Statement of Corporate Intent

2025–26

WaterNSW

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

Contents

Agreement

This Statement of Corporate Intent for the period 1 July 2025 to 30 June 2026 has been agreed between

The Honourable Daniel Mookhey MLC
Treasurer

The Honourable Courtney Houssos MLC
Minister for Finance

Peter Duncan AM
Chair WaterNSW

Andrew George
Chief Executive Officer WaterNSW

About WaterNSW

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

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

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

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

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

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

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

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

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

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

Our objectives

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

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

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

a) Capture, store and release water in an efficient, effective, safe and financially responsible manner.

b) Supply water in compliance with appropriate standards of quality.

c) Ensure that declared catchment areas and water management works in such areas are managed and protected so as to promote water quality, the protection of public health and public safety, and the protection of the environment.

d) Provide for the planning, design, modelling and construction of water storages and other water management works.

e) Maintain and operate works efficiently and economically and in accordance with sound commercial principles.

WaterNSW's role in the water sector

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

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

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

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

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

Department

Makes the rules

Governed by the *NSW Water Management Act 2000.*

Responsibilities:

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

WaterNSW

Implements the rules

Established under the *Water NSW Act 2014.*

Responsibilities:

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

NRAR

Enforces the rules

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

Responsibilities:

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

WaterNSW Corporate Strategy 2021-2026

Our vision

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

Our purpose

Water, delivered when and where it matters.

Our strategic priorities

- **Delivering operational excellence**
- **Developing our people and capabilities**
- **Respected by the customers and communities that we serve**
- **Working together in partnership**
- **Building a sustainable future**

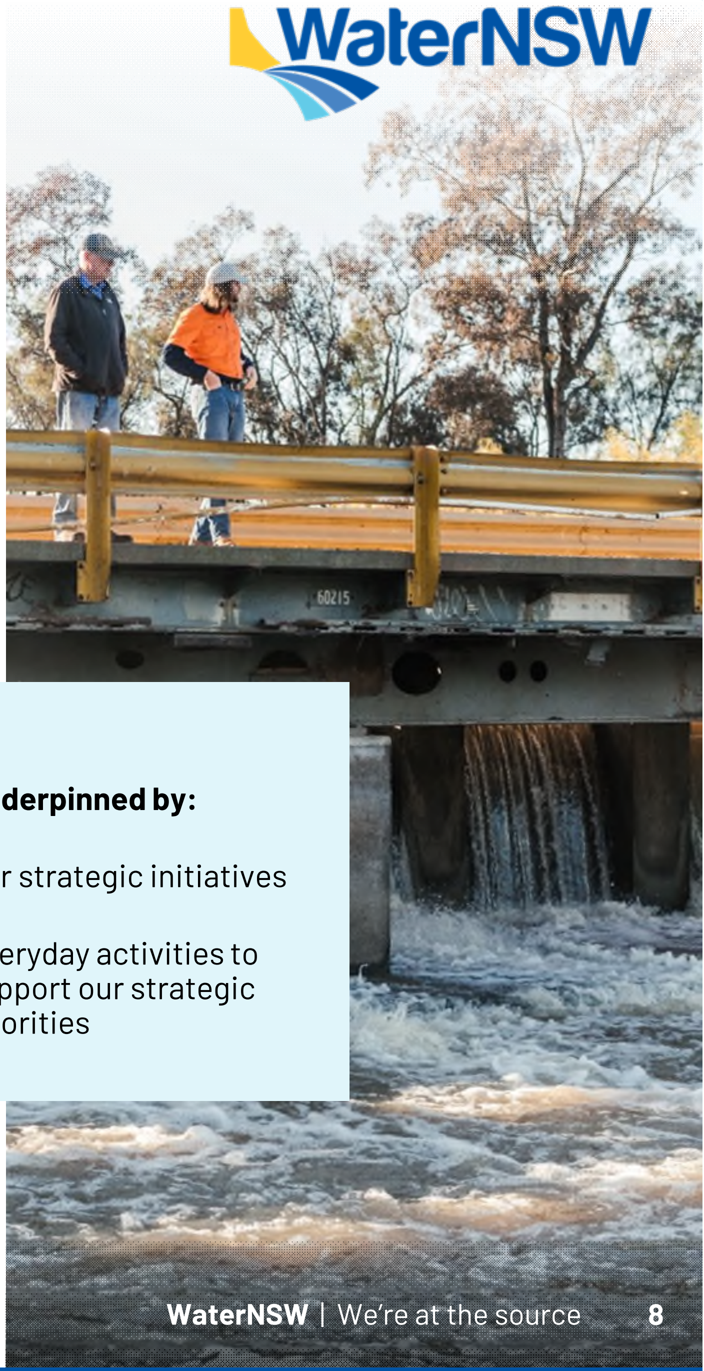
Underpinned by:

Our strategic initiatives

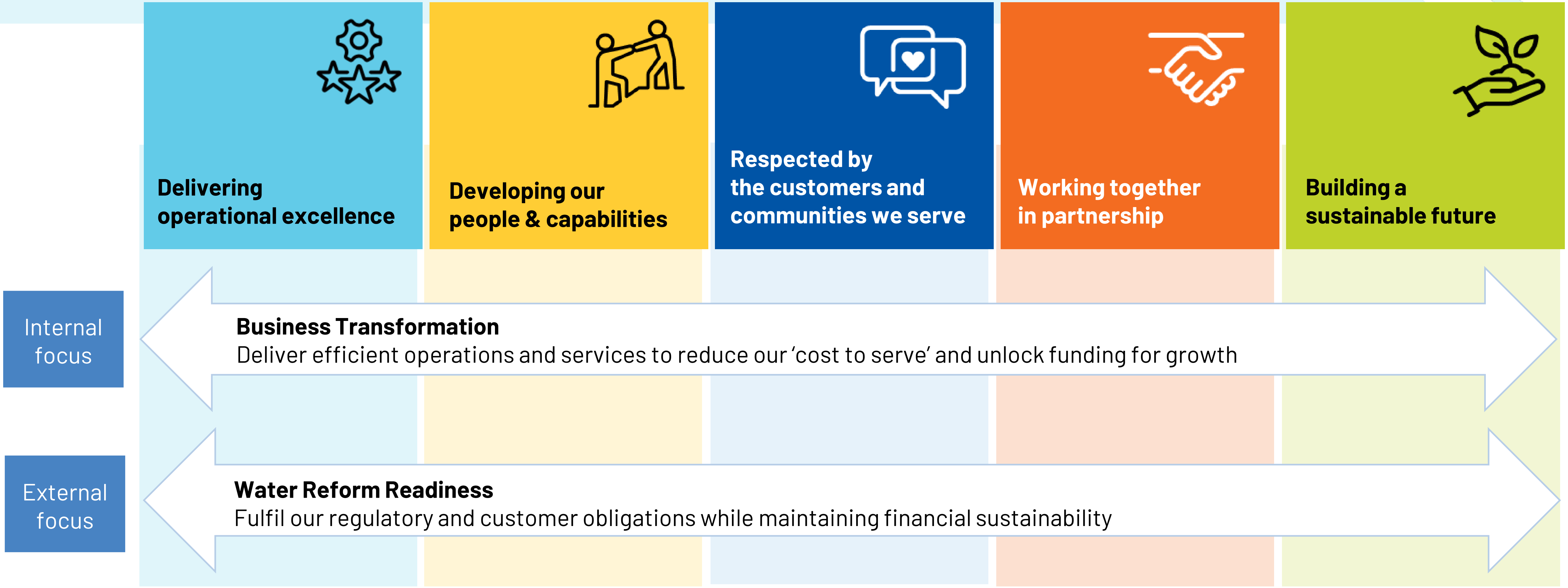
Everyday activities to support our strategic priorities

Our values

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



We will focus on **two strategic initiatives** in FY26



We have undertaken a preliminary analysis of opportunities to use our land holdings for biodiversity offsets and carbon sequestration (such as generation of Australian Carbon Credit Units (ACCUs)) and are looking to form a better understanding of these opportunities during FY26.

Statement of Expectations

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

Purpose

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

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

Basis of preparation

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

The strategic direction of the 2025-26 SCI aligns with the Statement of Expectations/ Priorities issued by the previous government on 26 April 2022.

Review

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

Statement of Expectations

Our corporate strategy, supported by our strategic priorities, is strongly aligned to the anticipated statement of expectations to be finalised by our Shareholding Ministers and Portfolio Minister when approving the SCI.

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

Financial projections summary

All amounts are in nominal dollars	2025-26 $ million	2026-27 $ million	2027-28 $ million
Revenue	523.2	541.4	557.2
Operating expenditure	339.4	348.2	349.9
Earnings before interest, tax, depreciation & amortisation	183.8	193.1	207.3
Earnings before interest and tax	68.5	70.0	83.6
Operating profit/(loss) before tax	(33.2)	(49.1)	(44.1)
Net profit/(loss) after tax	(24.0)	(35.1)	(31.5)
Net debt	2,160.1	2,288.2	2,408.6
Capital expenditure	228.6	213.7	199.7
Dividend	0.0	0.0	0.0

Dividend policy

WaterNSW's dividend projections have considered NSW Treasury's guidelines and expected material reductions in regulated revenues.

Dividends are proposed by WaterNSW's Board in May and approved or adjusted by the Voting Shareholders in June.

