

Annual Report

2023-2024



Letter to Shareholders

Dear Shareholder Ministers,

Report on performance for the year ended 30 June 2024

We are pleased to submit the annual report of Sydney Water Corporation (Sydney Water) for the year ended 30 June 2024 (Annual Report 2023–24) for presentation to Parliament.

This annual report 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) (GSF Act), 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,



Roch Cheroux
Managing Director



Grant King
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, and we play our part in improving the health of the landscape by recognising and nurturing the value of water in our environment and communities.





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Message from the Chair and Managing Director

Our commitment to securing a sustainable water future for Greater Sydney has guided us through 2023–24. Our vision and strategy deliver on our customers' and government priorities, while addressing the complex challenges we face now and those that lie ahead.

Customers – as always – are at the heart of everything we do. Our teams – from field crews to customer service and community engagement – connect with thousands of customers every day. For the last two years, we have built even stronger relationships through Our Water, Our Voice, the largest customer engagement program in Sydney Water history. The program is designed to ensure that our actions are aligned with the expectations and needs of the communities we serve.

The central message from our research is clear: customers are community-oriented, cost-conscious and future-focused. They are satisfied with our service and expect us to continue delivering safe, reliable water services now and for future generations. They want us to protect the environment and safeguard our waterways, and they demand efficient operations and innovative solutions to minimise leaks and enhance water recycling.

As we look to the future, the context in which we must plan and deliver our services has become far more complex. We face challenges to secure Sydney's water future with growing cities, climate change, emerging technology and unpredictable events. We are investing to ensure we can deliver services sustainably, equitably and efficiently to current and future customers.

Our Long Term Capital and Operational Plan, developed to respond to our customer expectations, captures our key infrastructure and operational decisions to 2050. It provides a clear roadmap for Sydney Water: by decentralising our water and wastewater systems and disrupting the west-to-east flow, we can move away from a heavy reliance on a few key assets and deliver sustainable and resilient

water services now and in the future. In March 2024, a review by Infrastructure NSW confirmed that our proposed investments in essential water and wastewater infrastructure are aligned with and support the NSW Government's ambitions for housing growth.

The plan, developed with WaterNSW and the NSW Department of Climate Change, Energy, the Environment and Water, aligns with the Greater Sydney Water Strategy and outlines our optimal investment pathway. It also sets the long-term context for future pricing submissions to IPART.

During 2023–24, we engaged in extensive consultations with customers, regulatory bodies and government entities to draft our next pricing submission. This comprehensive document, submitted to IPART in September 2024, reflects our collaborative efforts and commitment to strengthening the resilience of our systems, protecting public health and supporting healthier waterways whilst ensuring our services remain affordable.

Our commitment to environmental stewardship and security of water supply for generations to come has been a driving force behind our actions this year. Central to this is our Purified Recycled Water Discovery Centre which has gained significant attention, winning the Infrastructure Project Innovation Award (Metro) at the Australian Water Association's 2024 New South Wales Water Awards. To date, nearly 2,000 people have visited the centre including customers and community members, representatives from all levels of government, business leaders, academics, international and national water experts, and students from schools and universities.



We have aligned our business to be future-ready, we are investing in new assets and amplifying our existing services to support the government's housing supply strategy across the region. Investments earmarked in our Long Term Capital and Operational Plan will help achieve a range of objectives for economic development, population and housing growth, water resilience, and environmental protection. All investment decisions at Sydney Water must balance risk, cost, performance, and customer and stakeholder expectations, which takes collaboration to achieve. Our active engagement with our customers, the development industry and government ensures that we are well positioned to meet the demands of a growing city.

As we move forward, we will continue to consider the evolving needs of our customers, stakeholders and communities to ensure our strategy meets their needs and continues to create a better life with world class water services.

Roch Cheroux
Managing Director

Grant King
Chair



Our stories



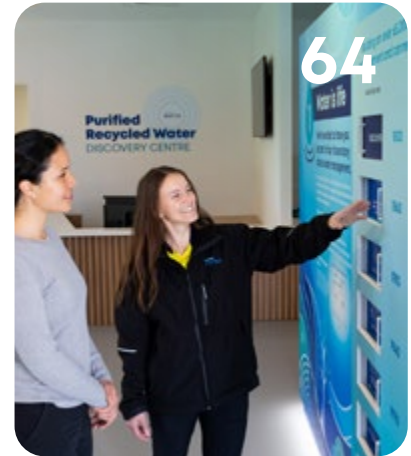
Flushing out toilet blockers

Our Toilet Blockers Anonymous campaign reminds everyone to only flush the 3Ps – pee, poo and (toilet) paper.



Caring for Country and community together

400 Warragamba Public School students spent the day with local First Nations organisations learning about Caring for Country practices.



Purified Recycled Water Discovery Centre

Our Quakers Hill Purified Recycled Water (PRW) Discovery Centre is the first facility of its kind in NSW and is helping to build community understanding of PRW.



North West Treatment Hub

The population of Sydney's north-west region is expected to double by 2036. We are transforming wastewater treatment in the region with the North West Treatment Hub.



Cultural connections and conservation: Malabar fence renewal project

A simple fencing project at the Malabar Water Resource Recovery Facility became an opportunity for significant cultural and economic engagement with First Nations communities.



Gearing up for growth in Greater Sydney

Sydney Water is planning for growth, ensuring essential water and wastewater services are ready to support the NSW Government’s Transport Oriented Development (TOD) program.



Early careers at Sydney Water

From scientists and engineers to planners and communications professionals, our early talent programs provide a range of early career opportunities.



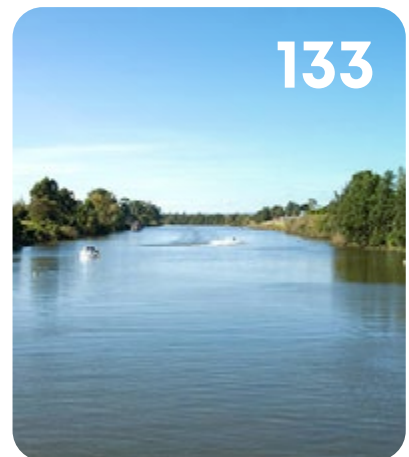
Infrastructure Pipeline and Supply Chain Expo

Our second Infrastructure Pipeline and Supply Chain Expo brought together more than 1,000 delegates and 100 exhibitors to explore the ways we can build a 22nd century city together.



Electrification of our fleet

The electrification of the fleet aligns with our strategy to achieve carbon neutrality by 2030, as vehicles account for 12 per cent of our emissions.



Badu Muru: Freshwater path

Badu Muru is the name chosen by Traditional Custodians for the access road at the Upper South Creek Advanced Water Recycling Centre, reflecting the freshwater waterways of Dharug Country.



SECTION 1

Overview



About Sydney Water

Each day, Sydney Water delivers essential water services to 5,401,000 people, fostering vibrant and sustainable communities across Greater Sydney, the Blue Mountains and the Illawarra. For 136 years, we have provided water, wastewater, recycled water and some stormwater services, all vital for healthy waterways and thriving cities.

Our Long Term Capital and Operational Plan (LTCOP), guided by our customers and the Greater Sydney Water Strategy, outlines how we will enhance essential water services and management over the next 25–30 years. This year, Infrastructure NSW independently reviewed our plan, which was developed through detailed scenario analysis and investment assessments. The review confirmed that our approach effectively balances cost, risk and

performance, while aligning with NSW Government policy and customer expectations.

For nearly two years, we have connected with more than 13,000 customers, gathering insights into what matters most to them. In June 2024, we wrapped up the first iteration of Our Water, Our Voice (OWOV), the largest customer engagement program in our history.

From this engagement, our customers identified 15 key priorities, which we have categorised into three core outcomes with the help of our Customer and Community Reference Group (CCRG):



Customer experience

Committing to exceptional service and support.



Water quality and reliability

Ensuring the delivery of safe, clean and reliable drinking water every day.



Environmental protection

Safeguarding our waterways and environment now and for the future.

We are committed to representing our customers and to providing a supportive and inclusive workplace that allows all people to thrive and achieve their full potential. Our people are our driving force, and we aim to be as diverse as the communities we serve.

We are a signatory to the United Nations Global Compact, and we have pledged to incorporate principles in the areas of human rights, labour, the environment and anti-corruption into our strategies, policies and operations. We celebrate, support and continue to build an inclusive workplace where people have a sense of belonging.

We value the meaningful, respectful relationships we have with First Nations employees, communities and stakeholders, and work alongside communities on projects such as cool burns and revegetation programs that align with Caring for Country principles.

Together, we are building a future where water management not only meets the needs of today but also paves the way for a resilient and sustainable tomorrow.










Our Operating Licence is regulated by the Independent Pricing and Regulatory Tribunal (IPART), which sets out the standards and requirements we must meet. We also invest significantly in customer and community engagement to help us shape our strategic planning and deliver our shared vision of creating a better life with world-class water services.

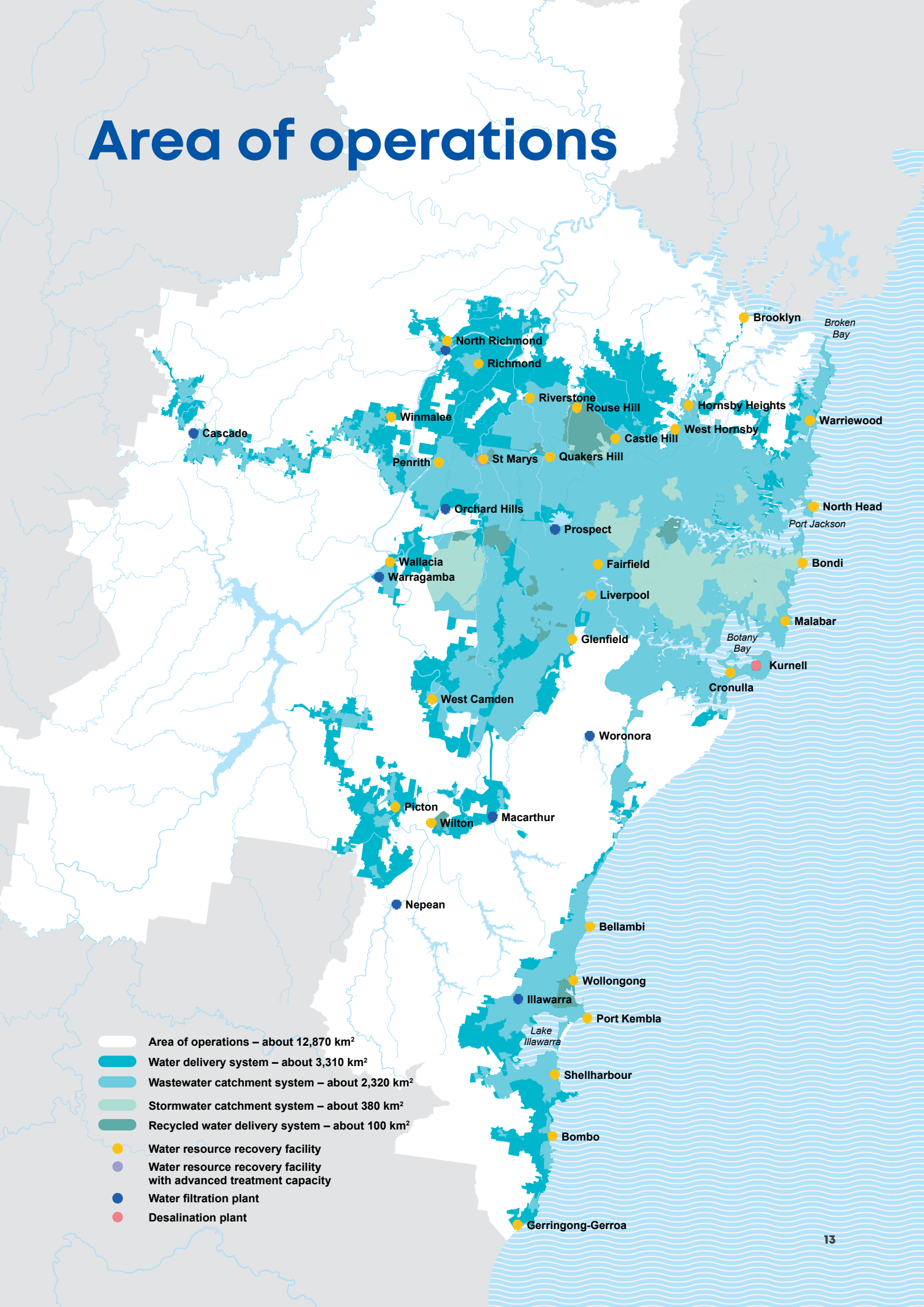
We operate under the *Sydney Water Act 1994* (NSW) and have three equal principal objectives:

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



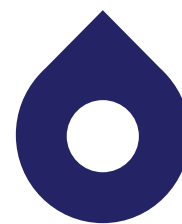
Area of operations

-  Area of operations – about 12,870 km²
-  Water delivery system – about 3,310 km²
-  Wastewater catchment system – about 2,320 km²
-  Stormwater catchment system – about 380 km²
-  Recycled water delivery system – about 100 km²
-  Water resource recovery facility
-  Water resource recovery facility with advanced treatment capacity
-  Water filtration plant
-  Desalination plant



Performance at a glance





548,807 ML

drinking water produced
for 5,401,000 people
(+103,000 ML)



35,216 ML

drinking water
produced from
desalination



5,289,000

people received
wastewater services
(+76,000)



13,000

customers in the
OWOV customer
engagement program



137,777

followers on
social media



49,270

conversations
with customers at
our Community
Education events



\$2.169 billion

invested in
capital works



13,021 ML

of drinking water
saved through
water recycling



4.3

Total Recordable
Injury Frequency
Rate (excluding
contractors)

Our structure

Further information about our Executive Team can be found on our website.



Denisha Anbu

BA, LLB (Hons 1), LLM, GAICD, FGIA
Corporate Secretary
Customer Experience

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

Dean Page

BComm, Grad Dip App Fin, FCPA, MAICD
Executive General Manager
Finance, Commercial & Digital

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





Paul Plowman

BEng (Civil), MBA
Executive General Manager
Water & Environment Services

Infrastructure Investment Programs
Growth & Development
Product & Infrastructure Performance
System Planning & Land Acquisition
Engineering & Technical Support
Production

Emma Pryor

BEng (Enviro, Hons), BA (Political Science),
M Env Law
Executive General Manager (acting)
Infrastructure Delivery

Infrastructure Delivery Office
Major Projects Delivery
Program Delivery

Steven Blanch

BBus, LLB (Hons)
Executive General Manager (acting)
People and Governance

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

Stuart Wallace

BA (Politics)
General Manager
Customer & Stakeholder Engagement

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

Note: From 2 April 2024, we realigned the organisation to enhance our capabilities and formed five distinct business groups (see Our realignment).

Our realignment

We have considered customer and stakeholder feedback to realign our organisation and enhance our capabilities, positioning Sydney Water for future success.

Over the past two years, we have dedicated ourselves to understanding the needs and priorities of our valued customers and stakeholders. This commitment has driven us to continually refine our activities to better serve them. Recognising that there is always room for improvement, we have relied on their invaluable feedback to guide our next steps as an organisation.

On 2 April 2024, we realigned our organisation to enhance our capabilities and effectively deliver our Long Term Capital and Operational Plan (LTCOP). As part of this realignment, we have established five distinct business groups, each with a specific focus and responsibility:

1



Customer Experience is responsible for the entire customer value chain, from creating accounts, interacting with customers across all interaction channels, metering and billing, lab services, delivery of customer programs, to resolving network faults. Its mission is to prioritise and meet customer expectations, fostering seamless interactions and lasting relationships.

2



Water & Environment Services is responsible for the asset value chain, from planning to the operation and management of water and environmental assets. This group ensures environmental protection while providing quality and reliable water services.

3



Infrastructure Delivery oversees the significant investments in the LTCOP, playing a crucial role in delivering projects on time and within budget.

4



People & Governance nurtures our high-performing culture and supports the governance of our business, recognising that our people are our greatest asset.

5



Finance, Commercial & Digital delivers strategic, financial, commercial and digital services, ensuring our business remains successful and innovative.

Our existing Customer & Stakeholder Engagement team will continue to operate under the Office of the Managing Director, maintaining its vital role in engaging with key stakeholders and customers.

This strategic realignment positions Sydney Water as an industry leader, ready to tackle future challenges and seize opportunities. It represents a significant step in our journey to deliver exceptional service to our customers and includes the launch of our Enterprise Plan 2024–25. This plan outlines our key objectives, activities and initiatives for the upcoming financial year and highlights our evolved strategy, which now focuses more clearly on three customer outcomes: Customer Experience, Water Quality and Reliability, and Environmental Protection. These outcomes are supported by our commitment to a Successful and Sustainable Business and an Accountable, Agile and Innovative culture.





SECTION 2

Strategy




Our strategy

We are delivering on our vision to create a better life with world-class water services.

Sydney Water is committed to safeguarding a secure, sustainable, and resilient water future for Greater Sydney, aligning with insights into customer sentiment and the broader objectives of the NSW Government's Greater Sydney Water Strategy.

Sydney Water produced about 549 billion litres of clean drinking water for our customers in 2023-24. We ensure the safe delivery of this high-quality water to 5,401,000 million people across Greater Sydney, including the Blue Mountains and the Illawarra.





Since we delivered Sydney Water's Strategy in 2023–24, there has been a distinct shift from Sydney Water's robust and proud past towards our future. This year has been a transition from how we used to do things to how we will do things in the future.

Our Strategy has served as a dynamic blueprint for sustaining the essential services we provide with customers at the heart of everything we do, while we evolve to meet the changing needs of our customers, communities and cities.

In line with customer engagement insights and the ongoing changes to the operational landscape, we are evolving our Strategy and continuing to implement the NSW Government's Greater Sydney Water Strategy, securing a resilient and sustainable water supply for the next 20 years and beyond.

In 2023–24, we continued to deliver great customer outcomes as part of our Enterprise Plan, with the following key achievements aligned to our Strategy.

Enhancing customer experience

Our Customer Business Telephony Uplift Project is currently in the delivery phase and progressing on schedule. Meanwhile, our B2B/Developer Transformation Project is underway, focusing on making it easier for developers to do business with us. Looking ahead, our FLOW Project is set to go live in March 2025, with the goal of optimising fieldwork delivery and dispatch to improve both employee and customer experiences. Our smart meter rollout is in its early stages, focusing on proactively notifying customers about potential water leaks to minimise bill shock.

Customer engagement

Through Our Water, Our Voice, we have actively engaged with over 13,000 customers to better understand their needs and priorities, incorporating their insights into our planning and operations.

Water quality and resilience projects

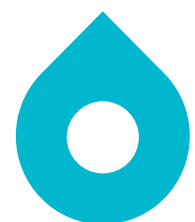
The 2023–24 program to ensure drinking and recycled water continues to meet Australian Drinking Water Guidelines (ADWG) and Australian Guidelines for Water Recycling (AGWR) has been broadly delivered, with most projects significantly progressed or completed. Our ability to provide drinking water that meets the standards in the ADWG remains vulnerable to extreme raw water conditions, with operational contingencies in place.

Unlocking the circular economy

A governance framework has been established to prioritise initiatives in our Circular Economy Portfolio including the Upper South Creek Advanced Water Recycling Centre and surrounding precinct. Our Material Sharing Portal has been launched and is gaining traction, drawing strong interest across the business to further develop the project and establish dedicated warehousing for high-value assets and materials.

Net zero carbon emissions

We have established a pathway to achieving net zero carbon emissions by 2030. Key initiatives include Power Purchase Agreements (PPA) that cover 57 per cent of our energy needs and offsets contributing 24 per cent towards our goal. A carbon offset acquisition plan is in place to secure the necessary offset credits to achieve our net zero target by 2030.



Workplace innovation and collaboration

Renovations at our Parramatta Hub and other sites have been completed to support hybrid working models, fostering a collaborative and flexible work environment that enhances productivity and employee wellbeing. Our People Experience Program (PXP), launched in June 2024 and currently in the blueprint phase, is focused on process design and stakeholder understanding. The PXP aims to develop skill frameworks across Sydney Water, providing employees with opportunities to build career pathways and access targeted learning and development resources.

