</b>	<b>14,264,483</b>
Total equity		9,890,165	9,092,243
<b>Interest-bearing debt + total equity</b>		<b>26,662,511</b>	<b>23,356,726</b>
Gearing ratio (Interest-bearing debt / Interest-bearing debt + Total equity)		62.91%	61.07%
<b>Total interest-bearing debt</b>		<b>16,772,346</b>	<b>14,264,483</b>
<b>Other interest-bearing liabilities</b>			
Service concession liabilities	13	436,864	484,472
Lease liabilities related to right-of-use assets	5	2,161,951	2,181,659
<b>Total other interest-bearing liabilities</b>		<b>2,598,815</b>	<b>2,666,131</b>
<b>Total interest-bearing liabilities</b>		<b>19,371,161</b>	<b>16,930,614</b>
Total equity		9,890,165	9,092,243
<b>Total capital employed</b>		<b>29,261,326</b>	<b>26,022,857</b>
Debt to equity ratio (Total interest-bearing liabilities / Total equity)		195.86%	186.21%

**(e) Maturity analysis of financial assets and financial liabilities recognised in the statement of financial position.**

The following tables reflect the maturity bands for settlement of the carrying amounts of financial assets and financial liabilities recognised in the statement of financial position at the reporting date.

	Note	Less than 1 year \$'000	1 to 2 years \$'000	2 to 3 years \$'000	Repricing or maturing in: 3 to 4 years \$'000	4 to 5 years \$'000	More than 5 years \$'000	Total \$'000
<b>2025</b>								
<b>Financial assets</b>								
Cash	9	42,881	-	-	-	-	-	42,881
Trade and other receivables *		637,861	10,305	-	-	-	-	648,166
		<b>680,742</b>	<b>10,305</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>691,047</b>
<b>Financial liabilities</b>								
Trade and other payables *		870,255	-	-	-	-	-	870,255
Borrowings:								
Come and Go borrowings and long-term borrowings	13	2,813,467	2,596,566	2,504,622	2,460,058	2,460,736	3,936,897	16,772,346
Other financial liabilities:								
Service concession liabilities	13	48,539	50,836	53,692	56,441	59,460	167,896	436,864
Lease liabilities related to right-of-use assets	5	38,659	33,512	34,720	34,243	32,980	1,987,837	2,161,951
		<b>3,770,920</b>	<b>2,680,914</b>	<b>2,593,034</b>	<b>2,550,742</b>	<b>2,553,176</b>	<b>6,092,630</b>	<b>20,241,416</b>
<b>2024</b>								
<b>Financial assets</b>								
Cash	9	8,013	-	-	-	-	-	8,013
Trade and other receivables *		410,118	3,311	-	-	-	-	413,429
		<b>418,131</b>	<b>3,311</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>421,442</b>
<b>Financial liabilities</b>								
Trade and other payables *		1,064,859	-	-	-	-	-	1,064,859
Borrowings:								
Come and Go borrowings and long-term borrowings	13	2,630,251	2,514,547	2,481,570	2,074,531	734,395	3,829,189	14,264,483
Other financial liabilities:								
Service concession liabilities	13	45,998	47,623	50,760	53,615	56,358	230,118	484,472
Lease liabilities related to right-of-use assets	5	31,222	30,505	30,224	30,702	30,210	2,028,796	2,181,659
		<b>3,772,330</b>	<b>2,592,675</b>	<b>2,562,554</b>	<b>2,158,848</b>	<b>820,963</b>	<b>6,088,103</b>	<b>17,995,473</b>

\* These balances differ from the statement of financial position as they exclude prepayments and statutory taxes receivable in the case of trade and other receivables, and income in advance and statutory taxes payable in the case of trade and other payables. These items are out of scope in relation to these disclosures.

**(f) Contractual maturities of all cash flows from financial liabilities**

The following tables reflect the maturity bands for all undiscounted contractual payments for settlement, including repayments of principal and interest, resulting from recognised financial liabilities as at the reporting date. Cash flows for financial liabilities without fixed amount or timing are based on the conditions existing at the reporting date.