- The financial projections in this SCI reflect the best available information at the time of preparation. Following finalisation, WaterNSW received draft pricing determinations for Greater Sydney and WAMC, with final reports expected in September 2025. New pricing will apply from 1 October 2025. These determination outcomes, together with the final Rural Valleys determination, will be reflected in the 2026-27 SCI.
- WaterNSW has obtained a letter of shareholder support dated 30 June 2025 from the shareholder Ministers that ensures sufficient financial resources will be made available to meet WaterNSW's financial obligations for a period of 12 months from the date the 2024-25 financial statements are approved by the WaterNSW Board. The WaterNSW Board approved the 2024-25 financial statements on 17 September 2025.

Performance target summary

All amounts are in nominal dollars	2025-26	2026-27	2027-28
Returns to shareholders [1]	$23.2 million	$26.9 million	$29.3 million
Regulated [2] operating expenditure	$284.7 million	$283.5 million	$290.6 million
Regulated [2] capital expenditure	$207.5 million	$201.2 million	$196.4 million
Target capital structure (net debt to regulated asset base)	53.5%	53.5%	53.4%
New borrowings	$148.3 million	$128.1 million	$120.4 million
Earnings before interest, tax, depreciation and amortisation	$190.3 million	$199.0 million	$210.9 million

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

Performance target summary

	2025-26	2026-27	2027-28
Safety - Incident severity rate (employees and contractors)	Zero class 4 or 5 and no more than one class 3	Zero class 4 or 5 and no more than one class 3	Zero class 4 or 5 and no more than one class 3
Safety - Incident severity rate (general public)	Zero class 4 or 5 and no more than one class 3	Zero class 4 or 5 and no more than one class 3	Zero class 4 or 5 and no more than one class 3
Customer service	Aggregate performance against value, trust, service delivery and ease of doing business KPIs is on track	Aggregate performance against value, trust, service delivery and ease of doing business KPIs is on track	Aggregate performance against value, trust, service delivery and ease of doing business KPIs is on track
Quality of water available for supply	Meets agreed standards >97.5% of the time	Meets agreed standards >97.5% of the time	Meets agreed standards >97.5% of the time
Water delivery	Operational losses as a percentage of total sales volumes are no more than 3%	Operational losses as a percentage of total sales volumes are no more than 3%	Operational losses as a percentage of total sales volumes are no more than 3%
Employee engagement	Maintain or improve 2024-25 score	2.5% improvement on prior year	2.5% improvement on prior year
Deliver the Strategic Plan	100% of strategic initiatives meet expectations	100% of strategic initiatives meet expectations	100% of strategic initiatives meet expectations
Environment	Establish emissions reduction target and pathways	To be confirmed - based on reductions pathway and investment case)	To be confirmed - based on reductions pathway and investment case)

Risk Appetite

Risk Appetite Statement Methodology

WaterNSW's Risk Management Framework includes a Board-approved Risk Appetite Statement Methodology. The Methodology sets out WaterNSW's approach in defining the risk boundaries within which WaterNSW has freedom to operate, to pursue the achievement of its objectives. The Risk Appetite reflects the collective view of the Board taking into consideration the relevant and known expectations of the various stakeholders.

Monitoring & Review

To ensure that WaterNSW is operating within the Board's risk boundaries, the risk exposure is monitored and reported to management monthly and quarterly to the Board Audit & Risk Committee. Where WaterNSW is operating outside of the Board's target range, Treatment Action Plans are put in place to bring WaterNSW back to within target. WaterNSW recognises that our risk appetite is dynamic and is updated in response to changes in our operating environment

Risk Appetite Statements

On an annual basis, the Board approves the Risk Appetite Statements for each of the ten material risk categories in the Risk Management Framework, outlining the level of risk taking the Board is willing to accept. The Risk Appetite Statements include a qualitative scale used for articulating appetite for each material risk and quantitative measures for articulating tolerances for each key risk indicator for each material risk.

Risk Appetite Statements

Risk Category	Risk Appetite*	Risk Appetite Statement
Strategic	Low / Medium	While we have a low appetite for initiatives that do not align with our strategic gools, we encourage and enable innovation and thinking that tests the status quo and we have a medium appetite for making adjustments to our strategies based on changes to macro economic conditions. We have a low appetite for poor execution or delivery of our strategic initiatives.
Financial	Low	WaterNSW has a low tolerance for risks or opportunities which result in a material unfavourable variation to the financial targets set out in our Financial and Capital Risk Management Plans.
People & Culture	Low / Medium	We have no appetite for risks that compromise our commitment to provide a safe, respectful, diverse, and inclusive work environment, free from bullying, harassment, and discrimination. At Water NSW, everyone should expect to be treated with dignity, courtesy, and respect, and to treat others in the same way. We are committed to the values, standards and principles outlined in the WaterNSW Code of Conduct and have no appetite for any willful wrongdoing by our staff and contractors.
Health & Safety	Low	We are committed to providing a safe place for our employees, contractors and the public and seek to continually improve our work health and safety management system and performance. We have low appetite for taking risks that will compromise safety and health (including psychosocial wellbeing). All employees and contractors are expected to work safely at all times to protect themselves and the public (as far as is reasonably practicable).
Compliance	Low	We have a low appetite for significant breaches that may result in material fines (i.e. greater than $50,000), penalties or reputational damage and zero appetite for deliberate, negligent or systemic violations of legislative or regulatory requirements. We are open to the streamlining of governance processes, based on maintaining effective controls, to improve organisational efficiency.