Environmental performance improvement

Despite improved performance at our wastewater treatment plants, our overall wastewater and environmental performance is under stress due to an increase in chokes and overflows across our networks. In 2023–24, Sydney Water crews tended to about 1,000 chokes a month, which is sharply up from 8,000 annually just a few years ago, as more people flush items that form blockages. In May 2024, we launched the Toilet Blockers Anonymous campaign to raise community awareness about what can and cannot be flushed. It has become Sydney Water's most successful campaign so far, with 77% of people saying the ads made them rethink flushing inappropriate items. We are currently monitoring to see if this has led to lasting changes in behaviour.

Resilient infrastructure

Ongoing upgrades to water filtration plants and other critical infrastructure are enhancing resilience against extreme weather events and ensuring the reliability of our water supply. Our LTCOP will guide our infrastructure investments and operational strategies through 2050 and beyond and is a key input into our IPART Price Submission and our 10-Year Statement of Corporate Intent.

Innovation and Technology

Our Innovation, Research, and Deployment (IRD) plan is being reprioritised to align with customer priorities identified through the OWOV program. As part of this effort, we are deploying new technologies for wastewater blockage detection and other smart infrastructure solutions to proactively manage our water systems. Our Smart Metering Project is progressing, with a Steering Committee established in January 2024 to oversee the large-scale rollout, and foundational work underway on strategic software and a data management platform.

Community and stakeholder engagement

We maintain open and honest communication with our customers and stakeholders about our plans, projects, and the rationale behind price adjustments. To support those affected by price increases, we offer tailored customer hardship programs, including flexible payment plans and efficiency audits, to help both businesses and residential customers manage the financial impact.



Sydney Water's journey is one of resilience, innovation and dedication to the health and well-being of the communities we serve. While challenges like population growth and climate change are significant, these challenges also bring opportunities for innovation. By embracing change, we are meeting today's needs, providing essential services that reflect the evolving demands of our city, and create a better life with world-class water services now and for the future.














Our outcomes

We measure our performance against goals and targets to ensure we are on track to deliver our strategic outcomes, and we continually aspire to create a better life with world-class water services.

To achieve this vision, we regularly review our overarching goals and plans to ensure they remain aligned with our four strategic outcomes. For 2023–24, the following measures provide a snapshot of how we are performing against our key areas of focus.

GOALS	MEASURES	TARGET 23–24	ACTUAL 23–24	STATUS	COMMENT
 First choice of customers and partners					
Engage with customers and stakeholders to inform them of Sydney Water's decisions and make it easier to do business with us	Enterprise advocacy	Top quartile	Top quartile	✓	Stable
	Customer satisfaction	Top quartile 52%	Top quartile 52%	✓	Stable
 Thriving, liveable and sustainable cities					
Deliver safe, affordable, reliable and high-quality water and wastewater services, and manage our assets effectively and efficiently	Water quality – Compliance with Australian guidelines and standards for drinking water and recycled water products	All systems compliant	All systems compliant	✓	Stable
	Water conservation – System water leakage	108 (+/- 16) ML/d	131.4 ML/d*	↓	Declining performance
	Water service – Number of properties affected by unplanned service interruptions (> 5 hrs)	< 43,069 (upper limit for Operating Licence)	37,312	✓	Stable
	Wastewater collection – Number of properties experiencing an uncontrolled sewage overflow in dry weather	< 15,139 (upper limit for Operating Licence)	3,722	✓	Improving Performance
	Wastewater transport – Material harm pollution incidents in wastewater system (overflows or incidents)	< 460 in year	1,053	↓	Declining performance

GOALS	MEASURES	TARGET 23-24	ACTUAL 23-24	STATUS	COMMENT
 Thriving, liveable and sustainable cities					
Create value for our customers and communities by embracing circular economy practices in our core business	Biosolids beneficially reused	100%	100%		Stable
	Volume of recycled water supplied	42 GL	40.1 GL		Stable
	Net zero carbon (total net greenhouse gas emissions Scope 1 and Scope 2 emissions)	≤ 350,000 +/- 5% variation	347,589		Improving Performance
 High performance culture					
Transform our culture to enable our Strategy	Total Recordable Injury Frequency Rate (TRIFR), including employees and contractors	≤ 5	5.6		Declining performance
	Behaviour index	74%	74%		Stable
	Diversity index (% workforce represents the community served)	75%	77%		Improving Performance
Enhance the user experience, capability and security of digital ecosystem for the benefit of our people, assets, customers and the city	Digitisation index	31.8	29.6		Stable
 Successful and innovative business					
Ensure Sydney Water is a successful and commercially focused business	EBITDA	\$1,707 m	\$1,780 m		Improving
	Return on Invested Capital (core)	5.5%	5.9%		Improving
Contribute to the state's economic recovery through the investment in and delivery of our capital infrastructure program, and embed innovative ways of working	Innovation Effectiveness Index	6.4	6.4		Stable

* Result is for the rolling 12 months to the end of the third quarter 2023-24.

Delivering on the NSW Government's agenda

Good planning helps us to prepare for future challenges and create a better life for our customers with world-class water services.

Our vision of creating a better life with world-class water services is directly aligned with the NSW Government's policies and priorities as set out in the Statement of Expectations and the Greater Sydney Water Strategy (GSWS).

The NSW Government supplies Sydney Water with a Statement of Expectations. The existing Statement of Expectations reflects the priorities and expectations of the previous government and is currently being updated to ensure that expectations of the current government are conveyed. Our work to fulfil these expectations in 2023–24 is summarised in the following table.

Align with the Government's strategic planning

- Ensure efficient investment that is aligned to the LTCOP and delivers on the NSW Government's housing objectives.
- Plan for new rainfall-independent water supply to enhance resilience to drought.
- Continue core business activities to deliver safe, affordable, reliable and high-quality water and wastewater services.
- Deliver capital investment projects for water and wastewater infrastructure and servicing growth, including the Upper South Creek Advanced Water Recycling Centre, Prospect to Macarthur, water filtration plant pre-treatment upgrades, and growth projects such as the North West Treatment Hub.

Strive for excellence in customer service and experience

- Incorporate insights from OWOV customer engagement and our Customer and Community Reference Group in our price proposal.
- Build water literacy and education, including via a Purified Recycled Water (PRW) Discovery Centre.
- Enhance communication channels and accessibility through delivery of the Customer Business Telephony Uplift.
- Optimise the flow of services and information, ensuring a smoother experience for our customers (Flow Program).

Build trust with customers, stakeholders and the community

- Continue to share data sets and information to enhance customer experience.
- Modernise our capabilities for business-to-business value transfer, and engage with developers to enhance customer interactions and meet evolving needs.
- Implement the enhanced Water Conservation Program, including managing water leaks, and implement the Smart Water Meter Efficiency Program.
- Implement the Protective Security Program, including the cybersecurity program.



Operate the business sustainably

- Continue to maintain and improve existing assets to address environmental performance, including the Environmental Performance Improvement and Compliance Program and upgrades to water resource recovery facilities.
- Implement Western Sydney Aerotropolis Stormwater Integrated Water Cycle Management.
- Implement projects to deliver the Net-Zero Carbon Program, and explore circular economy projects.
- Plan to reduce climate risks to assets, services and the environment.
- Partner to activate new swimming and water recreation sites via Urban Plunge, and deliver amenity improvements via stormwater naturalisation projects.
- Improve sustainability reporting.

Minimise cost-of-living pressures

- Deliver a robust customer-informed price proposal for 2025–30 to lessen price impacts on customers from investment in water and wastewater infrastructure.
- Deliver community service obligation programs, and support vulnerable customers through tailored financial support programs.

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

- Continue to build organisational and supply chain capabilities aligned to the scale and nature of the capital investment program.
- Ensure financially sustainable practices and meet the evolving needs of our communities.
- Facilitate the reintroduction of infrastructure contributions for water and wastewater.
- Optimise the Property Portfolio.

Deliver services safely

- Foster a collaborative and safe work environment through our Better Safer Together program.

Build an innovative culture

- Continue to implement the Innovation and Research Deployment Plan.
- Increase the use of data and digital technology to improve business efficiency and customer experience.

Maintain high standards of public accountability and corporate governance

- Continue to implement leadership programs.
- Embed our refreshed ethical framework.

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

- Mature the efficiency and effectiveness of the regional delivery model to meet current needs.
- Implement sustainable procurement practices and the Aboriginal Procurement Participation Plan.

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

- Continue to implement our Reconciliation Action Plan.
 - Continue to implement our Diversity, Equity and Inclusion Plan.
 - Embed our culture roadmap.
 - Deliver the PXP to streamline and optimise workforce processes.
-

Planning for the future





1

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, the Greater Sydney Drought Response Plan (GSDRP) and the LTCOP support the delivery of the framework.

2

Greater Sydney Drought Response Plan

The GSDRP is an adaptive plan that has been informed by and aligns with the GSWS. The GSDRP introduces the idea of a staged drought response to enhance preparedness. The plan defines actions and decisions that are required pre-drought, as drought conditions develop and intensify, and during recovery. This approach allows Sydney Water, WaterNSW 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 supply risks.

3

Greater Sydney Water Strategy

The GSWS charts a direction for delivering sustainable and resilient water services for the next 20 to 40 years, servicing a growing Greater Sydney, including the Illawarra and Blue Mountains, and safeguarding our city even in times of prolonged drought and extreme weather events.

The strategy sets out priorities and actions for the delivery of water, wastewater, recycled water and stormwater services into the future in a way that is integrated with land use planning. Sydney Water, working collaboratively with the NSW Department of Climate Change, Energy, the Environment and Water (DCCEEW) (previously the Department of Planning and Environment) and WaterNSW, has made significant progress in implementing actions to deliver all five priorities in the GSWS.

4

Long Term Capital and Operational Plan

The LTCOP, released in September 2023, captures our key infrastructure and operational decisions to 2050 and ensures services to our customers adapt to a changing world.

The plan, which was developed with WaterNSW and the NSW DCCEEW and is aligned with the GSWS and our customer values, sets out our optimal investment pathway and provides the long-term context for future pricing submissions to IPART. We balance cost and risk in an adaptive plan to ensure it reflects our customers' expectations of us and will support the growth and resilience of Greater Sydney for the next 30 years. In March 2024, a review by Infrastructure NSW confirmed that our proposed investments in essential water and wastewater infrastructure are aligned with and support the NSW Government's ambitions for housing growth. We are updating our LTCOP to align with our 2025–2030 Price Proposal.



GSWS priorities	Sydney Water focus for 2023–24	Status update
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PRIORITY 1
We understand how much water we need and when

Continue community consultation and analysis to inform decision making for future water supply management and supply options



This year saw the completion of Sydney Water’s largest ever customer engagement program, ‘Our Water Our Voice’. This engagement has provided insights into customer preferences for water supply security and water management in Greater Sydney, and will inform the implementation of the GSWS.

Sydney Water continues to work with the DCCEEW and WaterNSW to inform levels of service for future planning and drought response recommendations.

We continue to engage with stakeholders, including the DCCEEW, on the impact of climate hazards on our services and how we are adapting to climate change.

PRIORITY 2
Our water systems are sustainable for the long term and resilient to extreme events

Continue investment in comprehensive water conservation and efficiency programs



Sydney Water and the DCCEEW have developed a joint five-year plan to deliver 38 GL of drinking water savings by 2030. By the end of June 2024, our customers have saved almost 24 GL of drinking water.

Continue the optimised use of the Sydney Desalination Plant (SDP)



35,216 ML of drinking water has been provided for customers under the new flexible SDP Network Operators Licence and the IPART price determination since 1 July 2023.

Plan for new rainfall-independent supply options (purified recycled water and desalination)



This year saw Sydney Water make significant progress on planning for four main components of our Resilient and Reliable Water Supply program:

- Sydney Water supported the preparation of the NSW Government’s business case for the SDP expansion and in parallel completed initial planning for the network augmentations required to accept the increased water production capacity of the expanded plant.
- The Quakers Hill Purified Recycled Water (PRW) Discovery Centre commenced its 12-month process proving period and has hosted nearly 2,000 visitors since opening.
- As part of our plans to secure our water supply, Quakers Hill to Prospect PRW project preliminary environmental assessment studies were undertaken to inform planning approvals and project development, and concept design activities were progressed.
- A planning study was completed to improve water supply resilience with a focus on interconnector pipelines that improve our water sharing ability and capability to respond to disruptions in our drinking water supply, and on addressing critical points of failure in our bulk water supply network.

Manage drought



The annual review and update of the GSDRP was completed in December 2023.

Manage location-specific or asset-specific risks



Sydney Water continues to implement its LTCOP by planning for new rainfall-independent supplies and improving resilience at critical parts of our water supply.

Sydney Water’s PRW Discovery Centre at Quakers Hill opened for public and stakeholder tours. The Centre highlights the safety of this proven technology and demonstrates the range of environmental and cost benefits of using PRW to supplement our drinking water supply.

✓ Completed 2024 deliverable and ongoing

➔ In progress towards later delivery and/or a revised timeframe

GSWS priorities	Sydney Water focus for 2023–24	Status update
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PRIORITY 3
Our city is green and liveable

Integrate our water and land use planning more effectively

→ Sydney Water contributed to the DCCEEW’s review of Integrating Land Use and Water Planning and is continuing to work with stakeholders to consider how the recommendations can be implemented in Sydney. Sydney Water continues to take an integrated approach in planning, including developing region master plans and growth precinct planning. Sydney Water’s Illawarra Regional Master Plan was released in May 2024.

Prioritise alternative water sources for greening and cooling

→ Sydney Water is planning integrated delivery of water services in the Mamre Rd and Aerotropolis precincts that will retain water in the landscape, provide regional stormwater drainage, and provide harvested and recycled water to support landscape irrigation. IPART’s review of the efficient costs of stormwater services began in March 2023.

Progress a circular economy approach for water services

→ Sydney Water continues to implement our circular economy and net zero carbon projects. In 2023–24, we achieved stable operation of the Malabar Biomethane Injection Project, progressed our Liverpool food waste project, increased solar production, returned North Head hydropower to operation, and increased our electric passenger vehicle fleet. Sydney Water has worked with councils to develop a joint feasibility study on a regional organics hub located at the Advanced Water Recycling Centre in Western Sydney.

PRIORITY 4
Our waterways and landscapes are healthy

Make greater use of recycled water

→ Work continues on the Upper South Creek Advanced Water Recycling Centre. When the plant is complete, Sydney Water will release advance treated recycled water to the Nepean River near Wallacia. This high-quality water can replace a small portion of future environmental flows.

Invest in wastewater management and improve waterway health

→ We have completed our 2020–24 work program to reduce the volume of diluted wastewater that overflows from the network during wet weather. We are continuing to refine the methodology used to prioritise works, so our investment targets the most substantial environmental and public health benefits. We created our Choke Management Plan to prioritise works to reduce and address the impacts of chokes in wastewater pipes. Implementation of our Sydney Water Aquatic Monitoring (SWAM) Program began in July 2023.

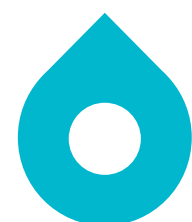
We are planning and delivering upgrades to wastewater treatment plants in the Hawkesbury Nepean River catchment. During the year, we have been constructing the West Camden Water Recycling Plant Upgrade and Richmond System Wastewater Upgrade, so we can service growth in the catchment and maintain compliance with our Environmental Protection Licence into the future.

We continued pilot projects to understand the nutrient reduction performance of environmental offsets. A riverbank stabilisation project at Camden has been completed, and we are monitoring the site and nutrient benefits.

Sydney Water continues to share expertise in water quality monitoring data and management. We are also sharing our knowledge of climate change–related impacts on assets to inform waterway and coastal management in our area of operation.

✓ Completed 2024 deliverable and ongoing → In progress towards later delivery and/or a revised timeframe

GSWS priorities	Sydney Water focus for 2023–24	Status update
PRIORITY 4 Our waterways and landscapes are healthy	Partner to improve stormwater management and increase the recreational use of waterways, including swimming	→ We continue to work with local government and catchment partners in the Cooks River, Georges River, Parramatta River and Sydney Harbour areas to improve stormwater management Two Waterway Health Improvement Program (WHIP) projects were completed, at Parkside Drive in Kogarah Bay and Milson Park in Westmead. The naturalisation of the Muddy Creek stormwater channel will be completed soon. We continue to work with a number of partners to identify and activate new swimming sites across Greater Sydney as part of the Urban Plunge program. We have continued our webinar series and held a technology showcase. RiverWatch monitoring is continuing for swimming sites in the Parramatta River, and the public reporting of data for active swim sites is occurring through Sydney Water's Urban Plunge portal. The City of Canada Bay opened a new riverside recreation site at McIlwaine Park in November 2023 (a non-swimming site), supported by RiverWatch.
	PRIORITY 5 Water management and services meet community needs	Enhance community confidence through engagement and transparency Manage price impacts for customers
✓ Completed 2024 deliverable and ongoing		→ In progress towards later delivery and/or a revised timeframe



Price Proposal 2025-30

During the 2023–24 financial year, we engaged in extensive consultations with customers, regulatory bodies and government entities to draft our next price proposal.

Under 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.

During the financial year 2023–24, we engaged in extensive consultations with customers, regulatory bodies, and government entities to draft our next price proposal for 2025–2030. This comprehensive document, submitted to IPART in September 2024, reflects our collaborative efforts and commitment to transparent and fair pricing.

Customer and stakeholder engagement

We have engaged with customers, communities and stakeholders to gather valuable insights and feedback. These consultations involved:

Customer engagement: Through OWOV, we engaged in discussions with our customers to understand their priorities, expectations, trade-offs for risk performance and price, and willingness to pay for the services we provide. This feedback has been instrumental in shaping our proposal.

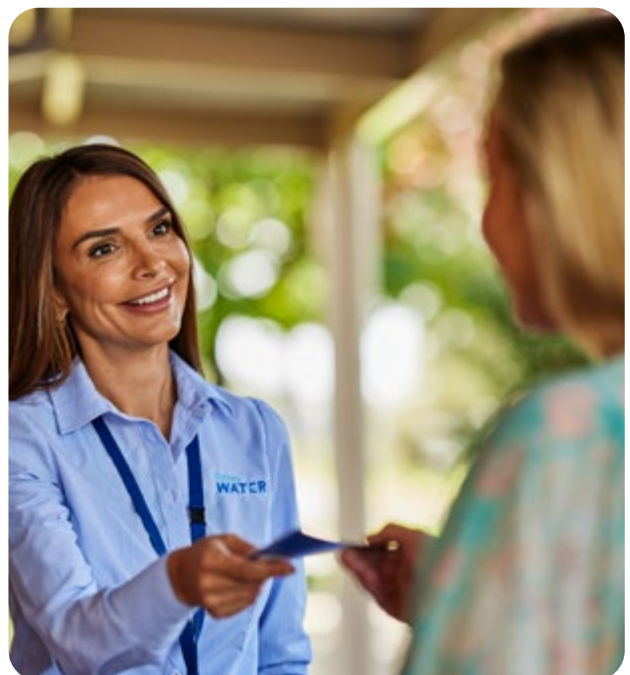
Regulatory and government collaboration: We worked closely with regulatory bodies and government agencies to ensure our proposal aligns with broader policy objectives and regulatory requirements.

Internal coordination: All organisational groups within Sydney Water have contributed to drafting the proposal. This collaborative approach ensures that the document is thorough, covering all aspects of our operations and future plans.

Impact on customer bills

The prices set by IPART will directly influence customer bills. The new pricing structure will come into effect on 1 July 2025, following the final determination. This means customers will see any adjustments reflected in their bills from this date onwards. The determination aims to ensure that prices are fair, reasonable, and sufficient to cover the costs of delivering reliable and sustainable water services.

By adhering to IPART's rigorous review process, we strive to maintain transparency and accountability, ensuring our customers receive the best value for their contributions to Sydney Water's ongoing operations and improvements.





SECTION 3

Customers, operations and performance



Our principal statistics for 2024–25

Approximate area of operation	12,870 sq km
Total quantity of drinking water produced ¹	548,807 ML
Quantity of drinking water produced from desalination	35,216 ML
Estimated population serviced by drinking water ²	5,401,000
Length of drinking water mains owned and operated ⁵	22,864 km
Number of water treatment plants	9
Number of desalination plants	1
Number of drinking water reservoirs	252
Number of drinking water pumping stations	153
Properties with drinking water service available	2,153,468
Estimated population receiving wastewater services ³	5,289,000
Wastewater collected (includes discharge, bypass, overflows and other)	579,759 ML
Length of wastewater mains owned and operated ⁵	26,861 km
Number of wastewater resource recovery facilities	30
Number of wastewater resource recovery facilities with advanced treatment capacity	1
Number of wastewater pumping stations	698
Properties with wastewater service available	2,102,705
Estimated population serviced by recycled water ⁴	120,000
Quantity of recycled water supplied	40,068 ML
Length of recycled water mains owned and operated ⁵	822 km
Number of recycled water reservoirs	9
Number of recycled water pumping stations	12
Length of stormwater channels controlled ⁵	456 km
Properties with stormwater drainage available	651,069

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 and Environment's 2022 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 and Environment's 2022 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 and Environment's 2022 NSW Population, Housing and Implied Dwelling Projections.