	Less than 1 year \$'000	1 to 2 years \$'000	2 to 3 years \$'000	3 to 4 years \$'000	4 to 5 years \$'000	More than 5 years \$'000	Total \$'000
<b>2025</b>							
<b>At amortised cost:</b>							
Trade and other payables *	870,255	-	-	-	-	-	870,255
Borrowings:							
Come and Go borrowings and long-term borrowings	3,261,609	3,006,317	2,901,109	2,815,442	2,750,771	4,994,724	19,729,972
Other financial liabilities:							
Service concession liabilities	64,262	64,964	65,820	66,450	67,238	183,362	512,096
Lease liabilities related to right-of-use assets	250,906	245,608	244,978	242,591	239,508	6,686,366	7,909,957
	<b>4,447,032</b>	<b>3,316,889</b>	<b>3,211,907</b>	<b>3,124,483</b>	<b>3,057,517</b>	<b>11,864,452</b>	<b>29,022,280</b>
<b>2024</b>							
<b>At amortised cost:</b>							
Trade and other payables *	1,064,859	-	-	-	-	-	1,064,859
Borrowings:							
Come and Go borrowings and long-term borrowings	2,959,011	2,834,101	2,754,471	2,339,958	883,961	4,751,076	16,522,578
Other financial liabilities:							
Service concession liabilities	63,298	64,091	64,786	65,635	66,258	255,906	579,974
Lease liabilities related to right-of-use assets	246,628	244,237	242,420	241,312	239,192	6,954,691	8,168,480
	<b>4,333,796</b>	<b>3,142,429</b>	<b>3,061,677</b>	<b>2,646,905</b>	<b>1,189,411</b>	<b>11,961,673</b>	<b>26,335,891</b>

\* These balances differ from the statement of financial position as they exclude income in advance and statutory taxes payable. These items are out of scope in relation to these disclosures.

**(g) Fair values of financial assets and financial liabilities**

The following table details the carrying amounts, their fair values and the basis for determining the fair value at the reporting date for all financial instruments:

	Basis of fair value	Note	Carrying amount		Fair Value	
			2025	2024	2025	2024
			\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>						
Cash	Carrying amount	9	42,881	8,013	42,881	8,013
Trade and other receivables *	Carrying amount		648,166	413,429	648,166	413,429
			<b>691,047</b>	<b>421,442</b>	<b>691,047</b>	<b>421,442</b>
<b>Financial liabilities</b>						
Trade and other payables *	Carrying amount		870,255	1,064,859	870,255	1,064,859
Borrowings:						
Come and Go borrowings	DCF** using interest rates T-Corp	13	173,500	124,500	172,849	124,106
Long-term borrowings	DCF using interest rates T-Corp	13	16,598,846	14,139,983	16,587,824	13,699,618
Other financial liabilities:						
Service concession liabilities	DCF using interest rates from independent market source	13	436,864	484,472	400,427	433,970
Lease liabilities related to right-of-use assets	DCF using interest rates from independent market source	5	2,161,951	2,181,659	3,315,274	3,224,460
			<b>20,241,416</b>	<b>17,995,473</b>	<b>21,346,629</b>	<b>18,547,013</b>

\* These balances differ from the statement of financial position as they exclude prepayments and statutory taxes receivable in the case of trade and other receivables, and income in advance and other receivables, and income in advance and statutory taxes payable in the case of trade and other payables. These items are out of scope in relation to these disclosures.

\*\* Discounted cash flows

There were no financial instruments at either the current reporting date or the previous reporting date that were carried in the statement of financial position at fair value determined by any of the three valuation methods defined in note 4(d).

**Note 20. Related party disclosures**

The Corporation has related party relationships with key management personnel and with entities that belong to the NSW Total State Sector consolidated group controlled by the NSW Government.

**(a) Key management personnel compensation**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation, directly or indirectly. This comprises all directors, whether executive or non-executive, senior executives who lead the various divisional groups of the Corporation, the Corporation's two shareholder Ministers and its Portfolio Minister.

Compensation is shown below for the directors and the senior executives only. The NSW Legislature pays compensation to Ministers and this is not reimbursable from the Corporation.

	2025 \$'000	2024 \$'000
Short-term employee benefits	3,810	5,168
Post-employment benefits	244	313
Other long-term benefits	-	-
Termination benefits	854	1,686
	<b>4,908</b>	<b>7,167</b>
This comprises compensation relating to:		
Directors:		
Executive	1,626	993
Non-executive	560	712
	<b>2,186</b>	<b>1,705</b>
Senior executives	2,722	5,462
	<b>4,908</b>	<b>7,167</b>

The above disclosures for senior executives are based on actual payments made for employee benefits during the reporting year.

**(b) Other transactions with key management personnel and related entities**

From time to time, key management personnel may purchase goods or services from the Corporation. These purchases are on the same terms and conditions as those entered into by other customers and are trivial in nature. There were no related party transactions during either the current or previous reporting years with other entities related to the Corporation's directors and senior executives.