* Each Risk Category may have multiple material risks for which an appetite level is set. Example: Strategic has Decision risk with a risk level of Medium and an Execution risk of a Low appetite.

Risk Appetite Statements continued

Risk Category	Risk Appetite*	Risk Appetite Statement
Digital & Data	Low / Medium	WaterNSW has low appetite for cyber security risks that result in disruption of operations and compromise of confidential and personal information. WaterNSW's aim is to protect our assets contained within our ICT systems and services. Service availability requirements have been identified and agreed with the business and disaster recovery, business continuity and security incident response plans are in place where deemed appropriate. WaterNSW acknowledges that there may be instances where the capabilities of existing systems might not fully meet the business requirements. A medium risk appetite is recognized in this context, signifying that there is an acknowledgment of the necessity for intervention or investment. Furthermore, WaterNSW has a medium risk appetite in the accumulation and analysis of data, employing emerging technological tools, such as Artificial Intelligence (AI), to aid in decision-making processes and product development endeavours.
Environment	Low / Medium	We recognise the importance of conserving and enhancing our environment and understand that sustainability considerations in all decisions is important. We have a low appetite for major environmental impacts arising from WaterNSW operational business activities, however, we have medium appetite for environmental incidents that have a limited and localised effect and can be immediately contained.
Asset & Infrastructure	Low	We will develop asset management planning processes that seek to balance asset lifecycle performance, risk and cost across the asset portfolio, consistent with the objectives of the corporate risk management framework.
Water Quality & Reliability	Low	Every day we operate our assets and manage water responsibly to meet the needs of our customers and communities, now and into the future. We deliver water highly efficiently to minimise any loss and conserve supply.
Customers & Stakeholders	Low	We are committed to being trusted to support the social, cultural and economic prosperity of our customers and communities, through transparent decision making and greater community presence. We are also committed to working together in partnership with other members of the NSW water sector to achieve these outcomes. We will make transparent decisions that reduce our environmental footprint; improve the resilience and quality of water sources; strengthen our social licence to operate; and create healthy ecosystems for our communities to enjoy for generations to come. WaterNSW has low appetite for conflicts which cannot be appropriately managed, and which do not reflect our commitment to our customers, community, and shareholders.

* Each Risk Category may have multiple material risks for which an appetite level is set. Example: Strategic has Decision risk with a risk level of Medium and an Execution risk of a Low appetite.

Representation and commitment statement

The Board of WaterNSW confirms that:

- Key performance indicators within the 2025-26 Statement of Corporate Intent are based on and supported by WaterNSW's Business Plan.
- The Voting Shareholders will be provided with financial and other information to assess the performance against commitments in this SCI and to assess the value of the Shareholders' investment in WaterNSW.
- Asset maintenance policies and processes are adequate and appropriate to manage and control risks associated with physical assets.
- All known key risks and major emerging contingent liabilities, including climate related and cyber security, which could materially impact the current and future results of WaterNSW for the coming year have been disclosed.
- Internal audit and risk management practices are consistent with the Australian Standard AS ISO 31000:2018 and standards recommended for Australian Securities Exchange (ASX) listed companies. Where appropriate and relevant, WaterNSW has referred to Treasury's *Internal Audit and Risk Management Policy for the General Government Sector* (TPP20-08) for the NSW Public Sector, and the *Risk Management Toolkit* to support development of our risk management systems.
- The Chief Executive Officer has an employment contract and performance agreement. The performance agreement is appraised every six months. The employment contract entitles the Chief Executive Officer to ongoing employment with WaterNSW.
- WaterNSW adheres to policies in the Commercial Policy Framework.
- WaterNSW agrees it will pay charges fixed by the Treasurer in respect of government guarantee fees for borrowings from TCorp, in accordance with section 20U of the *State Owned Corporations Act 1989.*
- WaterNSW complies with NSW Treasury accounting circulars and policies applicable for State Owned Corporations.
- WaterNSW agrees to provide information during the year to Treasury, as the representative of the Voting Shareholders, as specified in the State Owned Corporation Reporting Obligation Requirements.
- WaterNSW has agreed to comply with the current NSW government Fair Pay and Bargaining Policy.