5 Length of mains owned and operated by Sydney Water and constructed by 30 June 2024. Construction plans not received or not captured are not included in total length.

Our operations

Extreme weather shows why we need to build resilience in our systems to meet customer needs no matter the climate.

In 2023–24, Sydney Water provided 548,807 ML of drinking water compliant with the Australian Drinking Water Guidelines (ADWG) to 5,401,000 people.

We supply water from 11 major dams through 13 water delivery systems that run through 22,864 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 15 per cent comes from the Sydney Desalination Plant (SDP) at Kurnell.

Sydney is experiencing more frequent, severe extreme events, including droughts, bushfires and storms, which have a significant impact on raw water quality and the quantity available from our existing water supply catchments, as well as water demand. Unprecedented rain events over the past year washed dirt, debris and natural organic matter (from vegetation within the catchment) into our dams, resulting in deteriorated raw water quality that is beyond the capability of our water filtration plants.

Our drinking water system has been designed with a multi-barrier approach to ensure it is resilient, but these climatic events have highlighted gaps in the capability of our drinking water systems to manage raw water conditions. To date, these events have been managed by manual operational interventions, emergency contingency operations, supplementary production from the SDP and incident management interventions (for example, tankering and 'conserve water' communications to customers).

Poor raw water quality increases the cost of chemicals needed for water treatment and filtration. We use these chemicals throughout our water

and wastewater systems, and they are typically the largest part of our material costs. When the raw water quality falls outside what our plants are designed to handle, we need to use more chemicals to treat it. These costs are often influenced by energy prices. The COVID-19 pandemic and the Russia–Ukraine conflict further disrupted global supply chains, leading to higher prices and a peak in our material costs in 2022–23. However, prices started to stabilise and return to pre-pandemic levels in 2023–24.

Wet weather has also contributed to the decline in asset performance for a number of our 698 wastewater pumping stations. We have focused on improving performance through prioritising planned maintenance delivery against the underperforming assets.

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


- upgrades at Prospect, Orchard Hills, Cascade and Nepean water filtration plants, which are installing additional upstream treatment to manage raw water quality and ensure we can continue to provide drinking water to our customers under all weather conditions.
- the North West Treatment Hub, which includes upgrades to Castle Hill Water Resource Recovery Facility (WRRF) and Rouse Hill WRRF to ensure Sydney Water can remain compliant with tighter environmental protection licensing conditions; and upgrades at Riverstone and Rouse Hill WRRFs to accommodate growth in Sydney's North West.
- new water sources to provide water security during drought and to meet growth in drinking water demand.



First choice of customers and partners

First choice of customers and partners

We deliver a world-class customer experience and collaborate with our current and future customers, communities, stakeholders and partners to deliver better outcomes.

GOALS	MEASURES	TARGET 23-24	ACTUAL 23-24	STATUS	COMMENT
 First choice of customers and partners					
Engage with customers and stakeholders to inform them of Sydney Water decisions and make it easier to do business with us	Enterprise advocacy	Top quartile	Top quartile	✓	Stable
	Customer satisfaction	Top quartile (52%)	Top quartile (52%)	✓	Stable

Achievements and opportunities



OUR WATER, OUR VOICE

We successfully completed customer engagement, with clear customer outcomes defined. These priorities are central to the IPART price submission, and the business operating model has been reconfigured to better align with these customer outcomes.

CUSTOMER BUSINESS TELEPHONY UPLIFT PROJECT

This project is on track and is currently in the delivery phase. A preferred supplier has been identified, with procurement underway.

FLOW PROGRAM

The blueprint phase has been completed, and the program is now in the build phase. Foundation Release and Release 1 have been combined into a single release, which is tracking to plan, with go-live set for March 2025.

B2B/DEVELOPER TRANSFORMATION

The digital build, including the target operating model, has been completed and is being implemented alongside the enterprise re-alignment.

WATER CONSERVATION PROGRAM

As of 18 July 2024, the program has saved an estimated 4,744 ML of drinking water (1,485 ML from water efficiency programs and 3,259 ML from leak alerts provided by digital meters). The program was approximately \$1 million under budget due to contractor changes and program reviews. The Turn-It-Off Bob, Jess Fox, and Nedd Brockmann campaigns were successfully delivered to promote water-wise behaviours.

Our customers are at the heart

We asked over 13,000 customers to share their thoughts on Sydney Water, and the results gave us a clear picture of how we are doing.

Customer satisfaction

We asked over 13,000 customers in 2023–24 to rate their overall satisfaction with Sydney Water. Just over half of them (52 per cent) were highly satisfied (a customer rating of 8–10 out of 10), which is up by two percentage points compared to 2022–23 (50 per cent). While passive responses (a customer rating of 5–7 out of 10 or responses of ‘don’t know’) decreased to 44 per cent (down from 46 per cent in 2022–23), and negative responses (a customer rating of 0–4 out of 10) remained low at four per cent (unchanged since 2022–23).

Customer satisfaction was stable through the first two quarters of 2023–24, at 53 per cent declined slightly through the latter two quarters, reaching 51 per cent over the April to June 2024 quarter. Despite the slight decline over the last six months of the year, customer satisfaction remains higher than in 2022–23. Sydney Water now ranks first for customer satisfaction among its benchmark organisations, such as day-to-day banks.

Tap water rating

On average, 65 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 2023–24, which is up by two percentage points on the last financial year (63 per cent). The performance of our operational teams in delivering a top-quality product is supported by our customer and community engagement activities. These include being the Hydration Partner for Cricket NSW, 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 2023–24, we resolved 4,436 complaints that were our responsibility.

Complaints made up less than 0.6 per cent of the more than 774,000 customer contacts via phone, email, fax, mail and online channels, excluding self-service contacts.

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

In 2023–24, EWON received 643 enquiries or complaints related to Sydney Water.¹ This equates to 3.0 matters per 10,000 customers, aligning with the results for other water utilities overseen by EWON.

We continually monitor and assess our complaint data to identify process improvements.



Customer satisfaction indicators, 2019–20 to 2023–24

	2019–20	2020–21	2021–22	2022–23	2023–24
Average customer satisfaction rating (positive: scores of 8–10)³ (%)	n/a	51	53	50	52
Average customer rating of overall quality of drinking water (score out of 10)²	7.9	n/a	8.0 ⁴	7.6 ⁴	7.7 ⁴
Average customer satisfaction with tap water quality (strong satisfaction: scores of 8–10) (%)⁵	70	69	68	63	65
Total number of complaints (including those to EWON)	5,733	5,382	6,298	5,135	5,079

1 Data for 2023–24 provided by EWON, as its annual report had not been formally released at the time of reporting.
 2 Results for 2019–20 are from the Customer Experience Monitor, which was decommissioned on 1 July 2020.
 3 From 1 July 2020, the Customer Satisfaction metric has been measured by the Brand Tracker (previously, overall service quality was measured by the Customer Experience Monitor). As the wording of questions has changed to align with the new Customer Experience Measurement framework, historical comparisons are not available prior to 1 July 2020.
 4 The average customer rating of the overall quality of drinking water is from the Community Sentiment Monitor.
 5 From 1 July 2020, the previously reported drinking water rating has been replaced with the tap water quality rating from the Community Sentiment Monitor, as the Customer Experience Monitor has been decommissioned. As the wording of questions differs between studies, comparisons between the two metrics are not possible.

Financial support and guidance for our customers

Our Customer Care team provides support to customers experiencing financial hardship, including dedicated case management to around 450 financially vulnerable customers each month.

In the 2023–24 financial year, the team took 5,800 calls from customers needing financial support and entered 3,000 payment arrangements (when the balance of a bill is broken into multiple payments before the next bill is due).

The team also referred 500 households to our PlumbAssist service, reducing water usage and costs for the households.

The support that our Customer Care team provides to customers extends to 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:

- payment extensions, payment arrangements and payment plans
- regular deductions from eligible Centrelink payments
- pension concession rebates on service charges
- referrals to an accredited community agency
- ongoing support through our BillAssist program
- Payment Assistance Scheme (PAS) credits on eligible customer accounts
- referrals to our PlumbAssist service
- referrals to our WaterFix program to deliver subsidised water efficiency audits and plumbing repairs to help customers save water in their homes and businesses
- referrals 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.

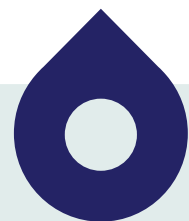
Customer Contract

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.

MORE INFORMATION IS AVAILABLE ON OUR WEBSITE, AT

www.sydneywater.com.au/about-us/our-organisation/what-we-do/operating-licence.html.





Helping our customers save water

Our WaterFix Strata program offers help in saving water – and reducing bills – in apartment buildings all over Sydney.

Apartment blocks in our WaterFix Strata program saved almost \$640,000 and 238 ML of water in 2023–24. The program offers strata managers and committee members a free desktop assessment on water usage to help minimise levies and water bills in their apartment buildings.

A WaterFix Strata quotation, which includes a deferred payment scheme with no upfront costs, covers work by our fully licensed and experienced plumbers and specialist tradespeople. It includes products and materials, repairs or the installation of new items, the removal and disposal of existing items, project management, and the coordination of appointments with unit owners and tenants.

The quotation can include:

- repairing tap and toilet leaks
- installing water-efficient devices
- replacing faulty tapware and single-flush toilets
- finding concealed leaks
- repairing leaks in common areas
- removing, recycling and responsibly disposing of all waste products and materials.

Century Towers, a 52-storey residential building with 292 apartments in the Sydney central business district, was referred to Sydney Water via the City of Sydney council's Green Strata scheme.

Our free desktop assessment identified extremely high water use and the strata committee asked Sydney Water to inspect 10 per cent of the building's apartments to obtain a quote for repair work.

The audit revealed many old, inefficient fixtures such as shower heads; damaged taps and mixers; and a prevalence of toilet and tap leaks. Century Towers' strata committee accepted the quotation, using the deferred payment scheme unique to WaterFix.

A total of 602 toilet and tap leak repairs were made at Century Towers, and 422 taps/mixers and 265 shower heads were replaced. All work was successfully completed in just over two weeks.

After this work, Century Towers saved 28 million litres per year – enough to fill more than 11 Olympic-size swimming pools. Savings for strata management and residents added up to \$17,000 per quarter.

On average, the WaterFix Strata program reduces water consumption by 30 per cent and there are several payment options, including no upfront costs for eligible customers – as the residents of Century Towers enjoyed.

Sydney Water also operates WaterFix Residential for individual homes (including home owners who do not wish to involve their owners corporation) and WaterFix Concealed Leaks.

Flowing with spirit

With the help of our Business Customer team, global liquor company Diageo saves about \$200,000 a year by reducing water and waste.

Diageo, headquartered in London, owns Australia's Bundaberg Rum and about 200 other well-known spirit brands. Several years ago, Diageo upgraded its Huntingwood facility to shrink its carbon footprint and save money.

Through its dedicated onsite project team, Diageo drove sustainability initiatives and, over the past year, has saved \$206,000 across three areas.



DRINKING WATER

Diageo uses the reverse-osmosis process to purify water used onsite. The wastewater, or brine, from this process would normally become trade waste. However, Diageo uses the brine in its cooling towers, reducing its potable water use by 24 per cent last year, and saving \$30,000. Diageo has also installed smart meters throughout the facility for visibility of water consumption and the fast detection of unusually high water use.



WASTEWATER

Reduced potable water use contributed to a 26 per cent reduction in wastewater volumes, amounting to a saving of \$16,000 over the past year. In addition, Diageo minimised water and wastewater from its automated system that cleans the inside of its tanks and production lines, and the installation of lubeless conveyor belts has led to fewer chemicals and less water use, resulting in reduced wastewater.



POLLUTANTS

This area represents the greatest savings. By diverting waste streams with high biochemical oxygen demand (BOD), Diageo has minimised charges for poor trade waste quality. Increased BOD can corrode wastewater system infrastructure like concrete pipes, and increase the energy needed for treatment. Increased BOD also reduces the amount of oxygen in creeks and rivers, harming aquatic life. Wastewater with a high BOD can be costly to treat and can attract extra charges from Sydney Water. Reducing product waste has cut Diageo's BOD pollutant charges by 58 per cent over the year, saving \$160,000 in charges.

Sydney Water's Business Customer team works with businesses of all sizes to implement targeted water conservation programs. We are piloting a Council Partnership Program to work with five councils across Greater Sydney to monitor water use, conduct water audits for small to medium-sized businesses and help them implement water saving opportunities.



Our Water, Our Voice

Sydney Water has reached a significant milestone in our journey into becoming a customer-led organisation, giving customers real influence over our plans and decisions.

In July 2022, we launched Our Water, Our Voice (OWOV), the largest customer engagement program in Sydney Water history. Over two years and six phases, we gathered insights from more than 13,000 customers to understand their priorities and expectations.

The final phase of the first iteration of OWOV concluded in June 2024. The central message from this research is clear: customers are **community-oriented**, **cost-conscious** and **future-focused**. They are satisfied with our service and expect us to continue delivering safe, reliable water services now and in the future. They want us to protect the environment and safeguard our waterways, and they demand efficient operations and innovative solutions to minimise leaks and enhance water recycling. And they want us to do this at an affordable price.

OWOV provided us with opportunities to explore customer preferences and trade-offs for service levels and investment options using methods such as discrete choice experiments, customer panels and feedback surveys. To ensure the reliability and credibility of these insights, we employed validation mechanisms, including a Customer and Community Reference Group, industry specialists and continuous research tools.

The priorities and expectations of our customers are clear and will play a pivotal role in shaping our 2025–2030 price proposal to IPART and our plans and decisions in the future.



Our Water, Our Voice customer engagement journey

1

JUL 2022 – JAN 2023

Phase 1* Capturing customer priorities

During Phase 1, customers identified and ranked 15 key priorities for Sydney Water to deliver by the end of this decade.

The top customer priorities for Sydney Water are:

- Maintaining safe and clean drinking water.
- Ensuring bills remain affordable via cost management, payment plans and avoiding future cost spikes.
- Maintaining clean, safe waterways and water recreation areas by reducing pollution.
- Enhancing the water network's resilience to drought through building water recycling and/or desalination infrastructure.
- Reducing water loss by minimising leaks and breaks in the water network.



2

NOV 2022 – JAN 2023

Phase 2 Capturing customer service insights

During Phase 2, you, our customers, identified your preferences for how we communicate with you. We also heard your views on service levels, including planned and unplanned outages, water pressure and wastewater overflows.



2,031
Customers

5

Forums

34

Interviews

14

Focus groups

1,521

Online survey responses



4,282
Customers

2

Forums

34

Interviews

14

Focus groups

4,009

Online survey responses



SEP 2024

Sydney Water submits price proposal to IPART



JUN 2023 – JUN 2024

IPART reviews Sydney Water's Operating Licence. New licence begins 1 July 2024



MAR 2025

IPART releases the draft report and determination

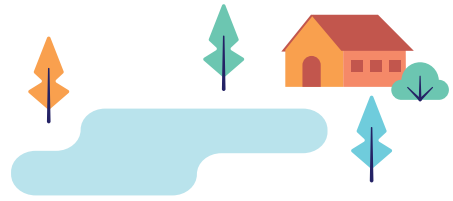


OCT 2024 – MAR 2025

IPART reviews the price proposal



*Phases 1 and 4 utilised choice modelling to quantify customer willingness to pay.



3

NOV 2022 – AUG 2023

Phase 3 Customer insights for better business planning



In Phase 3, we once again took the customer ranked priorities from Phase 1, and this time placed our focus on understanding the priorities that have a community and environmental focus. This phase provided the insights for service levels around community and environment outcomes.



2,418
Customers

10

Customer workshops

16

Focus groups

18

Interviews

2,034

Online survey responses

4

MAY 2023 – FEB 2024

Phase 4* Service levels and investments for the future



Using insights from Phases 1 to 3, we explored customer preferences for how key customer priorities should be delivered. We also tested customer willingness to pay for the outcomes we will deliver over the next 10 years, to maintain customers' preferred levels of service and address future challenges. These include Greater Sydney's growth and climate change.



4,551
Customers

5

Forums

14

Focus groups

34

Interviews

4,003

Online survey responses

6

OCT 2023 – AUG 2024

Phase 6 Customer recommended price proposal part 2

During this phase, we collaborated with customers to develop our next price proposal for 2025-2030. In Phase 6, customers shaped and informed how Sydney Water's services are paid for, including the costs to deliver our investment plan for the next five years.



50
Customers

5

AUG 2023 – MAY 2024

Phase 5 Customer recommended price proposal part 1

During this phase, we collaborated with customers to develop our next price proposal for 2025-2030. In Phase 5, customers were asked to consider a trade-off between performance, cost and risk, as they helped shape and inform Sydney Water's investment plan for the next five years.



60
Customers



APR 2023

IPART releases Water Regulation Handbook



APR 2023 – JUL 2023

Sydney Water makes a pivotal change in methodology for Phase 5 and 6, moving to a deliberative panel format.



Social media and marketing activations

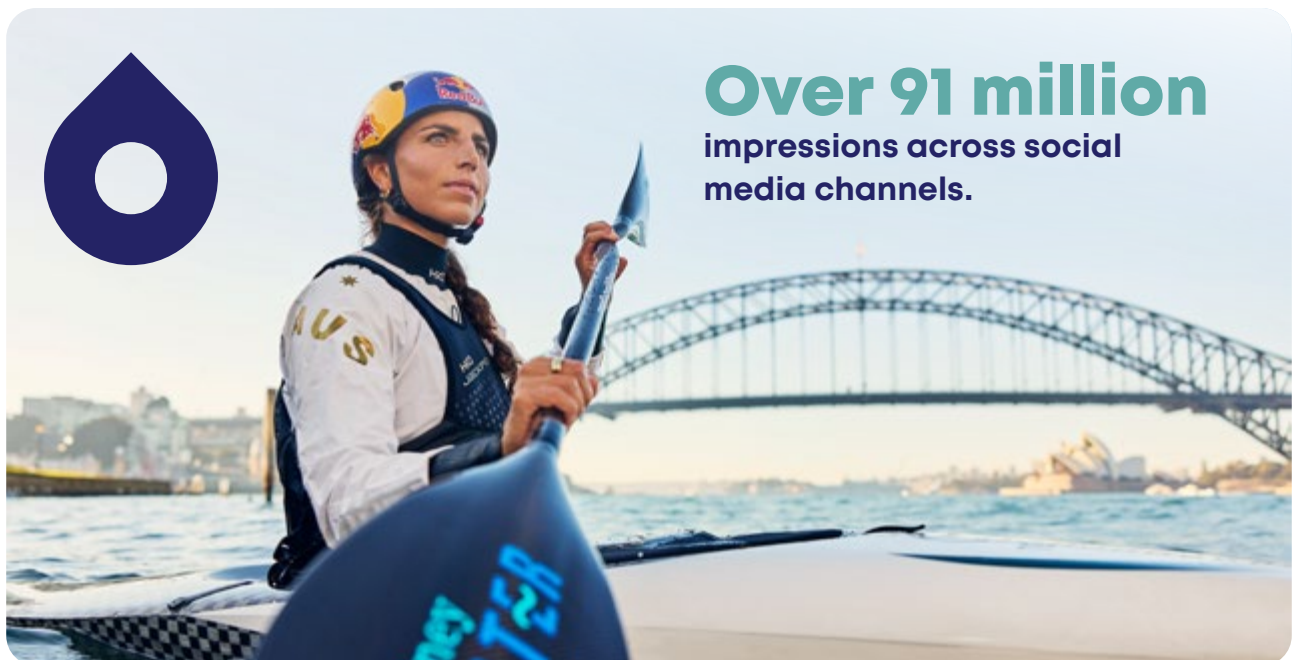
Our 'always-on' strategy is driving positive behaviour change.