**(c) Other related party transactions**

The Corporation is both a lessor and a lessee to several peppercorn leases where the other party is a member of the NSW Total State Sector consolidated group. The peppercorn leases are held to help further the strategic objectives of the NSW Government. The fair value of these leases is not quantified as the costs to obtain valuations would outweigh any benefits of providing such disclosure.

The Corporation also provides unmetered water for urban and bush firefighting free of charge to NSW Fire and Rescue and the NSW Rural Fire Service.

**Note 21. Consultants**

The total amount paid or payable to consultants engaged by the Corporation during the reporting year was \$0.825 million (2024: \$1.131 million).

**Note 22. Auditors' remuneration**

The audit fee (exclusive of GST) for the audit of the financial statements by the Audit Office of NSW is \$0.510 million (2024: \$0.496 million).

**Note 23. Events occurring after the reporting year**

**Equity transfer from WaterNSW**

On 7 August 2025, pursuant to the WaterNSW Assets, Rights and Liabilities (Sydney Water Corporation) Transfer Order 2025 signed by the Minister for Water, Housing and Homelessness, certain work in progress assets of WaterNSW will be transferred to the Corporation at fair value. This transaction is to be treated as an equity transfer in accordance with TPP21-08 Accounting Policy: Contribution by owners made to wholly owned Public Sector Entities. This equity transfer reflects that the responsibility for planning and delivery of future desalination options was reassigned from WaterNSW to the Corporation by the NSW Government. The work in progress assets consists of capitalised planning costs for desalination infrastructure for Sydney and Illawarra.

The values of the assets transferred to the Corporation are as follows:

	2025 \$'000	2024 \$'000
Work in progress	21,379	-
<b>Fair value of the assets transferred</b>	<b>21,379</b>	<b>-</b>

**End of audited financial statements**

## Directors' Declaration

In the opinion of the Directors of the Corporation:

- (a) the accompanying Financial Statements and notes thereto:
  - (i) present fairly the Corporation's financial position as at 30 June 2025, its financial performance and its cash flows, as represented by its transactions for the year ended on that date;
  - (ii) comply with applicable Australian Accounting Standards and the applicable requirements of the *Government Sector Finance Act 2018*, the *Government Sector Finance Regulation 2024* and the Treasurer's directions;
- (b) there are reasonable grounds to believe that the Corporation will be able to pay its debts as and when they become due and payable.
- (c) we are not aware of any circumstances at the date of this declaration that would render any particulars included in the accompanying Financial Statements and notes thereto to be misleading or inaccurate.

Signed in accordance with section 7.6(4) of the *Government Sector Finance Act 2018* and in accordance with a resolution of the Directors:

  
 .....  
 Director

  
 .....  
 Director

Date: 27 August 2025



## INDEPENDENT AUDITOR'S REPORT

### Sydney Water Corporation

To Members of the New South Wales Parliament

#### Opinion

I have audited the accompanying financial statements of Sydney Water Corporation (the Corporation), which comprise the Directors' Declaration, the Statement of profit or loss and other comprehensive income for the year ended 30 June 2025, the Statement of financial position as at 30 June 2025, the Statement of changes in equity and the Statement of cash flows, for the year then ended, notes comprising material accounting policies, and other explanatory information.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the *Government Sector Finance Regulation 2025* (GSF Regulation) and the Treasurer's Directions
- presents fairly the Corporation's financial position, financial performance and cash flows.

My opinion should be read in conjunction with the rest of this report.

#### Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Corporation in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I have fulfilled my other ethical responsibilities in accordance with APES 110.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Key Audit Matters

Australian Auditing Standard ASA 701 'Communicating Key Audit Matters in the Independent Auditor's Report' applies to the audit of the general purpose financial statements of listed entities or when an auditor is required by legislation to communicate key audit matters in the auditor's report. There is no legislative requirement to communicate key audit matters in my independent audit report on the Corporation. I have voluntarily included a narrative on Key Audit Matters to enhance the readability of my audit opinion.

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements for the year ended 30 June 2025. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon. I do not provide a separate opinion on these matters. I have determined the matters described below to be the key audit matters to be communicated in my report.

