

Statement of Corporate Intent



2021-22



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In the spirit of reconciliation WaterNSW acknowledges the Traditional Custodians of Country throughout Australia and their connections to land, sea and community. We pay our respect to their Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples today.



Agreement



This Statement of Corporate Intent for the period 1 July 2021 to 30 June 2022 has been agreed between

A handwritten signature in blue ink, appearing to read "K Dalton".

Kaye Dalton
Interim Chair, WaterNSW

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

The Honourable Matt Kean MP
Treasurer

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

Andrew George
Chief Executive Officer, WaterNSW

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

The Honourable Damien Tudehope MLC
Minister for Finance and Small Business

Who we are



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

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

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



What we do



Source water protection

Protection of the Greater Sydney drinking water catchment to ensure safe water is supplied to Sydney Water, local councils and other distributors for treatment and distribution to their customers.

Bulk water supply

Supplying water from its storages to customers in the Greater Sydney drinking water catchment and in the state's regulated surface water systems.

System operator

Efficient management of the state's surface and groundwater resources to maximise reliability for users through the operation of the state's river systems and bulk water supply systems, in collaboration with the Murray-Darling Basin Authority which directs operations of the River Murray system.

Infrastructure planning, delivery and operation

Meet customer-defined levels of service consistent with NSW Government policy and priorities to increase the security and reliability of water supplies to customers and the communities of NSW.

Customer water transaction and information services

Providing efficient and timely services to customers for water licensing and approvals, water trades, billing and to meet their water resource information needs for surface and groundwater quantity and quality.

Area of operations



Through our hundreds of employees located right across NSW in more than 40 locations, we provide services daily to tens of thousands of customers across NSW and manage our extensive operational assets, water monitoring and metering networks.

Corporate Strategy



Our Purpose:

Water, delivered when and where it matters

Our Vision:

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



Delivering operational excellence

Delivering safe, reliable and affordable water service through our technical and operational excellence that is recognised and valued by our stakeholders, customers and communities

Building a sustainable future

Playing our part in creating a more resilient water system that enables thriving communities and healthy ecosystems, whilst reducing our environmental footprint so we don't cost the earth



Developing our People and Capabilities

A diverse, high performing workforce that is responsive to the needs of our customers and communities



Working together in partnership

Committed to working together in partnership with our stakeholders to manage sustainable, secure and healthy water resources



Respected by the customers and communities we serve

Trusted to support the social, cultural and economic prosperity of our customers and communities, through transparent decision making and greater community presence

Strategic initiatives



Delivering operational excellence

Initiative 1: Cost transformation

Initiative 2: Operating model design and implementation

Initiative 3: Continuation of the WAVE program



Respected by the customers and communities we serve

Initiative 4: Customer and community engagement program

Initiative 5: Reconciliation Action Plan



Working together in partnership

Initiative 6: Reform business case

Initiative 7: Integrated water cycle management

Initiative 8: Engagement with local water utilities



Building a sustainable future

Initiative 9: Expansion of GS modelling

Initiative 10: Environmental, social and governance strategy and action plan



Developing our people and capabilities

Initiative 11: Diversity and inclusion

Initiative 12: People strategy

Financial summary



	2021-22 \$ million	2022-23 \$ million	2023-24 \$ million	2024-25 \$ million
Revenue	422.1	408.5	414.0	418.1
Operating expenses	286.3	228.4	214.9	220.7
Earnings before interest, tax, depreciation and amortisation	135.8	180.0	199.1	197.4
Earnings before interest and tax	42.8	82.2	106.2	100.1
Operating profit before tax	(15.9)	13.4	32.0	21.0
Net profit after tax	(11.3)	9.3	22.3	14.8
Net debt	1,961.2	2,106.0	2,183.0	2,213.0
Capital expenditure	137.3	239.2	168.6	102.3
Forecast dividend profile	20.0	15.0	20.0	20.0

Note: amounts are presented in nominal dollars

Performance targets for 2021-22



Measure	Target
Cash returns to shareholders	\$41.5 million
Core (regulated) operating expenditure	\$231.0 million
Core (regulated) capital expenditure	\$124.8 million
Target credit rating / Target capital structure	BBB (Fitch) / 55.1% net debt to regulated asset base
EBITDA	\$135.8 million
Safety incident severity rate	Zero class 4 or 5 incidents and no more than 2 Class 3 severity incidents
Overall customer satisfaction	50.7% of our customers rank our service delivery as greater than 7 out of 10
Water quality	Water available for supply meets agreed standards more than 97.5% of the time
Water supply	100% of Water Orders are rescheduled in consultation with an affected Customer within one working day of an expected water shortage, or other delivery delay
Employee engagement	5% improvement on FY21 performance
Delivery of the Corporate Strategy	100% of strategic initiatives are assessed as meeting target expectations

Representation and commitment statement



The Board of WaterNSW confirms that:

- Key performance indicators within the 2021-22 SCI are based on and supported by WaterNSW's Business Plan.
- The Voting Shareholders will be provided with financial and other information, including information on major capital expenditure projects, on a quarterly basis to assess the performance against commitments in this SCI and to assess the value of the Shareholders' investment in WaterNSW.
- Asset maintenance policies and processes are adequate and appropriate to manage and control risks associated with physical assets.
- All known 'key risks' and 'major emerging contingent liabilities' which could materially impact the current and future results of WaterNSW for the coming year have been disclosed.
- Internal audit and risk management practices are consistent with standards recommended for Australian Securities Exchange (ASX) listed companies and where appropriate, has applied any additional requirements that are set out in *Internal Audit and Risk Management Policy* (TPP15-03) for the NSW Public Sector.
- The Chief Executive Officer has an employment contract and performance agreement. The performance agreement is appraised every six months. The employment contract entitles the Chief Executive Officer to ongoing employment with WaterNSW.
- WaterNSW adheres to *Commercial Policy Framework* policies, as listed in *State Owned Corporations: Applicable TPPs under the Commercial Policy Framework*.
- WaterNSW complies with NSW Treasury accounting circulars and policies applicable for SOCs.
- WaterNSW agrees to provide information during the year to NSW Treasury, as the representative of the Voting Shareholders, as specified in the State Owned Corporation Obligation Reporting Requirements.
- WaterNSW has agreed to comply with the requirement of *Premier's Memoranda M2021-09 NSW Public Sector Wages Policy 2021*.
- WaterNSW will apply the principles of *Premier's Memoranda M2012-08 Application of Biofuels* and *New South Wales Industrial Relations Guidelines: Building and Construction Procurement July 2013 (Updated September 2017)* [previously referred to as *Premier's Memoranda M2013-02*].