With an integrated marketing approach for all campaigns, and an 'always on' advertising strategy, 2023–24 was one of the most successful periods to date for our Brand, Media and Marketing team. We effectively communicated with more customers than ever before through our constant presence in the market, driving behavioural change and educating our customers on water literacy.

Our social media presence across Facebook, Instagram, LinkedIn, TikTok and X maintained strong growth with high levels of engagement across all platforms. Our social media messages created over 91 million impressions, with an engagement rate of 5.26 per cent, three per cent above the industry average. We gained 21,680 new followers across all channels, increasing our total follower count to 137,777 followers, who engaged with a wide range of content including news, educational videos and humorous memes.

Our key water literacy, wastewater and water conservation campaigns saw impressive results. For water conservation, our Future of Water advertisement featuring Jess Fox and Turn-It-Off Bob advertisement featuring Shane Jacobson were some of our most successful campaigns to date. Turn-It-Off Bob had a 70 per cent recall rate and received 119 million views. Future of Water had a reach of 3.4 million digitally, up 79 per cent from our 2022 edition, even with a reduced budget. Our always-on Did You Know education campaign reached more than 19.5 million people and led to over 1 million website visits. Toilet Blockers Anonymous, our wastewater campaign, featured in 14 media stories and saw a digital reach of over 16 million views.

Our traditional media channels supported all our major campaigns and created proactive and reactive stories to drive business results and protect reputation. We received 7,406 mentions in the media with a cumulative reach of over 176 million people across all coverage.





We drove awareness about the impact and reach of our investment program, including how we are servicing growth across Greater Sydney. Seven media stories showcased major projects across the regions reaching 7,247,586 people, while 21 social media posts connected with 508,871 people.

Our website – sydneywater.com.au – continued to be a key source of information for education and digital collateral, with 4.6 million website users visiting the site. The website is positioned as service based, with our customers predominantly visiting to pay their bill. We saw key educational pages such as purified recycled water (PRW) receive almost 90,000 views, and our Turn-It-Off Bob campaign page received 71,685 visitors in six weeks. These two sites ranked in our top 12 most visited pages throughout the year. Organic search was our primary source of website traffic, with an average engagement time of one minute and 33 seconds – demonstrating our user experience is improving with content relevant for our customers.

We also produced event activations promoting Sydney Water, including McGrath Pink Cricket Day, Lakemba Night Markets and the City of Canterbury Bankstown’s Pets Day Out.

We hosted our first staff cricket match, featuring Shane Jacobson and Glen McGrath, raising funds for the McGrath Foundation. At the Lakemba Night Markets, we engaged food and cultural enthusiasts with a water literacy test, sparking conversations about water conservation and creating social media content. As the official sponsor of the City of Canterbury Bankstown’s Pets Day Out, in Milperra, we handed out ‘ruff day’ dog bowls to participants in the 500-paws walk, while our leak detection team, led by Kylee-Lee Black and Ziggy, showcased how our dogs identify potential leaks.



45,094

Facebook followers



13,455

Instagram followers



9,272

X followers



63,051

LinkedIn followers



6,905

TikTok followers

Flushing out toilet blockers



Sydney Water spends about \$27 million a year repairing blocked sewers. Our Toilet Blockers Anonymous campaign reminds everyone to only flush the 3Ps – pee, poo and (toilet) paper.

Blockages – or chokes – create unnecessary costs for customers and the environment, and Sydney Water crews tended to 12 per cent more of them this year.

Crews have tended to about 1,000 chokes a month, which is sharply up from 8,000 annually just a few years ago, as more people flush tissues, hair, dental floss and other items that form blockages.

About 75 per cent of blockages involve rubbish, such as cotton buds and other personal items that belong in a bathroom bin, but our crews also find more unusual items such as toys, dentures and vapes. When flushed, these products can stick together and form giant ‘fatbergs’ that choke the system.

The 3Ps are safe to flush. Anything else creates additional costs to customers and the environment. Sydney Water customer data indicate that men aged between 18 and 24 are the largest group of toilet blockers across Greater Sydney, and the Toilet Blockers Anonymous media campaign primarily targeted these customers.

Launched in May 2024, the campaign shows a support group battling the temptation to flush the unflushable. To reclaim control over their lives – and their water bills – members of the group share their stories, recite the toilet blockers’ pledge vowing to flush only the 3Ps, and hold fast to their mantra: one flush at a time.

The Toilet Blockers Anonymous campaign is Sydney Water’s best performing campaign to date, achieving the highest metric scores across all categories: 87 per cent of people clearly understood the campaign’s call to action to flush only the 3Ps, and 77 per cent said the ads made them reconsider flushing inappropriate items. Campaign recall was strong, with 34 per cent of Greater Sydney residents recalling the Toilet Blockers Anonymous campaign unprompted, an increase on 26 per cent for the It’s Best to Bin It campaign in 2022.

“I never knew tissues could cause issues.”

Eva, Toilet Blocker





Sydney Royal Easter Show

We are working to increase the water literacy of our customers through interactive experiences.

‘Every cloud has a silver lining’ was the eye-catching theme for Sydney Water’s 2024 Sydney Water Easter Show exhibition stand.

One of our three customer outcomes is Water Quality and Reliability. It is crucial that our customers understand where their water comes from and where it goes after they have used it. Many visitors to the stand were surprised to learn we are drinking the same water as the dinosaurs who lived about 66 million years ago.

We are actively working to increase the water literacy of our customers, and the Easter Show exhibition stand provided an interactive experience for visitors.

More than 8,100 visitors took the water literacy test on our iPads, and we gave them a keyring featuring

Jila, the platypus, for completing it or a water bottle if they achieved 100 per cent correct. We also gave away over 16,000 four-minute shower timers, a great indication that people are becoming more aware of the need to conserve water at home.

Our employee volunteers made this experience possible for our customers. Over a two-week period, more than 80 employees gave up their time to interact with Easter Show visitors and educate them about the water cycle.

8,100
visitors took our
water literacy test



Community education

Our dedicated education team helps our customers better understand the value of water.

Sydney Water's Community Education program brings essential knowledge to life, connecting communities with the urban water cycle. Through engaging and hands-on experiences, the program builds water literacy, empowering the community to make informed and sustainable choices. From classrooms to community events, Sydney Water is actively delivering educational programs that inspire positive water and wastewater behaviours. These programs are tailored to resonate in both formal education environments and broader community spaces.

Wonders of Water Discovery Van

The Wonders of Water (WoW) Discovery Van is a mobile education vehicle that has been built to help engage the community about where their drinking water comes from and how it is treated, and to start a conversation about the importance of a resilient and reliable water supply, including purified recycled water (PRW) and desalination.

Since May 2022, the WoW Discovery Van has delivered education across the entire Sydney Water area of operations. In the 2023–24 financial year, the Discovery Team attended 92 events and directly engaged with over 45,000 community members.

Since its launch, the van and Sydney Water educators have had over 84,000 interactions at community locations and events.

58

**learning
experiences
delivered to
4,100 children**



Shane Jacobson goes back to school

Parramatta Marist High School was treated to a fun workshop hosted by Sydney Water's ambassador Shane Jacobson as part of National Water Week in October 2023.

Shane delivered a 45-minute workshop to 900 students from Years 7–11 and their teachers, putting them to the test on various facts and myths about water.

To encourage behavioural change among the school community, Shane explained which items can and cannot be flushed down the toilet. The Community Education team demonstrated submerging toilet paper, cotton products, tissues and wet wipes in tubs of water. After 10 minutes, only the toilet paper had dissolved, confirming that it is the only item that is truly flushable.

Students also learned the importance of diversifying our water sources through desalination and PRW.





Community Grants

We're proud to support local community groups across Greater Sydney, the Blue Mountains and the Illawarra through our Community Grants Program. In 2023, seven community grants totalling \$60,300 were distributed for projects such as a smart irrigation system utilising rainwater, water-wise community education and water-sensitive landscaping.

One of our 2023 grant recipients, Communities in Fellowship Together, is a community group that focuses on empowering women and children from culturally and linguistically diverse backgrounds to overcome challenges and barriers so they can thrive.

Using grant funds, the group has run several events and multilingual workshops focusing on water education and conservation, for children and families. These events have included water-themed art competitions and a holiday program for children to learn about water in the Blacktown Local Government Area. To improve water literacy and increase social connection for families, the group has also posted educational content on social media. These activities have led to many great conversations in the community, fostering a sense of environmental responsibility and stewardship among children and families.

AREA OF OPERATIONS



Community Education Programs

- School visits
- Public events



Caring for Country and community together

Dundowra – meaning ‘she-oak tree’ – is the chosen name for a special place in Warragamba that has been brought back to life after years of degradation from invasive weeds and illegal dumping.

Sydney Water partnered with the Gundungurra Aboriginal Heritage Association Inc (GAHAI) to launch a Caring for Country pilot program at Warragamba in 2020. The initiative focused on restoring the site, reintroducing traditional fire management, and fostering respect for local wildlife and native plants while promoting reconciliation.

The site is part of Sydney Water’s Property Environmental Management Plan (PEMP) program, which identified 26 threatened fauna species and three threatened flora species as confirmed or likely to be found in the area. Restoration of the area included new orientation and gateway signage and a sandstone Yarning Circle.



A special day with Warragamba Public School

On 27 March 2024, 400 Warragamba Public School students spent the day with local First Nations organisations and our Community Education team in the beautiful new outdoor classroom located opposite the school at Dundowra.

The younger children participated in story time, observations of the environment and water play, while the older children created a haiku, discovered new insights about cultural burning and explored the bushland through a track loop walk.

The children learnt about First Nations Caring for Country, including the importance of healthy drinking water and a clean environment.

The day was a celebration of many years of partnering on the Caring for Country Project with GAHAI and the Gundungurra people – the traditional owners of the area – some of whom attended the day and were touched to see the children learning the local language and enjoying the bushland. Based on deep listening and respect, the pilot project aims to restore health to Country, including the plants, animals, waterways and people, which are all interconnected.

As well as clearing the land of weeds and illegally dumped waste (including asbestos), the Property Environmental Services team partnered with GAHAI, Local Land Services and Firesticks Alliance to hold cultural burning workshops during the winter in 2022 and 2023. Cultural burning is a traditional fire application method developed and practised by First Nations people over thousands of years to maintain the health of Country.

The Dundowra project is an outstanding collaboration between a local First Nations community, our Community Education and Property Environmental Services teams, and West Regional Delivery Team, our Regional Delivery Partner.

**“Here in Dundowra
we want to help so much because
we love our little space.”**


A haiku from Warragamba
Public School student



Thriving, liveable and sustainable cities

Thriving, liveable and sustainable cities

We deliver world-class products and services to our city and are champions for the environment, public health and resilience.

GOALS	MEASURES	TARGET 23-24	ACTUAL 23-24	STATUS	COMMENT
 Thriving, liveable and sustainable cities					
Deliver safe, affordable, reliable and high-quality water and wastewater services and manage our assets effectively and efficiently	Water quality – Compliance with Australian guidelines for drinking water and recycled water products standards	All systems compliant	All systems compliant	✓	Stable
	Water conservation – System water leakage	108 (+/- 16) ML/d	131.4 ML/d*	↓	Declining performance
	Water service – Number of properties affected by unplanned service interruptions (> 5hrs)	< 43,069 (upper limit for Operating Licence)	37,312	✓	Stable
	Wastewater collection – Number of properties experiencing an uncontrolled sewage overflow in dry weather	< 15,139 (upper limit for Operating Licence)	3,722	✓	Improving Performance
	Wastewater transport – Material harm pollution incidents in wastewater system (overflows or incidents)	< 460 in year	1,053	↓	Declining performance
Create value for our customers and communities by embracing circular economy practices in our core business	Biosolids beneficially reused	100%	100%	✓	Stable
	Volume of recycled water supplied	42 GL	40.1 GL	✓	Stable
	Net zero carbon (total net greenhouse gas emissions Scope 1 and Scope 2 emissions)	≤ 350,000 +/- 5% variation	347,589	✓	Improving Performance

* Result is for the rolling 12 months to the end of the third quarter 2023-24.



Achievements and opportunities

WATER QUALITY PRIORITIES

We made significant strides with the program of work for 2023–24, with most projects either completed or well underway. Although capital delivery of water filtration plant upgrades is currently a few months behind schedule, we remain vigilant, with operational contingencies in place to manage vulnerabilities to extreme weather conditions such as droughts and floods, ensuring that water quality continues to meet the ADWG and AGWR.

SAFE DRINKING WATER

We regularly consult with WaterNSW and NSW Health to assess any potential risk to drinking water. We source most of Greater Sydney's drinking water from protected catchments like Warragamba Dam. There are no known hotspots within our catchments for perfluoroalkyl and polyfluoroalkyl substances (PFAS). All Greater Sydney's drinking water meets the ADWG.

WASTEWATER QUALITY IMPROVEMENT

The project team dedicated to enhancing wastewater quality through effective source control has shaped the draft roadmap themes and has already presented to key stakeholders, including the Purified Recycled Water Readiness Working Group. The team is preparing to present the draft roadmap to the Executive for review and feedback later in 2024, signalling a forward-thinking approach to wastewater management.

WATER LEAKAGE

At the end of the third quarter of 2023–24, water leakage was estimated at 131.4 ML per day (rolling 12-month performance), compared with 2022–23 from 129 ML per day. The final result for 2023–24 will be available in October. We take this result seriously and have developed a Leakage Management Plan (see *Make every drop count*).

SYSTEM SUSTAINABILITY MANAGEMENT RATING AND PORTFOLIO MANAGEMENT

The overall system sustainability management rating currently stands at amber, primarily due to a rise in chokes and overflows in the wastewater networks over the past 18 months. Enhanced performance at wastewater treatment plants has partially counterbalanced this.

CARBON REDUCTION AND NET ZERO PATHWAY

Sydney Water has reassessed the cost of carbon abatement and established a pathway to achieving net zero emissions by 2030. This pathway is bolstered by key initiatives including power purchase agreements covering 57 per cent of the target, and offsets accounting for 24 per cent. Despite the downtime of crucial renewable generation assets such as cogeneration units at Malabar and St Marys, and the Prospect hydro facility, Sydney Water remains committed to its carbon reduction goals. A comprehensive carbon offset acquisition plan is in place to guide strategic decision-making and ensure the necessary volume of offset credits is secured to meet the 2030 target.



Resilient and reliable water supply

We've made significant progress in planning our resilient and reliable water supply program, ensuring we can meet the growing demands of our cities.

Greater Sydney relies on rainfall for about 85 per cent of its water supply, and the remaining 15 per cent comes from desalination. With over 5 million customers, and an extra 2 million expected by 2050, challenges such as climate change and population growth mean we need to think about water differently.

Water supply is integral to the success of the National Housing Accord, influencing everything from the feasibility and affordability of new developments to their sustainability and long-term resilience. Coordinated planning between all levels of government, developers and other stakeholders is essential to align housing growth with water supply. This ensures effective resource allocation and integration with our existing network – where possible – or the timely provision of new services in areas where there is no existing infrastructure.

The accord emphasises sustainable housing, highlighting the importance of water efficiency measures such as recycled water use and integrated stormwater management to reduce environmental impact. With climate change impacting water availability, we must secure a rainfall-independent water supply to ensure new housing developments are resilient to extreme weather events.

To better protect against droughts and climate change, we need more rainfall-independent water sources to support growth, and to support our water future. Together with desalination, PRW could support our dams to provide the world-class water we enjoy every day. Using our existing water sources

and adding new rainfall independent water supplies will ensure we have enough water for our future.

This year saw Sydney Water make significant progress on planning for four main components of our Resilient and Reliable Water Supply program:

- We supported the preparation of the NSW Government's business case for the Sydney Desalination Plant expansion and in parallel completed initial planning for the network augmentations required to accept the increased water production capacity of the expanded plant.
- The Quakers Hill Purified Recycled Water Discovery Centre commenced its 12-month process proving period and has hosted nearly 2,000 visitors since opening.
- We undertook preliminary environmental assessment studies for the Quakers Hill to Prospect Purified Recycled Water project and project development and made progress on the concept design.
- We completed a planning study to improve water supply resilience, with a focus on interconnector pipelines that improve our water-sharing ability and capability to respond to disruptions in our drinking water supply, and on addressing critical points of failure in our bulk water supply network.

These projects will help achieve a range of objectives for economic development, population and housing growth, particularly the NSW response to the National Housing Accord.

Purified Recycled Water Discovery Centre

Purified recycled water has the potential to supply up to 25 per cent of our water needs by 2056.

Our Quakers Hill Purified Recycled Water (PRW) Discovery Centre opened in October 2023 as part of National Water Week. The first facility of its kind in New South Wales, it demonstrates the performance and reliability of the treatment technology used to treat recycled water to a quality suitable for supplementing our raw water sources. It also helps to build community understanding and acceptance of PRW, while enabling our employees to build their capability and operational experience with the technology.

The Discovery Centre has gained significant attention in the industry, and won the Infrastructure Project Innovation Award (Metro) at the 2024 Australian Water Association’s NSW Water Awards.

Nearly 2,000 people have visited the PRW Discovery Centre, including 682 stakeholders, 413 community members and 683 employees, since it opened. The facility has hosted visitors including Members of Parliament,

local councils, business leaders, academics, international and national water experts, industry bodies, international delegations, schools and universities, and community members, all keen to learn more about PRW and our plans to secure our water supply for generations to come.

The discovery centre is an important engagement tool and it enables Sydney Water to partner with key regulators such as NSW Health. These partnerships are more than just procedural; they are transformative. The collaboration with NSW Health is essential for developing a robust Water Quality Management Framework for PRW*, which ensures the safety of PRW for Sydney and paves the way for utilities across NSW to implement PRW.

* Water produced at the discovery centre does not contribute to Sydney’s drinking water supply. PRW would only be introduced to Sydney’s water supply system following community consultation and stringent government approvals. At this stage, no decision regarding purified recycled water has been made by the NSW Government.

LOOKING AHEAD

- Plan the full-scale Quakers Hill to Prospect Purified Recycled Water project, subject to government approvals and community consultation
- Roll out PRW community engagement and marketing campaigns
- Commence the operational monitoring program to prove reliability
- Submit the Recycled Water Quality Management Plan for review and approval





**Purified
Recycled Water**
DISCOVERY CENTRE



Building on over
management and

Water Sources

Water is life

1 We're excited to have you be part of our future story about water management.

DISCOVER

65

Capital works

In 2023–24, Sydney Water invested \$2.169 billion in capital works, which was 16 per cent under the \$2.575 billion budget (excluding capitalised borrowing costs).

The Infrastructure Portfolio ended 2023–24 with an overall capital spend of \$1.997 billion, achieving another record year in capital investment for Sydney Water. The outcome was especially impressive considering the challenging environment – including labour and skills shortages – in which the program was delivered.

Notwithstanding 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 Pre-treatment Plant, Malabar Package 1, and Mamre Road Aerotropolis are among the significant projects headlining the growth, upgrade and renewal investment initiatives.

Oxford Economics Australia noted in a recent article that the 2024 calendar year marks a turning point in the construction and infrastructure industry in Australia. While construction activity is expected to fall slightly in aggregate terms, there is 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. The Infrastructure Delivery Team will use its best endeavours to manage this accordingly.