Key Audit Matters	How my audit addressed the matters
<b>Fair value of system assets</b>	
<p>At 30 June 2025, the Corporation's statement of financial position reported \$25.3 billion in system assets, including service concession assets, measured at fair value. System assets are highly specialised and account for 83 per cent of the total property, plant and equipment balance.</p> <p>We consider this to be a key audit matter because:</p> <ul style="list-style-type: none"> <li>the system assets are financially significant to the statement of financial position</li> <li>the discounted cash flow (DCF) model used to value the system assets is complex and involves significant judgements and assumptions</li> <li>changes in assumptions, such as the discount rate, demand growth expectations, price and cost assumptions, can significantly affect the fair value</li> <li>the methods used to value the service concession assets are complex and involve significant judgements and assumptions.</li> </ul> <p>Further information on the valuation techniques, inputs and sensitivity for system assets is disclosed in Note 4.</p>	<p>Key audit procedures included:</p> <ul style="list-style-type: none"> <li>obtaining an understanding of the Corporation's approach to estimating the fair value of system assets</li> <li>assessing whether the DCF model: <ul style="list-style-type: none"> <li>incorporated all key assumptions and inputs relevant to valuing system assets of a water entity</li> <li>met the requirements of Australian Accounting Standards</li> </ul> </li> <li>reviewing the reasonableness of key assumptions and sensitivity of the conclusions to changes in the assumptions</li> <li>reviewing the model's mathematical accuracy</li> <li>assessing the competence, capability and objectivity of valuation experts engaged by management to determine the fair value of service concession assets</li> <li>assessed the appropriateness of the methodology, key judgements and assumptions used to fair value service concession assets</li> <li>assessing the adequacy of the financial statement disclosures against the requirements of the Australian Accounting Standards.</li> </ul>

Key Audit Matters	How my audit addressed the matters
<b>Value of defined benefit superannuation liabilities</b>	
<p>At 30 June 2025, the Corporation's statement of financial position reported net defined benefit superannuation liabilities totalling \$392 million. This liability balance is provided to the Corporation by the Administrator of the SAS Trustee, based on an independent actuarial assessment.</p> <p>We consider this to be a key audit matter because:</p> <ul style="list-style-type: none"> <li>the defined benefit superannuation liability is financially significant to the statement of financial position</li> <li>the underlying liability valuation model (the model) is complex due to the significant degree of judgement required to determine key assumptions used to value the liability</li> <li>the value of the liability is sensitive to minor changes in valuation inputs.</li> </ul> <p>Further information on the significant actuarial assumptions and sensitivity analysis is disclosed in Note 14.</p>	<p>Key audit procedures included:</p> <ul style="list-style-type: none"> <li>obtaining an understanding of the processes and key controls in place supporting the: <ul style="list-style-type: none"> <li>membership data used in the model</li> <li>defined benefit superannuation liability calculation.</li> </ul> </li> <li>assessing the completeness and accuracy of the membership data used in the model</li> <li>assessing qualifications, competence and objectivity of actuarial experts</li> <li>with the assistance of actuarial experts reviewing the methodology and key assumptions for reasonableness</li> <li>assessing the adequacy of the financial statement disclosures against the requirements of Australian Accounting Standards and Treasurer's Directions.</li> </ul>
<b>Accrued unbilled water usage charges</b>	
<p>At 30 June 2025, the Corporation's statement of financial position reported \$220 million accrued unread revenue accrual for customer water usage.</p> <p>We consider this to be a key audit matter because there is significant judgement and uncertainty involved in calculating this accrual, such as the:</p> <ul style="list-style-type: none"> <li>amount of water loss in transit between the dam and the end customer</li> <li>different rates and product offerings for residential and commercial customers</li> <li>complexity in estimating customer demand across a large number of customers, which can be influenced by many factors including weather and individual circumstances.</li> </ul> <p>Further information on recognition and measurement for accrued unbilled water usage charges is disclosed in Note 10.</p>	<p>Key audit procedures included:</p> <ul style="list-style-type: none"> <li>obtaining an understanding of the processes and key controls the Corporation has in place to determine the estimated unbilled usage charges</li> <li>evaluating reasonableness of the key assumptions for water loss factors, volume and rates used to determine unbilled water usage charges</li> <li>testing the mathematical accuracy of the calculation</li> <li>assessing the historical accuracy of the estimate against subsequent billings.</li> </ul>

## Directors' Responsibilities for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulation, Treasurer's Directions and the *State Owned Corporations Act 1989*. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Corporation's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

### Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar6.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar6.pdf). The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Corporation carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Karen Taylor  
Delegate of the Auditor-General for New South Wales

28 August 2025  
SYDNEY

# Auditor-General's statutory audit report

At the completion of the audit of Sydney Water's financial statements for the year ended 30 June 2025, the Auditor-General provided Sydney Water with a statutory audit report as required under the *Government Sector Audit Act 1983* (NSW).

No comments were made on any significant matters requiring a response from Sydney Water.