Major capital works in progress as at 30 June 2024

Project*	Budget (\$m)	Cost to date (\$m)	Forecast completion date	Description
North West Treatment Hub: Growth Program	\$1,395	\$52	February 2035	Wastewater treatment servicing growth in north-west Sydney
Upper South Creek Advanced Water Recycling Centre (AWRC)	\$1,179	\$487	March 2026	Construction of AWRC and discharge pipelines
Lower South Creek Water Recycling Plant Process and Reliability Renewal	\$663	\$592	December 2025	Maintenance of reliability and increase of the plant's capacity to service growth
Prospect Macarthur Project	\$492	\$425	March 2025	Delivery of investments to secure supply and support growth in the area
Austral–Leppington Package 2	\$400	\$183	December 2028	Service of the eastern front of the South West Growth Area and parts of the Aerotropolis
West Camden Treatment Amplification	\$220	\$188	March 2025	Augmentation of treatment plant to increase capacity to service a significant increase in customers
Richmond/North Richmond Wastewater Treatment Plant Amplification	\$186	\$31	December 2025	Augmentation of treatment plant to increase capacity to service a significant increase in customers
Kemps Creek Pressure Main	\$174	\$18	July 2025	Dual pressure main required to service a significant increase in customers

Project*	Budget (\$m)	Cost to date (\$m)	Forecast completion date	Description
Refresh Vaucluse Diamond Bay	\$115	\$17	December 2026	Treatment of wastewater before discharge through the Bondi deep ocean outfall
North West Treatment Hub: Castle Hill Compliance	\$113	\$51	January 2026	Accelerated program of planned works to meet compliance deadlines
North Head Wastewater Treatment Plant Biosolids Upgrade	\$113	\$66	September 2025	Upgrade of processing and treatment capacity to improve the quality of biosolids
North West Treatment Hub: Rouse Hill Compliance	\$110	\$32	October 2025	Accelerated program of planned works to meet compliance deadlines
West Dapto Package 3	\$101	\$15	October 2025	New water and wastewater services to support increase in customers
Wastewater treatment plant renewals	\$234/year**	Ongoing	Ongoing	Continued replacement of equipment near the end of its service life
Water treatment plant renewals	\$92/year**	Ongoing	Ongoing	Continued replacement of equipment near the end of its service life
Information technology projects	\$114/year**	Ongoing	Ongoing	Continued minor projects to reduce operating expenditure, renew IT systems and equipment, and deliver new systems and capabilities
Wastewater reticulation and wastewater trunk main renewals	\$344/year**	Ongoing	Ongoing	Continued replacement and rehabilitation of wastewater mains near the end of their service life
Water reticulation and water trunk main renewals	\$95/year**	Ongoing	Ongoing	Continued replacement of water mains near the end of their service life
Reservoir Renewal and Reliability Program	\$63/year**	Ongoing	Ongoing	Continued renewal to ensure reservoirs operate at the lowest costs and comply with regulatory requirements
Wastewater pumping station renewals	\$26/year**	Ongoing	Ongoing	Continued replacement of equipment near the end of its service life
Water pumping stations	\$27/year**	Ongoing	Ongoing	Continued improvement of reliability and safety and minimising of life cycle costs
Meter replacement program	\$57/year**	Ongoing	Ongoing	Improvement of measurement and monitoring of water volume and service reliability

* Only projects in construction delivery are represented – projects in planning are not included.

** Denotes the five-year average in the Statement of Corporate Intent 2024/25–2028/29 in nominal dollars.



North West Treatment Hub

Environmental protection and resource recovery are integral to the design and delivery of this innovative infrastructure project.

Sydney's north-west is undergoing rapid change. Fuelled by the Sydney Metro Northwest line and the NSW Government's Transport Oriented Development program, the region's population will double by 2036.

To ensure this growth is sustainable, Sydney Water is set to transform wastewater treatment in the region with the North West Treatment Hub – providing increased capacity, improving environmental protections and embracing circular economy principles.

The North West Treatment Hub is a large-scale project with staged investment to allow for flexibility and adaptability as growth and development demand is better understood over time.

Upgrades are already in progress at Castle Hill and Rouse Hill Water Resource Recovery Facilities (WRRFs) to ensure Sydney Water meets stricter environmental protection licensing conditions. Further upgrades at Riverstone and Rouse Hill WRRFs, totalling \$600 million, will support the region's growth and are designed to minimise the impact on local waterways as development intensifies, ensuring ongoing compliance with emerging environmental regulations.

Stringent new regulatory requirements from the NSW Environment Protection Authority (EPA) to protect water quality in the Hawkesbury-Nepean River system were due to come into operation from mid-2024 but have been deferred to

mid-2025. Works that address the new regulatory requirements and cater for future growth are under way at a number of water resource recovery facilities that discharge into the river system.

Part of this approach will see the North West Treatment Hub explore innovative solutions for resource recovery. Sydney Water already uses anaerobic digestion to recover biogas for renewable electricity generation and reuses biosolids for agricultural fertiliser. We are now taking this one step further to create biochar. Upgrades to the Riverstone WRRF will enable a carbonisation process to convert biosolids into biochar – a valuable charcoal-like product used in the construction, agriculture, horticulture and cropping industries. Biochar is highly versatile; it can improve soil health and water retention, filter pollutants from stormwater, and can be used in carbon sequestration. By producing biochar, Sydney Water is not only reducing waste but also creating a valuable product. This will help keep resources in use for longer, extracting the maximum value from them while reducing waste.

200,000
additional homes
serviced by 2056



1,000
new jobs supported
once completed



Aerotropolis and Mamre Road stormwater

Regional stormwater management will help protect sensitive waterways and harvest stormwater for reuse through a recycled water network.

Since Sydney Water was appointed the Regional Stormwater Authority for the Mamre Road and Aerotropolis precincts in March 2022, extensive planning and assurance work has been undertaken. This work builds confidence in our integrated water cycle management approach and is a significant new direction for Sydney Water in providing innovative water servicing to the western Sydney growth areas.

The Mamre Road and Aerotropolis Initial Precincts span over 8,000 hectares surrounding Western Sydney Airport, with approximately 4,300 hectares rezoned for commercial, industrial, and residential development. Regional stormwater management will help protect the sensitive waterways of Wianamatta South Creek from the impacts of urbanisation and harvest stormwater from an array of wetlands and stormwater basins for reuse through a recycled water network.

This year, Infrastructure NSW has completed an assurance review of our Mamre Road Final Business Case, awarding it a medium rating with no critical recommendations, while IPART has been undertaking an independent review of the Mamre Road Precinct stormwater scheme at the request of NSW Government.

During 2023–24, we have continued to work closely with the NSW Government and development industry, including developers and peak bodies such as the UDIA, Property Council of Australia, the Urban Taskforce, and the Green Building Council of Australia. This engagement has helped optimise scheme design and modelling to address development community feedback and manage the affordability of bonding amounts and infrastructure contributions. We have prepared a draft development servicing plan outlining infrastructure contribution charges for Mamre Road which will go on public exhibition next year following the completion of the IPART review.

Development in the Mamre Road Precinct is progressing rapidly, creating extraordinary demand for the deployment of infrastructure. To enable efficient stormwater infrastructure delivery and allow the development community to progress their work, we have consulted with the industry and developed a Stormwater Developer Works Policy. This policy allows developers to deliver the regional stormwater network on behalf of Sydney Water as part of land development.

Developer reimbursement for works will yield substantial cost savings for the delivery of the scheme and thereby reduce the infrastructure contribution charges, as infrastructure delivery can align with development site preparation and earthworks.

Sydney Water has received endorsement from the Green Building Council of Australia (GBCA) that the integrated stormwater scheme can help developers achieve 6-star green building rates. This eliminates the need for interim infrastructure and simplifies development.

In the coming year, Sydney Water will accelerate planning for the Aerotropolis Precinct, and realign our internal organisation, to deliver integrated water cycle management. Following NSW Government approval, we will move into the delivery phase for the Mamre Road Scheme and engage with land owners and developers to commence land acquisition and infrastructure delivery activities, commence market engagement to ensure procurement activities can accelerate to meet service demand.



Regional Delivery Partners

Our motto is simple – together we deliver volume at value, safely.

Recent data from the NSW Department of Planning, Housing and Infrastructure (DPHI) indicate that Sydney Water's service population is projected to reach 7.1 million by 2050. To meet the needs of this growing community, investing in both new and existing infrastructure is essential.

We deliver about half of our extensive infrastructure program through our Regional Delivery Partners (RDPs, previously known as Partnering for Success or P4S) using the NEC contract model. While different from traditional capital works contracts, this model offers significant benefits for Sydney Water, our customers and our partners.

Our three regional delivery partners – Delivering 4 Customers (D4C), Confluence Water and the West Region Delivery Team – comprise 11 private companies employing over 2,500 people. Together, they have delivered just under a \$1 billion worth of infrastructure.

As our relationship with these partners has developed, so too have our working methods. These regional delivery partners have become an integral part of Sydney Water, operating within a mature and productive commercial contracting framework. They are our teams on the ground, with skilled professionals working behind the scenes and often being the first to respond in emergencies.

From water treatment projects to water distribution and laying the infrastructure for the growth of our region, our regional delivery partnership model continues to deliver on a substantial pipeline of works across Greater Sydney.

Since implementation, the partnership has adapted to consistently increase the volume of projects in delivery every year. However, due to various circumstances such as COVID-19, bushfires, floods and industrial action, it has been a challenge for the program to meet delivery efficiency and value for money expectations.

Following four years of operation, this year we reviewed the agreements with the aim of addressing some of the performance issues and agreement shortfalls, well before the end of Period 1 in July 2025. This decision allowed Sydney Water to improve performance immediately and provided enough time to assess the success of the improvements before deciding to proceed with Period 2.

Amended agreements with each RDP joint venture were made in June 2024, and commercial Implementation Plans for each region will commence in 2024–25. Sydney Water will assess the success of the changes to the agreement and ways of working in December 2024 with the aim of making a recommendation with respect to with Period 2, including a contingency and transition plan to maintain delivery momentum, if required.





Cultural connections and conservation: Malabar fence renewal project

A routine project became a transformative initiative.

What began as a simple fencing project at the Malabar Water Resource Recovery Facility (WRRF) became an opportunity for significant cultural and economic engagement with First Nations communities.

The project initially involved renewing 1.8 km of perimeter fencing around the WRRF, which sits on the Malabar Headland, an area of national significance. Sections of the headland are listed as one of 32 endangered places in Australia, and it includes four registered Indigenous sites with evidence of rock engravings, grinding grooves and middens left by Bidjigal and Gadigal people.

The project team quickly realised that this could be much more than a simple fencing project. It provided the opportunity to connect with and actively involve First Nations communities in planning and delivering work that could have a lasting positive impact for the local community.

During project planning, the team engaged early with all stakeholders, including Randwick City Council, La Perouse Local Aboriginal Land Council, NSW National Parks and Wildlife Service, the Gamay Rangers, IndigiGrow and the Gujaga Foundation.

The Gamay Rangers and IndigiGrow – a social enterprise that collects, propagates and cares for native vegetation – created native gardens with more than 3,000 plantings and completed important bush regeneration work as part of the project.

The Gujaga Foundation facilitated engagement with local Elders and senior knowledge holders to tell dreaming stories that can be shared with the wider community.

Local First Nations artist Shane Youngberry was commissioned to create a work representing the surrounding water systems and their significance to the First Peoples of coastal Sydney. We installed the work was installed on the water station and throughout the WRRF office space.

A walkway with Indigenous etchings has been constructed running parallel to the new fence, from the yarning circle to the start of the bush track over the headland. The walkway has sandstone seating along the way and a QR code linking to stories from Elders telling the history of the place, including information on nearby plantings, some edible.

Importantly, the project provided economic opportunities for First Nations-led businesses from the area, and the successful delivery of the project upholds Sydney Water's values of mutual respect, listening and learning.

“The Gujaga Foundation works with organisations like Sydney Water to ensure that our community tells our story our way ... The opportunity for our mob from this cultural area to engage with the economy of Sydney through projects like that is very valuable and we look forward to continuing our relationship with Sydney Water in the future.”

Ray Ingrey, Chairman of the Gujaga Foundation

Gearing up for growth in Greater Sydney

Sydney Water is meeting the housing challenge head-on through new infrastructure and improving existing services.

Sydney Water is planning for growth and rising to the challenge of Greater Sydney's generational housing crisis, ensuring that essential water and wastewater services are ready to support the NSW Government's Transport Oriented Development (TOD) program.

With Greater Sydney's population expected to grow to 7.1 million by 2050, Sydney Water is investing heavily in new assets, as well as amplifying existing services to support growth in both infill and greenfield areas. Over the next 10 years to 2033–34, more than half of the \$34 billion Sydney Water will invest in capital projects is for servicing growth.

The TOD program is set to deliver thousands of new homes across the city, with a focus on building thriving communities around key transport hubs. The government consulted with Sydney Water throughout the site selection process, with the growth proposed broadly consistent with our existing plans.

We are already progressing major growth enablers including the North West Treatment Hub, Malabar, Upper South Creek Networks, Yallah Marshall Mount and Calderwood projects. Our infrastructure and strategic upgrades are poised to meet the increased demands of most accelerated precincts, such as those in Bankstown, Bays West and Macquarie Park. In some cases, we will bring forward planned investments to meet demand. For instance, in Bankstown and Homebush, we are accelerating upgrades by 1–2 years to align with the TOD timeline.

An independent review by Infrastructure NSW (INSW) demonstrated Sydney Water's readiness to support growing communities.

The appointment of INSW as infrastructure coordinator for Western Sydney in June 2023 will improve engagement between agencies and align infrastructure delivery to support growth, particularly in greenfield areas.

Water conservation efforts by our customers also mean that despite growing communities, we have capacity in our network. This allows us to support infill development with a reduced need to build large infrastructure.

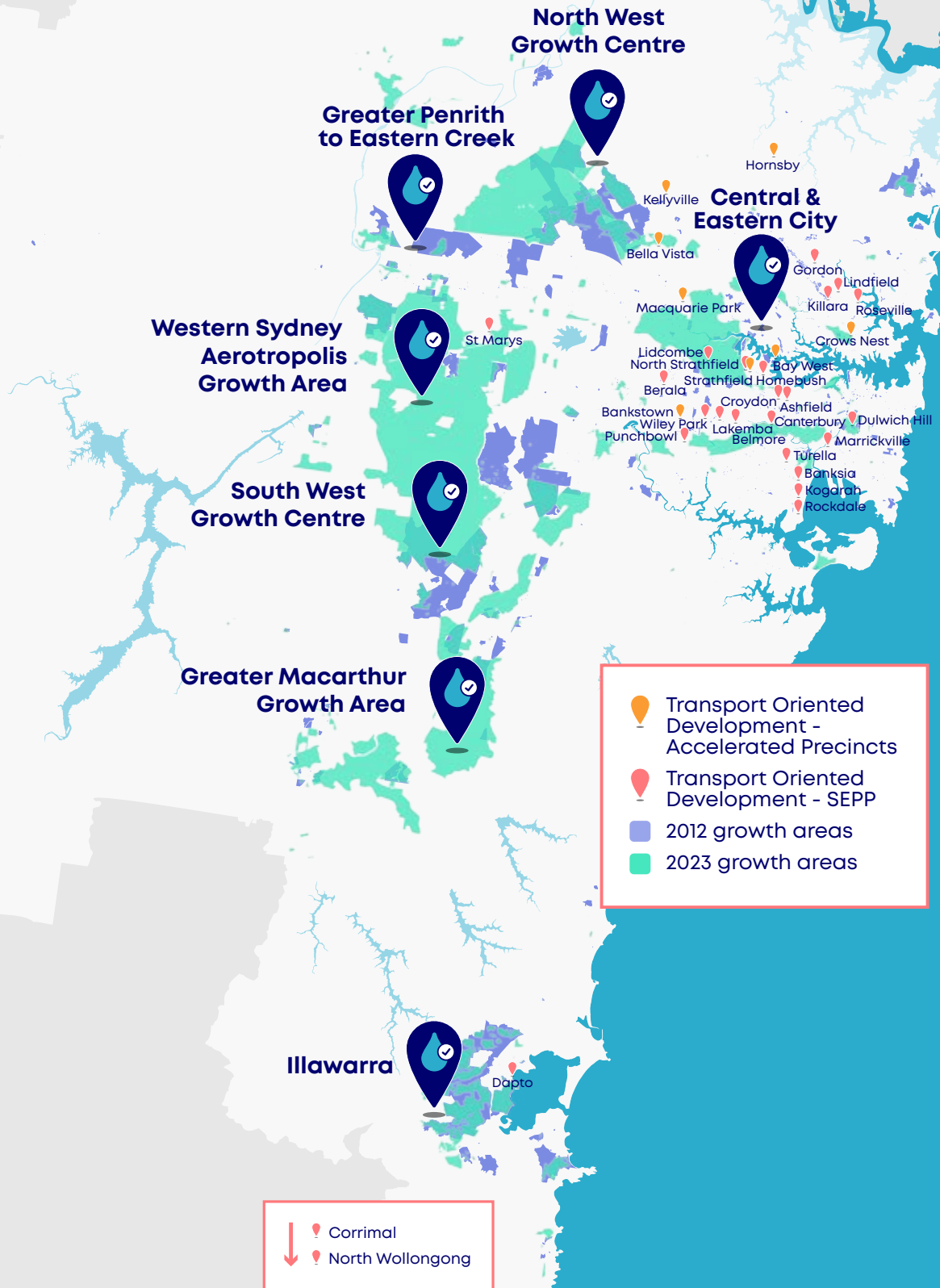
All investment decisions at Sydney Water must balance risk, cost, performance and customer expectations for the benefit of our valued customers and the environment. To achieve that takes collaboration, and that's why we have been actively engaging with the development industry and government to better understand when and where demand will be, to ensure we are servicing growth at the right time.

We are working with our developer customers to accelerate development timelines through innovative partnerships. By sharing investment risk, we can expedite the delivery of essential water and wastewater services to support new housing projects.

Our strategic re-alignment also strongly focuses on infrastructure delivery. A new dedicated area of the business will manage the record investment in the LTCOP and play a pivotal role in delivering projects on time and within budget.

This approach will allow Sydney Water to continue our work to deliver essential water and wastewater services to support the growth and development of Greater Sydney.

Servicing growth across Greater Sydney





Making every drop count

Water conservation makes our drinking water supply go further.

Water conservation is one of Sydney Water's key focus areas, delivering the NSW Government's Greater Sydney Water Strategy (GSWS) principle of 'using what we have better'. Water conservation makes our drinking water supply go further and can delay the need for investment in new large-scale drinking water supply sources such as desalination.

To achieve the directions outlined in the GSWS, Sydney Water has developed a diverse water conservation plan that has the capability to scale efforts in times of drought. Initiatives that fall under the program are designed to be economically viable to ensure value for customers and the community.

The continuous planning and delivery of water conservation activities under the streams of water efficiency, leakage reduction and recycled water are critical to ensure our water resources are used efficiently and to improve our resilience when water

supply is constrained. The delivery of efficient water conservation programs is also part of our Operating Licence, reflective of our customer's views and government policy.

In 2023–24, Sydney Water produced 548,807 million litres (ML) of drinking water for supply, and our customers used 549,986 ML. Key investments for the year include:

- \$9.2 million invested on delivering water efficiency initiatives, which saved 1,514 ML in total (this includes research and innovation projects and the savings achieved through smart meter continuous flow notifications and customer action)
- \$39 million in the operation of recycled water schemes, producing around 40 GL of recycled water in 2023–24
- \$32 million responding to, and repairing, leaks and breaks.

At the end of the third quarter of 2023–24, water leakage was estimated at 131.4 ML per day (rolling 12-month performance), compared with 2022–23 from 129 ML per day. Our leakage result has remained relatively stable at 9 per cent of the volume of drinking water supplied over the last three years. Our performance also remains ‘A rated’ using the International Water Associations Infrastructure Leakage Index (ILI) for developed countries, with a Q3 ILI of 1.5. The final result for 2023–24 will be available in October. We take this result seriously and have developed a Leakage Management Plan that includes the following improvement initiatives:

- improvements in reactive response and proactive work, including improving estimation processes through the automation of calculations and validation of inputs (using metering over estimation where possible)
- progressing improvement activities to improve water balance and leakage calculation to ensure sources of variation are clearly understood, including manual data collection and assumptions used in the estimate. The first stage is complete with integration of all data into an enterprise data platform that enables a move towards automation and a more detailed analysis of leakage performance within the water supply network. This will help improve the effectiveness and efficiency of leak detection initiatives
- improving our measurement of operational water use by progressing approvals to roll out smart standpipes to our crews
- improving the prioritisation of identified leaks to incorporate pipe size, average pressure and time since reported, and drought conditions to allow planned maintenance crews to attend and rectify leaks with more granularity.

Planning for district metering was completed during 2023–24. Design and delivery will progress over the coming years, which will allow better system monitoring to support analytics.

Sydney Water’s leakage management is an ongoing form of water conservation that ensures we can manage drinking water supply efficiently, minimising water loss from the network. Customers reported more than 9,115 potential leaks over the past 12 months with an average of 800 potential leaks reported each month.

In 2023–24, we invested \$34 million in leakage management programs including:

- ongoing response to main breaks and customer reported leaks, with a focus on balancing customer and community impacts and water loss
- inspection of 16,081 kilometres of water pipes for leaks, including embedding and expanding our acoustic sensor and leak detection dog programs as well as leveraging Sydney Water teams for inspections.
- continued use of our network monitoring and control system to look for unusual water usage patterns, continuously monitoring around 5,000 kilometres of our water pipes
- ongoing operation and maintenance of existing pressure management schemes and exploring the refinement of pressure settings in nine zones to achieve better performance (water savings)
- ongoing preventative maintenance, condition assessment and renewal of assets
- ongoing research, innovation and data analytics to find better ways of targeting leak detection programs and repairing leaks with development of a technology implementation framework and roadmap for related technology
- improvements in the monitoring and measurement of water use, to allow more accurate estimation of leakage, through automation of the calculations and investigations into the assurance around key inputs (e.g. metering coverage, operational water use).

LOOKING AHEAD

We’ve analysed the available data to understand the drivers of performance and developed a plan to reduce the volume of water lost from our ageing assets. Through better system monitoring, analytics and better prioritisation of work, this plan aims to improve the way we find and fix leaks. Further work is required to remove barriers and refine our response over time to improve performance.



Saving water with smart meters

| Accurate, real-time data helps identify costly hidden leaks early.

In 2023–24, we continued our smart metering rollout. Smart meters enable proactive leak management through identification of continuous flows to help indicate potential leaks. The meters installed through this program are a combination of integrated smart meters and mechanical meters, with retrofit data loggers.

The advancement we've seen in digital capability over the past 12 months has provided many benefits to customers. Smart meters:

- enable water usage data to be automatically collected hourly instead of quarterly
- enable the identification and analysis of unusual use patterns, prompting automated alerts to customers
- inform data-driven insights around customer usage that can support customers to adopt water-wise behaviours to reduce their water use, and their associated usage charges

- enable Sydney Water to significantly improve the accuracy and timeliness of demand and system performance analysis, guide activities to identify network-side leaks, and plan for delivery of upgrades to ensure that our customers continue to receive a high level of service.

The insights and data collected by our smart meters allow us to send automated alerts to customers through continuous flow notifications. We then can offer services to help them investigate and address potential leaks. Installed devices to date have resulted in 492 continuous flow notifications being sent to customers. Initial assessments indicate that smart metering and proactive leak notifications reduce the duration of time it takes for a customer to respond and repair leaks by eight months on average, reducing the volume of water waste and usage-related customer charges.



Continuous flow notifications save customers water and money

During the 2023–24 year, 1,011 new smart meters were installed on non-residential properties. Sixty-five continuous flow notifications were sent to non-residential customers, and six customers had leaks repaired. The work completed is estimated to have saved 852 kL/day of drinking water, and 142 kL/day per property that had a leak repaired. Should these leaks have continued for a year, this would equate to an additional 1.1 ML of water lost per property, totalling 6.9 ML.

Also this year, 8,767 new smart meters were installed at residential properties, 427 continuous flow notifications were sent to residential customers, and 400 customers had leaks repaired. The work completed is estimated to have saved 156 kL/day of drinking water. Should these leaks have continued for a year, this would equate to an additional 143 kL/day of water lost per property, totalling 57 ML.

LOOKING AHEAD

During 2024–25, we'll continue to roll out smart meters to our broader customer base, installing around 130,000 residential and 10,000 non-residential smart meters in new zones.

WaterFix Concealed Leaks

WaterFix Concealed Leaks is a specialised leak location and repair service for residential and non-residential customers that aims to prevent future water loss. Concealed leaks are problematic for our customers as they are hidden from plain sight and are not easily detected. They typically waste large volumes of water due to a continuous flow delivered under pressure often for long periods of time, which results in increased water bills.

This year, 305 new customers participated in the program and had investigations that located leaks, and 115 customers proceeded with repairs using the service, while others chose to engage private plumbers. The work completed is estimated to save 1,190 kL/day and 10 kL/day of drinking water per property. Should these leaks have continued for a year, this would amount to an additional 434 ML of water loss.



Asset management

We're improving our asset management to achieve cost-effective water and environmental outcomes with balanced risk.

Sydney Water produced 548,807 ML of high-quality drinking water to 5,401,000 people across Sydney, Illawarra and the Blue Mountains. We also collect and treat 579,759 ML of wastewater.

As providers of world-class products and services, we are responsible for environmental stewardship, public health and resilience of the water supply. Our ISO 55001 certified asset management system guides our investment decisions, balancing performance, cost and risk.

Through our Service Excellence program, we're enhancing our asset management capabilities to deliver better and more cost-effective outcomes for water and the environment, with an acceptable level of risk.

In 2023–24, the performance of our water and wastewater treatment facilities and networks showed minor improvements compared to previous years. We anticipate further enhancements in the coming year, supported by increased investment in underperforming areas including:

- Service and system performance met water and wastewater service outcomes for customers, ensuring reliable services.

- Drinking water compliance remains strong and stable.
- Asset class performance trends have generally improved over the past five years, except for wastewater pressure mains.
- Wastewater compliance has improved in terms of load, concentration and dry weather overflow limits, but progress is needed on wastewater system limits.
- Despite the overall stability, the condition of our water and wastewater assets is deteriorating, posing risks to service outcomes, but programs are in place to address these challenges.
- Water system capacity and performance are meeting compliance standards, though treatment capability is affected by raw water quality.
- Wastewater system capacity remains a challenge, with some systems currently insufficient to meet service needs. However, initiatives are underway to address these issues by 2026–2030.
- 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 that have state or local heritage significance. For each State Heritage Register-listed asset, we have a conservation management plan – including includes historic photographs, drawings and general research – to help us maintain the asset’s heritage value.

Sydney Water has regulatory power to approve and endorse certain activities related to our 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 the Heritage Council of NSW delegation, 2023–24






Site	Work completed
Decision approved under section 63	
Prospect Reservoir and Surrounding Area	Proposed construction of a works depot and compound in the Boiler Paddock



High performance culture

High performance culture

Working together, we deliver results focusing on safety, inclusion, innovation and accountability.

GOALS	MEASURES	TARGET 23-24	ACTUAL 23-24	STATUS	COMMENT
 High performance culture					
Transform our culture to enable our Strategy	Total Recordable Injury Frequency Rate (TRIFR) including employees and contractors	≤ 5	5.6		Declining performance
	Behaviour index	74%	74%		Stable
	Diversity index (% workforce represents the community served)	75%	77%		Improving Performance
Enhance the user experience, capability and security of digital ecosystem for the benefit of our people, assets, customers and the city	Digitisation index	31.8	29.6		Stable



Achievements and opportunities

- We launched PXP, a cutting-edge human capital management and payroll platform, in June 2024. A key aspect of this program is the creation of comprehensive skills frameworks across Sydney Water. These frameworks are designed to pave the way for robust career pathways and targeted learning and development opportunities.
- Sydney Water recorded an end of financial year TRIFR of 4.3 (excluding contractors), below the target of ≤ 5.0. However, the combined TRIFR, including our contractors, was 5.6 for the same period. Sydney Water continues to collaborate with our delivery partners to improve performance through shared lessons learnt and best practice to bring the contractor TRIFR under 5.0. Key areas of focus are work with a risk of fall, hands in the line of fire, and early intervention for injuries.
- We achieved WORK180 “Endorsed Employer” status, signifying that Sydney Water is an employer that is truly committed to supporting and advancing women’s careers.
- The new Visible Safety Leadership program, Leading to Safety, continues to build our leadership safety maturity, with 130 leaders now having attended the program.
- We have committed to adapting our culture and creating the conditions for high performance by investing in our leaders. We are focused on developing visible safety leaders who invest their valuable time in better understanding the work our people do and the challenges they face. Our leaders demonstrate their care and respect through reinforcing safe behaviour and rectifying at-risk behaviour and unsafe conditions.
- We are also advancing a variety of business-as-usual initiatives focused on enhancing skills and leadership capabilities. These efforts are fostering a culture that prioritises safety, inclusion and continuous learning.

Workplace diversity and inclusion

Sydney Water is committed to diversity, equity and inclusion (DEI), and we understand that creating a better life through world-class water services is better achieved together. We understand the many benefits of having a diverse workplace, focusing on equity and inclusion, to enable our people, networks and communities to thrive. We believe that for our cities to thrive, our people need to thrive first. Our DEI objectives and aspirations are expressed within our [DEI plan](#). Our aspirations are our goals to represent the diverse customers and community we serve. Our Diversity Index is part of our plan to get there.

The Diversity Index measures how we are doing. It adds together the percentage of people working at Sydney Water from specific diverse backgrounds. We did a deep dive into DEI, and one of the recommendations was to amend our focus within the Diversity Index. At the end of 2022–23, the Diversity Index was 71 per cent, and on 1 July 2023, our new Diversity Index aspirations came into effect. The Diversity Index was 77 per cent at the end of 2023–24, which exceeds our aspiration of achieving 75 per cent.

Initiatives and activities within the DEI plan will continue to play a key role in improving diversity, equity and inclusion at Sydney Water. In the past year, we implemented inclusive foundations, which included but were not limited to the development of:

- an accessible version of the 2023–2026 DEI plan
- a DEI 101 training program for employees
- launch of a diversity, equity and inclusion section on our Sydney Water website to show customers, potential employees, partners and the community our commitment to DEI
- a redraft and submission of the next phase of our Innovate Reconciliation Action Plan (2024–2026)
- our first disability and neurodiversity employee-led network
- system improvements to ensure we can build a better picture of representation at Sydney Water.

The system improvement informs different teams to understand what initiatives and activities we should focus on to foster a more equitable and inclusive workplace while we work towards our aspiration to represent the diverse community where we operate.

We will continue to be agile and adapt throughout the lifetime of the plan, and we will continue to support existing employee-led networks, working groups, committees and councils while supporting the establishment of additional networks across areas of focus.

Gender equity

We've continued to focus on gender equity. On International Day of Women and Girls in Science in February, our Women of Water network worked with our members of the National Association of Women in Operations (NAWO) to deliver a panel on issues affecting women in the water industry. This was a successful event, and it was livestreamed nationally from our Purified Recycled Water Discovery Centre.

For International Women's Day, employees from multiple Sydney Water sites connected at various locations to take part in Learning Circles, providing participants with the opportunity to learn from one another through discussion aligned with the 'Count Her In. Invest in Women. Accelerate Progress' campaign. We gathered insights to review and refine our ways to accelerate progress in gender equity at Sydney Water, and this also informed future initiatives within the DEI plan and across other functions at Sydney Water.

For International Women in Engineering Day, we internally streamed a panel session including women engineers across Sydney Water. The session was open to all employees, and it shared the message that we all play a role in achieving gender equity. Women in STEM representation increased by eight per cent this year, and this progress will continue as we roll out initiatives and activities, with support from various teams and networks such as Women of Water (WoW).



With the support of Denisha Anbu, Executive General Manager of Customer Experience, WoW continues to thrive. The WoW committee elected a chair and has designated roles within this impressive group of people. This network is committed to achieving a gender balance within workforce representation by leading many activities and initiatives throughout the year.

First Nations

Sydney Water launched its Innovate Reconciliation Action Plan (RAP) in July 2021 and will launch the second phase of Innovate RAP (2024–2026) in 2024. Our RAP plays an integral role in our reconciliation journey as a roadmap for developing and maintaining meaningful and respectful relationships with First Nations peoples. This RAP builds on the achievements of our previous RAP with a strong emphasis on respectfully listening to stories of First Nations peoples and sharing the stories we need to know in respect Caring for Country principles. Throughout 2023/24 we continued to deliver on several initiatives including:

We created moving canvases of a commissioned piece of artwork by local artists Jason Douglas and Trevor Eastwood from Dalmarri Art, applying high-quality digital reproductions of Sydney Water Nurra Murrung artwork onto car wraps. This work acknowledges the value of water and our waterways, and it is visible to the public when our vehicles are out and about.

We continue to build our employees' cultural awareness, understanding and sensitivities through several training resources including Everyone's Business from the NSW Public Service Commission, which we recently added to our training system.

We established a memorandum of understanding with KARI Foundation to support its work identifying pathways to employment and being involved in career expos and school visits.

Sydney Water employees attended several cultural burns at Warragamba and worked alongside Gundungurra Traditional Owners, Gundungurra Aboriginal Heritage Association Inc and Firestick practitioner Victor Steffensen, as part of our support Care for Country activities.

We completed the Malabar Fence Renewal project, on the 1.8 km perimeter of our Malabar Water Resource Recovery Facility (WRRF). This work provided the opportunity to engage First Nations communities in planning and delivering the new fence, and left a positive legacy for the community. The result is the construction of a yarning circle, including a water station, an etched walkway, landscaping with native endangered plants, and sandstone seating with QR codes linking to stories from Elders that tell the history of the place and plants. We installed a specially commissioned artwork by local artist Shane Youngberry on the water station, etched into the path, and used throughout the WRRF office space.

We saw a four of our five trainees complete their traineeship and qualifications – three of these trainees moved into full-time employment at Sydney Water – and one trainee is due to complete their traineeship and qualifications in September this year. One of our trainees, Corina Button, was nominated for and won the Aboriginal and Torres Strait Islander student of the Year for the Southern and South Western Sydney Region and is a NSW finalist for the Aboriginal and Torres Strait Islander Student of the Year (the winner will be announced in September).

Pride Network

The Pride Committee has a proud executive sponsor, and is a voice for LGBTQIA+ inclusion at Sydney Water. The Pride Committee and Pride Network provide input and insight through a rainbow lens for policies, practices and frameworks. The Pride Network delivered many initiatives during the year and it also facilitated and led participation in benchmarking through the Australian Workplace Equality Index (AWEI). The AWEI is a national benchmark and measure of performance in LGBTQIA+ inclusion. Insights from this will be used by the Pride Network and People and Governance to address gaps in progress with LGBTQIA+ inclusion. Sydney Water continued to work closely with Pride in Diversity to understand different approaches to improve LGBTQIA+ inclusion.

The Sydney Water Pride Network continues to grow, and the Pride Committee has initiatives planned over the coming year. The lived experience and insights of our people, along with our partnerships and memberships, ensure that we have a wealth of knowledge and opportunity to achieve inclusive and equitable conditions for our employees, customers, partners and communities.

Disability and neurodiversity

As a result of holding Listening Circles, Sydney Water proudly launched the first disability and neurodiversity employee-led network. This launch was on the International Day of People with Disability in 2023, in partnership with WaterAble. Our employee-led network has grown over the past few months and has two co-chairs.

Members are planning exciting work to improve equity and inclusion at Sydney Water. Planning is underway to complete an Access and Inclusion Index benchmarking activity through our membership with the Australia Disability Network (AND). This Access and Inclusion Index will help us identify and develop effective initiatives and activities to address gaps in access and inclusion. Our partnerships and memberships have been growing and will continue to grow into the next year.



Cultural diversity

As part of our DEI plan, one of the top three priorities is a focus on cultural diversity in leadership roles. Over the past year, Listening Circles were held to gain insight into what barriers and opportunities we have at Sydney Water. This provided us with the knowledge we need to plan initiatives and activities within the DEI plan.

We had an increase in culturally significant dates recognised by Sydney Water over the past year. Many employees joined in celebrations with our culturally diverse communities for Diwali, Eid and Lunar New Year.

Over 400 people from across the business attended our Diwali celebration to experience the candle lighting ceremony, watch traditional performances from our talented people, and try traditional food. Lunar New Year is the premier celebration for many Asian countries and has been observed for centuries. Traditions vary between regions, and we brought these differences together to celebrate our diversity through events including storytelling, sharing cultural cuisine, wearing traditional dress, and a lion dance performance.

Eid has been celebrated by Sydney Water for many years, but not as an enterprise-wide initiative. This year we came together to build on cultural knowledge and celebrate.

Our tremendous working groups brought these three key events to life for us this year and we look forward to continuing these tremendous efforts and growing next year.



Associations

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

Australian Disability Network

Changing Places Group

Diversity Council Australia

Family Friendly Workplaces

Job Access

Jobsupport

KARI Foundation

National Association of Women in Operations

NSW Indigenous Chamber of Commerce

Pride in Diversity (PiD)

Supply Nation

WaterAble

Welcome Here Project

WORK180



Trends in the representation of workplace diversity groups*

Workforce diversity group	Benchmark** (%)	2020 (%)	2021 (%)	2022 (%)	2023 (%)	2024 (%)
Women	50	35.0	35.1	34.8	35.9	36.4
Aboriginal and Torres Strait Islander peoples	3.3	0.9	0.9	1.0	1.3	1.1
People whose first language is not English	23.2	13.0	13.0	15.2	16.2	16.0
People with a disability	5.6	1.0	1.1	1.8	1.8	2.1
People with a disability requiring a work-related adjustment	n/a	0.1	0.1	0.2	0.2	0.3

* Employee numbers at 30 June 2024.

** NSW Public Service Commission benchmark.

Trends in the distribution of workforce diversity groups* – distribution index**

Workforce diversity group	Benchmark/target	2020 (%)	2021 (%)	2022 (%)	2023 (%)	2024 (%)
Women	100	98	99	97	97	97
Aboriginal and Torres Strait Islander peoples	100	92	92	86	80	84
People whose first language is not English	100	110	111	111	110	109
People with disability	100	101	110	104	105	104
People with disability requiring a work-related adjustment	100	n/a	n/a	n/a	n/a	n/a

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

** 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 at lower salary bands than is the case for other employees. The more pronounced this tendency is, the lower the score will be. In some cases, the index may be more than 100, indicating that members of the workplace diversity group tend to be more concentrated at higher salary bands than is the case for other employees. The distribution index is not calculated when the number of employees in the workforce diversity group is less than 20 or when the number of other employees is less than 20.

Workforce numbers*, 2019–20 to 2023–24

Human resources	2019–20	2020–21	2021–22	2022–23	2023–24
Full-time equivalent – permanent	2,400	2,571	2,747	2,953	3,228
Full-time equivalent – temporary	246	268	203	239	157
Full-time equivalent – part time	113	100	102	114	110
Total	2,759	2,939	3,052	3,306	3,495

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



Early career programs

From scientists, engineers, and digital and analytics professionals to planners, environmentalists, communicators and dedicated maintenance crews, our early talent programs provide opportunities for people from diverse backgrounds and experiences to begin their career with us.

We have a range of graduate, trainee and intern programs to kickstart lifelong careers in the water sector.

Our graduate program offers university leavers up to three rotations as part of the award-winning program. It provides an opportunity for graduates to gain experience and discover their potential through a variety of learning opportunities.

Internships at Sydney Water are also a great way to gain valuable industry experience while still studying at university. Interns are given the opportunity to apply the academic knowledge they are currently learning at university and put it into practice in a work setting.

We also offer a two-year traineeship program that provides a pathway to gain a nationally recognised qualification while applying this knowledge to real work scenarios.

For our early talent programs, 2023–24 has been one of our best years to date. Key highlights include:

- welcoming our newest cohort of 26 graduates in February 2024, mostly consisting of STEM-related disciplines
- employing women as more than half of the STEM graduate cohort
- welcoming our first ever high school–based trainee (a First Nations student completing a certificate in business, attending Sydney Water one day a week in the Learning and Development team)
- recruiting our first ever Women in Water operations trainee cohort in late 2023 (the cohort will complete a Certificate II in Water Operations while gaining hands-on experience at various water resource recovery facilities).

Our graduate program ranked fourth in the Australian Associations of Graduate Employers (AAGE) Top Graduate Employer list (for medium intake size), as determined by graduates.



Safety, health and wellbeing

We support safety, health and wellbeing with our four pillars: People, Partner, Insight and System.

The second iteration of our Better Safer Together plan builds on our strong foundations to improve safety performance by continuing our longstanding commitment to fatality prevention, injury reduction and improved health and wellbeing of our people and delivery partners.

Our ambition to trust, learn and make it easy to work safely has been maintained throughout this version of the Better Safer Together plan, and we maintain our holistic approach to safety, health and wellbeing through our four pillars – People, Partner, Insight and System. This will ensure our key priorities are a balance between our progression towards a strong and mature safety culture, and the technical requirements of streamlined systems and improved leading measures of safety capacity.

We continue to maintain our combined TRIFR target of ≤ 5.0 while improving our safety maturity. In line with this commitment, we report the following ongoing improvement initiatives:

- Our Psychological Health Management Plan contains strategic programs and initiatives to improve employee psychological health. We have trained 67 per cent of our People Leaders in identifying and managing psychosocial safety hazards as well as implementing appropriate control measures and continue to roll out the plan.
- Psychosocial Hazard Risk Assessments (using the People at Work measurement tool) are being 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 Behavioural Safety Interactions for our leaders to conduct with employees.
- Our minimum requirements for high-risk work are rolling out as part of the continuous improvement of our Critical Control Standards.