## Compliance index

Heading	Compliance requirement	Basis for, or source of, requirement	Completed	Page reference
Operations and performance	Major works	<ul style="list-style-type: none"> <li>TPG25-10a</li> </ul>	Yes	61-63
	Implementation of price determination	<ul style="list-style-type: none"> <li>TPG25-10a</li> <li><i>Independent Pricing and Regulatory Tribunal Act 1992</i> (NSW)</li> </ul>	Yes	144-148
Management and accountability	People	<ul style="list-style-type: none"> <li>TPG25-10a</li> <li><i>Sydney Water Act 1994</i> (NSW)</li> </ul>	Yes	86
	<i>Government Information (Public Access) Act 2009</i> (NSW) requirements	<ul style="list-style-type: none"> <li><i>Government Information (Public Access) Act 2009</i> (NSW)</li> </ul>	Yes	105-108
	Numbers and remuneration of senior executives	<ul style="list-style-type: none"> <li>TPG25-10a</li> <li>PSC Circular 2014-09</li> </ul>	Yes	109
	<i>Privacy and Personal Information Protection Act 1998</i> (NSW) requirements	<ul style="list-style-type: none"> <li>TPG25-10a</li> </ul>	Yes	110
	Consultants	<ul style="list-style-type: none"> <li>TPG25-10a</li> <li><i>Sydney Water Act 1994</i> (NSW)</li> </ul>	Yes	111
	International travel	<ul style="list-style-type: none"> <li>TPG25-10a</li> <li><i>Sydney Water Act 1994</i> (NSW)</li> </ul>	Yes	111
	Requirements arising from employment arrangements	<ul style="list-style-type: none"> <li>TPG25-10a</li> </ul>	N/A	-
	Internal audit and risk management policy attestation	<ul style="list-style-type: none"> <li>TPP20-08</li> </ul>	N/A	-
Sustainability	Workforce diversity	<ul style="list-style-type: none"> <li>PSC Circular 2014-09</li> <li><i>Sydney Water Act 1994</i> (NSW)</li> </ul>	Yes	80-86
	Work health and safety	<ul style="list-style-type: none"> <li>TPG25-10a</li> </ul>	Yes	89-91
	Climate-related financial disclosures	<ul style="list-style-type: none"> <li>TPG25-10a</li> <li>TPG24-33</li> </ul>	Yes - summary (For full disclosures refer to Sydney Water climate-related financial disclosures report 2024-25)	131
	<i>Modern Slavery Act 2018</i> requirements	<ul style="list-style-type: none"> <li><i>Modern Slavery Act 2018</i> (NSW)</li> </ul>	Yes	136-138
	Disability inclusion action plans	<ul style="list-style-type: none"> <li><i>Disability Inclusion Act 2014</i> (NSW)</li> </ul>	N/A	-
Financial performance	Financial performance	<ul style="list-style-type: none"> <li><i>Government Sector Finance Act 2018</i> (NSW)</li> <li><i>Sydney Water Act 1994</i> (NSW)</li> <li><i>State Owned Corporations Act 1989</i> (NSW)</li> </ul>	Yes	142-144
	Financial Statements (audited)	<ul style="list-style-type: none"> <li><i>Government Sector Finance Act 2018</i> (NSW)</li> </ul>	Yes	151-207
	Costs and benefits associated with machinery of government changes	<ul style="list-style-type: none"> <li>TPG25-10a</li> </ul>	N/A	-





## About this report

This is Sydney Water's full Annual Report for 1 July 2024 to 30 June 2025. It covers our:

- statutory information
- financial statements
- other regulatory information.

Visit [sydneywater.com.au/annualreport](https://sydneywater.com.au/annualreport) to read the Annual Report 2024–25 and previous reports.

If you have any comments or questions about this report, please email [annualreport@sydneywater.com.au](mailto:annualreport@sydneywater.com.au) or write to:

Sydney Water  
Annual Report Project  
General Manager Customer and Stakeholder  
Engagement  
PO Box 399  
Parramatta NSW 2124

## Contact Us

### By telephone

#### Customer enquiries:

13 20 92 (Monday–Friday, 8 am – 5.30 pm)

#### Help with leaks and faults:

13 20 90 (24 hours every day)

#### Corruption hotline:

Freecall 1800 500 965 (24 hours every day)

**Interpreter service:** 13 14 50

#### Hearing and speech difficulties:

We offer a free teletypewriter (TTY) service for customers with hearing and speech difficulties. Call the National Relay Service on 13 36 77 and enter the phone number 13 20 90 (24 hours every day).

### By post

Sydney Water  
PO Box 399  
Parramatta NSW 2124

### By email

[customerservice@sydneywater.com.au](mailto:customerservice@sydneywater.com.au)



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