- Our Injury Prevention Management Plan focuses on embedding and improving early intervention initiatives, and on driving primary injury prevention initiatives. We are enacting the plan by concentrating effort 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:

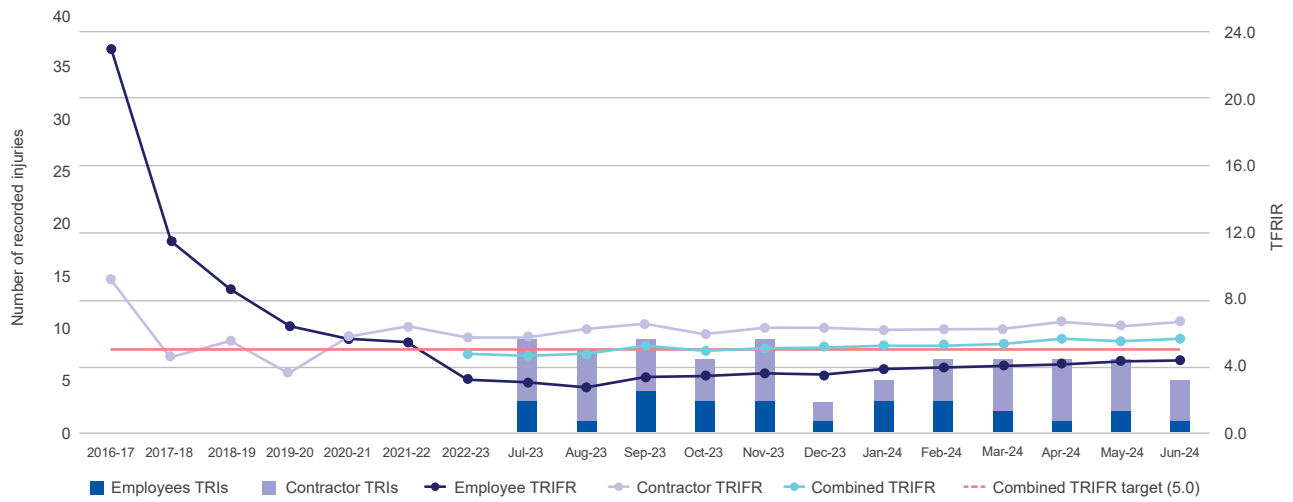
- Sydney Water recorded an end of financial year TRIFR of 4.3 (excluding contractors), below the target of ≤ 5.0 . Despite the increase in the annual TRIFR for Sydney Water employees from 3.3 in 2022–23 to 4.3 in 2023–24, it is the second year in a row that we have achieved our target of ≤ 5.0 .
- Over the past five years, Sydney Water has seen a year-on-year reduction of its TRIFR from 6.4 to 4.3 (a 33% improvement) which represents a significant reduction in the number of recordable injuries.
- However, the combined TRIFR including our contractors ended the year at 5.6, above the target of ≤ 5.0 . Sydney Water continues to collaborate with our delivery partners to improve performance through shared lessons learnt and best practice to bring the contractor TRIFR under 5.0. Key areas of focus are on work with a risk of fall, hands in the line of fire and early intervention for injuries.
- The new Visible Safety Leadership program, Leading to Safety, continues to build leadership safety maturity with 130 leaders now having attended the program.
- Sydney Water maintained an extra commitment to the early prevention program of PhysioCare (our onsite physiotherapy program) and our manual handling injury prevention strategies.

- In partnership with the University of South Australia, we conducted a Psychosocial Safety Climate (PSC) survey to assess the psychological health and safety in our workplace. The finalised results (based on 2,554 responses) scored Sydney Water at 42.71. This score indicates that Sydney Water is considered low risk (a PSC score ≥ 41 is considered low risk).
- As part of our Wellbeing Program, our people have access to a Fitness Passport. This is a subsidy towards membership fees for over 700

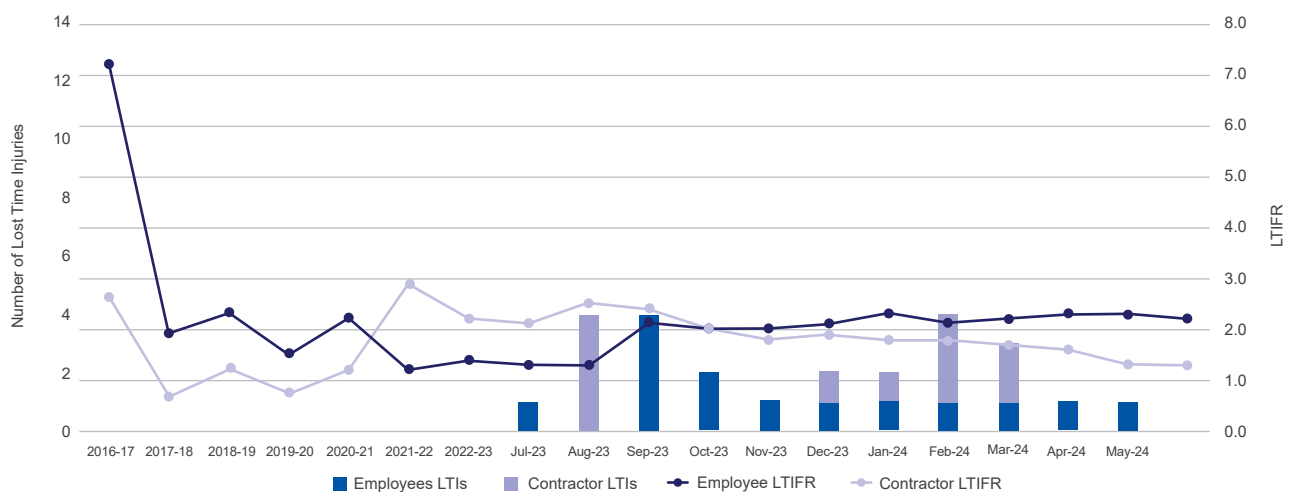
health and fitness facilities including gyms and pools, and Sydney Water’s membership is up 12.3 per cent from 2022–23.

- Our employee survey showed our employees feel psychologically safe to speak up about safety. Eighty-seven per cent said that they would feel confident to stop any task believed to be unsafe and 88 per cent responded that their leaders were committed to safety.

TRIFR for employees and contractors, eight years to 30 June 2024



LTIFR for employees and contractors, eight years to 30 June 2024



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 employees and contractors. We use the contractor hours reported to Sydney Water.



Better Safer Together

The health and wellbeing of our people is our number one priority and is everyone's responsibility.

We know compliance isn't enough when it comes to safety, and we have moved well beyond the old ways of looking at safety at Sydney Water. At the centre of our approach is a mindset where, regardless of the type of work we do, we all look out for one another. From recognising and addressing a risk, to reviewing and learning from incidents, and communicating the positives, employees are expected to all take a more proactive role in managing our own safety, and the safety and wellbeing of others.

During Safety Month in May, we released a e-learning module – suitable for office, field and plant-based employees – with a practical focus on safety and a new section on psychosocial hazards. This module is part of a two-year dedicated action plan covering implementation of psychological health management policy and guidelines, education of leaders, psychosocial hazard risk assessments and embedding management of psychosocial hazards into systems and processes for the life cycle of employees.

All employees benefit from working in a safer working environment, and a richer understanding of what we can do as individuals to keep our people safe. This module helps to develop our employees' knowledge of psychosocial hazards, and how to identify and mitigate these safety risks.

R U OK? Day

Sydney Water donated \$2 to R U OK? Day for each employee who successfully completed the new safety, health and wellbeing course during Safety Month.





Asia-Pacific Transformation of the Year

Our Infrastructure Portfolio-Investment Management Office received recognition at the 2023 Project Controls Expo.

Sydney Water's Infrastructure Portfolio – Investment Management Office (IP-IMO) Build, supported by delivery partner Turner & Townsend, won the Asia-Pacific Transformation of the Year award at the 2023 Project Controls Expo.

Showcasing best practice and new standards of excellence within the project professional community, the awards provide industry recognition from a body representing project controls professionals and experts across construction, oil and gas, and other industries.

The winning project involved the development of a new portfolio-level investment management office, known as the IP-IMO, to improve and transform governance and assurance functions across Sydney Water's significant investment portfolio.

The award is acknowledgement of Sydney Water's IP-IMO team, which rapidly implements continuous change in the way we focus infrastructure investments and manage our pipeline of work. This ensures we make the right investment at the right time for business performance.





The IP-IMO oversees strategic initiatives and helps to plan, design, implement and monitor change and business improvement projects to support the delivery of Sydney Water's complex infrastructure portfolio.



Successful and innovative business

Successful and innovative business

We are socially responsible and maintain a positive return for our shareholders and the community.

GOALS	MEASURES	TARGET 23-24	ACTUAL 23-24	STATUS	COMMENT
 Successful and innovative business					
Ensure Sydney Water is a successful and commercially focused business	EBITDA	\$1,707 m	\$1,780 m		Improving
	Return on invested capital (core)	5.5%	5.9%		Improving
Contribute to the state's economic recovery through the investment in and delivery of our capital infrastructure program and embed innovative ways of working	Innovation effectiveness index	6.4	6.4		Stable



Achievements and opportunities

OPERATING LICENCE AUDIT 2023

The audit acknowledged the ongoing enhancements aligned with our Service Excellence Roadmap, highlighting the significant progress in maintenance management improvements.

SCALING UP DELIVERY PIPELINE

This year we invested \$2 billion in capital across our Major Projects and Regional Delivery Partner streams – a major uplift from previous years. This has created new jobs, will enable projects key to the growth of Greater Sydney such as Western Sydney International Airport, and help achieve our core customer outcomes including water quality and reliability and environmental protection.

BUILDING MARKET CAPACITY

To be a more attractive partner we've looked at how we can simplify our procurement processes to take down barriers and increase certainty for our suppliers. We are using more diverse contract models which are more collaborative and reduce the risk for our providers. While feedback and engagement activities during procurement are also giving a say to the market to understand how we can make our approach more attractive and increase competition.

FOCUSED MAINTENANCE AND RENEWAL EFFORTS

We have initiated targeted rolling 12-week sprints to enhance maintenance and renewal processes, while also addressing operational risks. Key asset management processes are under review and are being refined to foster more efficient workflows.

LAUNCH OF INTEGRATED ENTERPRISE PLANNING

In 2023–24, we introduced a new integrated enterprise planning process, which has already informed the 2024–25 planning cycle. This strategic framework, aligned with the customer outcomes from the OWOV program, aims to embed a collaborative and cohesive planning approach. Our focus is on strengthening performance reporting, developing robust group business plans, and ensuring they align with the organisation's strategy, budget, enterprise risk management and customer data processes.

INNOVATION, RESEARCH AND DEPLOYMENT PLAN ALIGNMENT

Our plan is currently undergoing reprioritisation to better reflect customer priorities identified through the OWOV program and to align with the updated strategic framework.



Research and innovation

Our Innovation, Research and Deployment Plan (IRD Plan), launched in October 2021, supports our vision of delivering world-class water services.

Over the past 12 months, substantial progress has been made as we continue to align and prioritise our research and innovation efforts to address our business challenges, capturing long-term benefits for our organisation, customers, and the environment.

The IRD Plan strategically addresses key focus areas, enabling our organisation to respond to both immediate and future challenges. Our research and innovation priorities are closely aligned with our strategy and customer needs, ensuring reliable and resilient water supply, improved asset and operations management, enhanced environmental outcomes, healthy waterways and opportunities for resource recovery. The IRD Plan also emphasises strengthening external partnerships, fostering

open innovation and horizon scanning, allowing Sydney Water to anticipate and adapt to emerging trends. The development of new products and services is supported through pilots and technology trials, while capability building ensures that the organisation and workforce are equipped to implement and sustain these innovations effectively.

In 2023–24, we invested \$5.53 million across a range of research and innovation projects in collaboration with local and international universities, industry partners, utilities, and government departments. Sydney Water invested \$0.27 million towards improving water conservation through a diversified portfolio of projects aimed at reducing water consumption in households, businesses, and councils, and across our networks.



Over the past year, we achieved several key milestones:

- ✓ Developing the Innovation, Research & Deployment Custodian Model to support research and innovation across the business, enhancing our capability and improving deployment.
- ✓ Launching the Sydney Water Research Network to strengthen partnerships with universities and research partners, improving the speed of delivery.
- ✓ Leveraging co-funding of \$3.60 for every \$1 we spend through research grants and collaborations.



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

- 🏆 Winner of the AWA NSW Organisational Excellence Award for Urban Plunge.
- 🏆 Winner of the NSW Climate Technology Impact Award at the NSW Sustainability Awards 2023 for the 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.
- 🏆 Finalist of the World Smart City Awards 2023 for the SIMPaCT project.
- 🏆 Shortlisted for the AWA NSW Infrastructure Project Innovation Award (Metro) for a collaboration between Sydney Water and Confluence Water, Downer Utilities, Jacobs, and Ventia.
- 🏆 Heri Bustamante, Principal Scientist – Treatment, awarded Honorary Visiting Professorship at City University of London by the UK National Academy of Engineering for his work implementing photonic sensors for real time monitoring of the structural condition of pumping stations.

R&I investments in 2023–24

Project	Research Partner	Investment*
Research project on the assessment of the use of recycled water for irrigation of urban green spaces in Western Sydney	Macquarie University, Western Sydney University	\$6,500.00
Research projects on Catchment inputs monitoring to inform the Hawkesbury Nepean Nutrient Framework	Southern Cross University	\$31,320.89
Research project Dark Fibre leak sensing concept	Terra15 Technologies Pty Ltd	\$6,504.34
Research project on Ground Water & Sediment Dynamics and Biogeochemistry	Southern Cross University	\$587,824.60
Research project on computer modelling of Hawkesbury Nepean South Creek	BMT Commercial Australia, Aurecon, Jacobs Group Australia	\$106,299.36
Research project on Deep Ocean outfalls for condition assessment	UTS & Bluetech	\$0**
Research project on developing a Pressurised pipe robotic sensor Phase 2	UTS	\$0**
Research project on Quantum Sensing for leak detection	Nomad Atomic Detection Services Pty Ltd	\$16,531.53
Research project to investigate Solar Hydrogen	University of Sydney	\$62,160.16
Research project on Western Sydney Wetlands	Western Sydney University	\$37,408.98
Implementation of new technologies and methodologies for the development of future Wet Weather Overflow Monitoring Program	UNSW, Macquarie University, CSIRO, University of Melbourne, Sydney University, Griffith University	\$3,055,761.87
Research project on sensors to determine free ammonia in water distribution systems	UNSW	\$271,171.98
Research project to determine wastewater treatment with algae	Pacific Biotech	\$163,965.78
Research project on the value added products on biosolids	UNSW	\$19,126.20
Research project on Novel polyelectrolytes for water treatment	University of Newcastle	\$0**
Research project on Picton Wetlands nutrient recovery.	n/a	\$361,075.13
Research project on technology for hydrogen sulphide measurement system using SulfiLogger	n/a	\$131,643.99
Research project into Scope 1 Emissions	University of Queensland	\$253,888.47
Research project on Thermal Comfort Index in urban areas	University of Sydney	\$56,281.40
Research in development of Residual Electrical Current Sensor (RECS)	n/a	\$44,082.91
Research project into Pressure Main Assessment using robotics	University of Technology Sydney	\$315,595.50
Total		\$5,527,143.09

* The information included is based on cost estimates at 30 June 2024 and may be subject to change.

** Project commenced but no formal spend in 2023–24.



Infrastructure Pipeline and Supply Chain Expo

The expo was a pivotal event for infrastructure suppliers, showcasing innovation and best practice.

Sydney Water hosted its second Infrastructure Pipeline and Supply Chain Expo in March 2024.

The event brought together more than 1,000 delegates and 100 exhibitors to explore the ways we can build a 22nd century city together.

The expo was an opportunity for infrastructure delivery suppliers to showcase their capabilities and share the latest technologies and industry best practices.

Highlights of the day included presentations and panel discussions on delivering complex infrastructure projects; unlocking the circular economy and limiting Scope 3 emissions; careers in water; growing the First Nations Economy; our Major Projects pipeline; and our Regional Delivery Partnership model.

It also provided a valuable opportunity for the industry to hear directly from Sydney Water on the expansive infrastructure investment program that will deliver a resilient and reliable water supply for our customers, provide water services for growth and continue to protect the environment – now and in the future.

“A great opportunity to meet the right people in Sydney Water and other suppliers all at one venue.”

Expo delegate



96%

of delegates rated the expo as 'good' or 'very good'



83%

of delegates are likely to engage with exhibiting organisations and businesses

LOOKING AHEAD

The next Infrastructure Pipeline and Supply Chain Expo will be held in 2025.



SECTION 4

Management and accountability



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.

A new Sydney Water Enterprise Agreement 2023 has been approved by the Fair Work Commission and will remain in force until June 2026.

Our Enterprise Agreement

The Sydney Water Enterprise Agreement 2023 covers more than 96 per cent of our people across the organisation. The agreement has been in place since February 2023.

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 changes

The following are the key changes in law and major judicial decisions that affected Sydney Water between 1 July 2023 and 30 June 2024.

Australian Consumer Law

On 9 November 2023, changes were made to the unfair contract terms legislation in Schedule 2 of the *Competition and Consumer Act 2010* (Cth) (the Australian Consumer Law). Unfair terms that are found to exist in standard form consumer or small business contracts are now illegal and will attract penalties. Further, the definition of what constitutes a small business contract has expanded. Contracts that could be deemed to be standard form consumer or small business contracts at Sydney Water, such as the purchase order terms and conditions, have been reviewed and amended.

Privacy and Personal Information Protection Act

On 28 November 2023, changes came into effect to the *Privacy and Personal Information Protection Act 1998* (NSW) (PPIP Act) requiring that state-owned corporations comply with the PPIP Act. Sydney Water had already voluntarily complied with the PPIP Act, but prior to and in readiness for this date, Sydney Water refreshed and reviewed its privacy framework to ensure Sydney Water met the mandatory compliance obligations of the PPIP Act.

Health Records and Information Privacy Act

On 27 May 2024, changes were made to the definition of a public sector agency in the *Health Records and Information Privacy Act 2002* (NSW) (HRIP Act) that expressly include state-owned corporations such as Sydney Water. Prior to the 27 May 2024, Sydney Water was regarded as a private sector person within the HRIP Act. This change effectively altered the mechanism by which an individual could make a complaint about our handling of their health information.

Security of Critical Infrastructure Act

Under the *Security of Critical Infrastructure (Critical infrastructure risk management program) Rules* (LIN 23/006), which is an instrument under the *Security of Critical Infrastructure Act 2018* (Cth), Sydney Water as a responsible entity is required to have in place a Critical Infrastructure Risk Management Program (CIRMP) by 17 August 2023. A CIRMP is a written risk management program that identifies hazards where there is a material risk of those hazards having an impact on a critical infrastructure asset. The CIRMP seeks to mitigate, or where possible eliminate, the risks of those hazards occurring. Sydney Water has put a CIRMP in place.

Environment Protection Legislation Amendment (Stronger Regulation and Penalties) Act

On 3 April 2024, the *Environment Protection Legislation Amendment (Stronger Regulation and Penalties) Act 2024* (NSW) came into effect, which amended the *Protection of the Environment Operations Act 1997*. The amending Act significantly increases monetary penalties of environmental offences. It doubles the maximum penalties for corporations, which includes Sydney Water, to \$10 million for Tier 1 offences (wilful or negligent activities) and to \$2 million for water and land pollution; failure to comply with an environment protection licence (EPL) condition; failure to comply with a clean-up, prevention or prohibition notice; or providing false or misleading information. The changes also increase penalties under penalty notices for a first offence from \$15,000 to \$30,000, and for second or subsequent offence to \$45,000. This includes penalty notices issued to Sydney Water for alleged water pollution, land pollution and failure to comply with an EPL condition.

The amending Act also removes the protection afforded to documents created as part of a 'voluntary environmental audit'. This change applies to all documents (whenever created) that are the subject of any NSW Land and Environment Court proceedings commenced after 3 April 2024.

Furthermore, the changes confer new powers on the EPA, including the power to issue preliminary investigation notices where it reasonably suspects an issue to exist, and the power to introduce recall notices on substances that pose a potential risk of harm to human health or the environment.

Employment law change – limits on fixed and maximum term contracts

On 6 December 2023, changes commenced to the *Fair Work Act 2009* (Cth) to place limitations on the use of fixed and maximum term contracts. As a result of this amendment, Sydney Water, as an employer, is now prohibited from entering into fixed-term contracts either for a term of more than two years or containing options to renew such that the overall term is more than two years. It is also unlawful to enter into multiple consecutive fixed-term contracts for combined terms of more than two years where the employee will be performing substantially the same works. There are limited exceptions to this prohibition, and the burden of proof of the existence of an exception remains with the employer.

Modern Slavery Act – Guidance on Reasonable Steps

In December 2023, the NSW Office of the Anti-slavery Commissioner released *Guidance on Reasonable Steps: NSW Anti-slavery Commissioner's Guidance to Manage Modern Slavery Risks in Operations and Supply-Chains* for those public entities required to comply with the reporting obligations under the *Modern Slavery Act 2018* (NSW) (NSW Act). The guidance document provides direction to public entities subject to the reporting obligations under the NSW Act and includes an implementation timeline to 2025–26. Audits undertaken on public entities to determine compliance with the NSW Act will be judged against this guidance document. Sydney Water is subject to the NSW Act, and those reporting obligations are in addition to the reporting obligations under the Commonwealth *Modern Slavery Act 2018*.

Major judicial decisions

On 3 November 2023, the Land and Environment Court ruled on the documents Sydney Water were arguing to be voluntary environmental audits and therefore protected documents under section 182 of the *Protection of the Environment Operations Act 1997* (NSW). A protected document is not admissible in evidence nor can it be inspected, copied, seized or otherwise obtained by the EPA (including by way of a court subpoena). Of the 12 documents, two were held not to be voluntary audits and therefore not a protected document, because those documents did not include an evaluation. Due to legislative changes that commenced on 3 April 2024, the protection afforded to documents created as part of a 'voluntary environmental audit' was removed.

In *Goldmate Property Luddenham No. 1 Pty Ltd v Transport for NSW* [2024] NSWLEC 39 (*Goldmate*), the Land and Environment Court gave the first judgement in a series of proceedings concerning land acquisition near the Western Sydney Airport (WSA). The primary issue in dispute was whether the 'public purpose' had caused the change in zoning from RU2: Rural Landscape to Enterprise and the consequent increase in market value. Justice Duggan found that the public purpose was part of a coordinated NSW Government-wide project in delivering the WSA, not just road transportation into the area. Consequently, Justice Duggan found that this broad public purpose included the rezoning of land around the WSA. As the rezoning was a direct consequence of the public purpose, the increase in the value of the land needed to be disregarded when determining market value under s 56(1)(a) of the *Just Terms Act*.

Given the difference between the market value claimed by Goldmate Property and the amount determined by Justice Duggan, Goldmate Property has appealed the decision, particularly on the grounds that a public purpose can only be that purpose for which the acquiring authority was authorised to acquire land under its empowering Act. The appeal has not yet been heard.

The application of this case to the land which Sydney Water has been, and continues to acquire, around the WSA will depend on how closely linked Sydney Water's developments are found to be to the wider NSW Government goal of delivering the WSA and Aerotropolis.

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 risk management standard AS ISO 31000:2018 – *Risk management – Guidelines* and is consistent with the NSW Treasury Policy and Guidelines Paper TPP20-08 *Internal Audit and Risk Management Policy for the General Government Sector*.

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 our risk appetite by monitoring our risk tolerance metrics. Trend monitoring of tolerances allows us to forecast

whether there is the potential to cross those points and 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.

The Audit and Risk Committee assists the Board in overseeing the effective implementation of our risk management framework, including assurance on controls. The Board and its subcommittees monitor our risk profile, which considers current performance, forecast performance, emerging risks and the effectiveness of controls to manage existing known risks. This allows us to ensure risks are being managed so we can successfully deliver our vision, strategy and values.

Summary of enterprise risks for 2023–24

Category	Description
Public health	Proactively manage activities that could impact the quality of our products to avoid impacts to public health
Environment	Protect, restore and enhance the quality of our environment, minimising activities that could cause harm to natural environments
Customer experience	Prioritise the delivery of outcomes our customers value to maintain trust and recognition of our brand
Safety and wellbeing	Prioritise the health and safety of our people, customers and members of the public
Asset safety, reliability and capability	Maintain our assets and operations to avoid reasonably foreseeable business interruptions that would impact the reliability and continuity of our products and services
Capital program	Plan and deliver our capital infrastructure program to achieve our strategic customer, public health and environmental outcomes
Enterprise security	Proactively manage and protect the exploitation of vulnerability in our cyber, physical, personnel and supply chain domains
Culture and ethics	Establish a culture that promotes ethical practices by avoiding activities that could lead to misconduct, harassment, discrimination or a breach of our ethical framework
Finance	Manage our business to avoid potential impacts to our financial stability
Organisational capability	Build the capabilities of our people, systems and processes to continue to deliver core business and strategic initiatives, and have the ability to adapt to future challenges
Procurement and supply chain	Manage access to supplies and equipment required to deliver our products and services to maintain efficiency, increase customer service and ensure supply chain resilience

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 either the commercial insurance market or to Insurance and Care NSW (icare).

Government Information (Public Access) Act 2009

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

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

The GIPA Team actively discuss how to be more proactive and ensure greater and easy access to information. They discuss categories and different types of information that can be considered for proactive release with various stakeholders. Sydney Water proactively releases information ranging from media releases to information about contracts and projects through our websites, at sydneywatertalk.com.au and sydneywater.com.au.

Number of GIPA applications

During the year 2023–24, Sydney Water:

114

formal access applications received, of which three were invalid and 111 valid

5 access applications withdrawn

2 access applications were transferred to another public sector agency.

5 access applications carried over to 2024–25 (in accordance with statutory timeframes)

32

total of informal applications received

Decided GIPA applications

During the year 2023–24, Sydney Water decided:

114

formal access applications, 15 of which were carried over from 2022–23 (in accordance with statutory timeframes)

32

informal access applications

Number of refused applications

In 2023–24, we partly refused access to information in one access application because the requested information was referred to in Schedule 1 of the GIPA Act.

Decision made on applications by type of applicant and outcome*

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	0	0	0	0	0	0	0	0
Members of Parliament	0	0	0	0	0	0	0	0
Private sector business	0	27	0	0	0	0	0	2
Not-for-profit organisations or community groups	0	1	0	0	0	0	0	0
Members of the public (application by legal representative)	2	31	0	4	0	0	0	1
Members of the public (other)	9	37	0	2	0	1	0	2
Total	11	96	0	6	0	1	0	5

* We may make more than one decision regarding a particular access application. If so, we record each decision made.

Number of applications by type of application and outcome*

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	Application withdrawn
Personal information applications**	2	2	0	0	0	0	0	0
Access applications (other than personal information applications)	1	19	0	0	0	0	0	1
Access applications that are partly personal information applications and partly other	8	75	0	6	0	1	0	4
Total	11	96	0	6	0	1	0	5

* We may make more than one decision regarding a particular access application. If so, we record each decision made.

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

Details about invalid applications

Reason for invalidity	Number of applications
Application does not comply with formal requirements (section 41 of the Act)	3
Application is for excluded information of the agency (section 43 of the Act)	0
Application contravenes restraint order (section 110 of the Act)	0
Total number of invalid applications received	3
Invalid applications that subsequently became valid applications	12

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

	Number of times consideration used*
Overriding secrecy laws	0
Cabinet information	0
Executive Council information	0
Contempt	0
Legal professional privilege	1
Excluded information	0
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

* 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).

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

	Number of occasions when application not successful*
Responsible and effective government	7
Law enforcement and security	1
Individual rights, judicial processes and natural justice	82
Business interests of agencies and other persons	4
Environment, culture, economy and general matters	2
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0
Total	96

* 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).

Timeliness

	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	107
Decided after 35 days (by agreement with applicant)	6
Not decided within time (deemed refusal)	1
Total	114

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

	Decision varied	Decision upheld	Total
Internal review	1	1	2
Review by Information Commissioner*	2	0	2
Internal review following recommendation under section 93 of the Act	0	0	0
Review by NCAT (NSW Civil Administrative Tribunal)	0	0	0
Total	3	1	4

* 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.

Applications for review under Part 5 of the Act (by type of applicant)

In 2023–24, we received a total of two internal review and five external review notifications from the Information Commissioner submitted by applicants; however, three decisions were not decided and still undergoing a review by the Information Commissioner at the time of reporting.

	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 Act)	0

Applications for review under Part 5 of the Act (by type of applicant)

	Number of applications transferred
Agency-initiated transfer	2
Applicant-initiated transfer	0

Numbers and remuneration of senior executives

Executive remuneration, 2023–24

PSSE band equivalent*	2023–24		2022–23		Average remuneration	
	Female	Male	Female	Male	2023–24 (\$)	2022–23 (\$)
Above Band 4 equivalent	0	1	0	1	\$863,025	\$817,839
Band 4 equivalent	0	0	0	0	–	–
Band 3 equivalent	2	6	3	6	\$432,790	\$414,321
Band 2 equivalent	14	21	14	18	\$317,151	\$310,374
Band 1 equivalent	69	186	63	160	\$235,366	\$230,852
Total	85	214	80	185		
Grand total	299		265			

* Sydney Water does not use Public Sector Senior Executive (PSSE) remuneration package ranges. For 2023–24, we reported in line with the regulatory definition, to include People Manager remuneration equivalent to the total remuneration package of the PSSE bands. At 30 June 2024, around 8.5% of our employee-related expenditure was for employees remunerated at an equivalent level to the PSSE bands. It was 7.2% at the end of 2022–23.

Privacy management

Sydney Water has taken action to comply with the requirements of the *Privacy and Personal Information Protection Act 1998* (NSW) (PIIP Act), as state-owned corporations such as Sydney Water were required to strictly comply with the PIIP Act on and from 28 November 2023.

Sydney Water has implemented a privacy framework with the necessary documentation, systems and processes in place to ensure its compliance with the PIIP Act and with the Mandatory Notification of Data Breach (MNDB) Scheme. The documentation, systems and processes that have been introduced or otherwise revised and refreshed have been supported by promotional and awareness-raising activities. These documents, systems and processes include:

- a Privacy Management Plan (PMP) that describes our commitment and practices to comply with NSW privacy laws (the PMP can be found on our website at <https://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 in readiness for the MNDB Scheme

- a review and refresh of Sydney Water's privacy page located on its external website and a review and refresh of its corporate intranet page including its internal resources, policies, processes, guides and a corporate privacy awareness e-learning module.

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 conduct when handling their personal information.

In the last reporting period, no internal reviews were conducted as per the process prescribed by Part 5 of the PIIP Act.





Overseas travel

Summary of enterprise risks for 2023–24

Date of travel	Name	Destination	Purpose
23 September – 8 October 2023	ASM Mohiuddin and Hannah Lockie	France	Attended an international fellowship on advanced water treatment technology hosted by Sydney Water's treatment partners Veolia and SUEZ. The fellowship focused on a range of treatment processes as possible advanced treatment options in the production of high-quality drinking water. Veolia and SUEZ funded the travel.
8–25 March 2024	Dr Kaye Power	USA	Attended the 2024 WaterReuse Symposium and presented on Sydney Water's Purified Recycled Water (PRW) Discovery Centre. Visited several PRW plants and education facilities to gather insights into diversified rainfall-independent water sources. Met with key practitioners and international experts in fields in which Sydney Water is engaging in collaborative projects. Sydney Water funded the travel.
24 May – 2 June 2024	Heri Bustamante	UK	Visited City, University of London, delivered seminars to students and provided insights into designing research programs that meet Sydney Water's needs. Gathered insights into new sensor techniques and adopting research outcomes in Sydney Water operations. The Royal Academy of Engineering (a UK charity) funded the travel.
18–21 June 2024	Roch Cheroux	Singapore	Invited to Singapore International Water Week 2024. Spoke and met with water industry stakeholders at one of the world's premier platforms to share and co-create innovative water, coastal and flood solutions to meet urban water and climate challenges. This trip was not funded by Sydney Water.

Consultants

Payments to consultants for engagements costing equal to or greater than \$50,000, 2023–24*

Consultant name	Title of project	Contract description	Category	Amount (\$)
CSIRO	Picton Farm bespoke modelling	Bespoke agronomic modelling of feed and bioenergy for Picton Farm	Management Services	91,052.72
Digital Twin Analytics Pty Ltd	Sydney Desalination Plant expansion	Advice on the current/future modelling (SWIFT) of rain forecast and water quality impact to help with the bulk water operating rule and desalination expansion	Professional Services	58,351.33
Jacobs Group Australia Pty Ltd	Digital meter transition	Strategic advice on transition to digital meter strategy	Management services	76,391.00
Kellogg Brown & Root Pty Ltd	Dam societal and individual risk study	Dam societal and individual risk assessment for six sites as per regulatory requirements	Management services	178,651.51
Nous Group Pty Ltd	Operating model and organisational design (asset management and capital delivery)	Advice on development of the proposed operating model and organisational design for delivery of the increased capital program	Management services	94,445.00
Total				498,891.56

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



In 2023–24, we engaged **60 consultants** for \$50,000 or less, with total costs of \$631,796.79.

Annual Report external production costs

We have outsourced production of some elements of the Sydney Water Annual Report 2023–24 due to limitations with internal capabilities and resources. The total estimated cost of producing this year’s report is \$15,990.00* (excluding GST).

* Estimated costs correct at time of publication





Parliamentary Showcase

The Major Projects Parliamentary Showcase highlighted key initiatives for MPs across Greater Sydney.

In March 2024, Sydney Water hosted a Major Projects Showcase at NSW Parliament House for elected representatives and their advisors. The showcase provided an overview of a range of projects servicing growth and delivering a future-ready water supply for Greater Sydney.

Representatives from our Major Project Delivery, Planning, and Customer and Stakeholder Engagement teams were on hand to talk to guests and answer any questions about the projects that form part of our long-term plans, including our Resilient and Reliable Water Supply program involving purified recycled water (PRW) and other water-cycle management projects. Project Directors and Project Managers provided detail on how this work aligns with the NSW Government's future vision and housing supply policy.

MPs representing communities across Sydney – from Pittwater in the northern beaches to Penrith in the west and Wollondilly in the south-west – welcomed the opportunity to meet Sydney Water's Board members, Managing Director and Executive.

The Hon Rose Jackson MLC, the Minister for Water, Housing and Homelessness, spoke highly of the work being done by Sydney Water staff to ensure Greater Sydney has a resilient and

reliable water supply, highlighting our willingness and transparency in engaging with government stakeholders and the community.

Many guests showed great interest in Sydney Water's role in supporting housing across Greater Sydney and the role PRW could play in securing our water future. Many guests were positive about the PRW education program, and expressed interest in visiting the PRW Discovery Centre at Quakers Hill.

As a state-owned corporation, Sydney Water builds and maintains strong relationships and connections with our Members of Parliament, the Cabinet, and related staff members. Stakeholder engagement is critical to delivering our Long Term Capital and Operational Plan and services to customers.



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 (3rd 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 2023, 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

Sydney Water satisfies the governance practices outlined in TPP17-10 except for the recommendation that directors serve on no more than three government boards. Sydney Water favours directors who exhibit high levels of performance and possess the skills and knowledge required on the Board, and we believe that the focus should be on a director's expertise and ability to bring valuable insights and perspectives to the Board, rather than the number of government board positions they hold. This approach ensures that the Board is composed of highly qualified individuals who can effectively contribute to Sydney Water's strategic decision-making and governance processes.

Board of Directors

Sydney Water's Board appointments are made in accordance with the NSW Treasury TPG23-06. 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 for implementing the strategic direction and managing Sydney Water's day-to-day operations through an Instrument of Conferral of Powers. The Board operates according to its Board Charter, which complements Sydney's 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 Disclosures, which is reviewed annually, 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 the appointment of 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 ²³	Experience with financial statements and drivers of financial performance, including finance controls in a large organisation	All	▲
Risk management ²³	Experience in applying and overseeing risk management frameworks, including settling the Board's risk appetite	All	▲
Commercial, business acumen, and leadership*	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*	Experience in developing, setting and implementing clear strategic direction, including performance monitoring	All	▲
Culture and people*	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

* Indicates the key qualifying skills required to join the Board.



Grant King

Non-executive Director and Chair

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

Director:
9 June 2021 to 30 September 2021

Chair:
1 October 2021 to present

Committees:
Nominations and Economic Regulation* Committee (Chair)

Skills and experience

Grant is an experienced director of public and listed companies and has more than 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. He brings to the Board 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.

EXTERNAL APPOINTMENTS

Grant is the Chair of the Climate Change Authority, 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 New South Wales Foundation.

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



Roch Cheroux

Chief Executive Officer and Managing Director

MEng & BA, FIEAust

Managing Director:
2 September 2019 to present

Committees:
Safety, Culture and Remuneration, Planning and Infrastructure, and Economic Regulation committee

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 experience 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 Chairman 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 is currently Chair of the Water Services Association of Australia. He is also a member of the French-Australian Chamber of Commerce Advisory Council.

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



Greg Couttas

Non-executive Director

BComm, FCA,
MAICD

Director:
17 November 2016
to current

Committees:
**Safety, Culture
and Remuneration,
Economic
Regulation, and
Nominations
committee,
Audit and Risk
Committee (Chair)**

Skills and experience

Greg brings to the Board significant finance and risk management expertise, 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 Chairman of the firm's Audit and Risk Committee for 11 years.

EXTERNAL APPOINTMENTS

Greg is a Chair of Hireup Holdings Pty Ltd and a member of the governance board of The Salvation Army Australia Territory. He is a member of the Audit Committee of the Reserve Bank of Australia. Formerly, he was a Non-executive Director of Virtus Health Limited and on the board of Victoria Power Networks Pty Ltd and SA Power Networks Pty Ltd, which were joint ventures between Cheung Kong Infrastructure and Spark Infrastructure.



Craig Roy

Non-executive Director

MSc, MBA, FAICD

Director:
1 January 2019 to
current

Committees:
**Safety,
Culture and
Remuneration,
Economic
Regulation, and
Audit and Risk*
committee,
Planning and
Infrastructure
Committee (Chair)**

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 a Non-executive Director of Global Laser Enrichment LLC (a joint venture between Silex and Cameco) and Australian Composites Manufacturing CRC. Craig was formerly the Chair of Data61, Non-executive Director of the Australian National Commission for UNESCO and member of the Vice-Chancellor's Industry Advisory Board at the University of Technology Sydney.

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



Kate Dryden
Non-executive Director

BAS, LLB (First Class Hons), GAICD

Director:
29 November 2021 to current

Committees:
Audit and Risk, Planning and Infrastructure*, and Economic Regulation committee, Safety, Culture and Remuneration Committee (Chair)

Skills and experience

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

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.



Professor Susan Petterson
Non-executive Director

BE (Environmental) (Hons), PhD, GAICD

Director:
15 February 2022 to current

Committees:
Planning and Infrastructure, and Safety, Culture and Remuneration committee

Skills and experience

Susan brings to the Board important expertise in environmental protection and public health specifically related 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 protection of public health both within 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 Ltd. She is also a member of the Australian Water Association and 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 the revision of the ADWG), and for the World Health Organisation (WHO) on their Guidelines Development Group relating to the WHO *Guidelines on Sanitation and Health*.

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



Dr Alex Fisher

Non-executive Director

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

Director:

1 November 2022
to current

Committees:

**Planning and
Infrastructure, and
Safety, Culture
and Remuneration
committee**

Skills and experience

Alex is an experienced organisational leader, senior executive and director with more than 30 years' 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 (across the full water-cycle management), including deep experience and success in driving operations, asset management, and program and project management, including for delivery of major infrastructure capital works projects and programs.

EXTERNAL APPOINTMENTS

Alex has been involved in numerous industry organisations, committees and high-profile alliances in the past, including completed terms as the Deputy Chair of Dams Safety NSW, and Specialist External Director for Many Rivers Regional Housing Management Services (Aboriginal Corporation). She is currently a Strategic Advisor at Birdon Group.

Alex is a member and graduate of the Australian Institute of Company Directors and member of the Australian Institute of Engineers. She is also an active community member on patrol with Port Macquarie Surf Life Saving Club and instructing classes at Your Life Fitness Centre.



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

Director retirements during the reporting period



MEC, FIAA, FAICD

Director:21 December 2017 to
20 December 2023**Committees:**

**Audit and Risk*,
Planning and
Infrastructure*,
and Nominations*
committee,
Economic
Regulation*
Committee (Chair)**

Cameron Robertson

Non-executive Director

Skills and experience

Cameron's executive career has included roles in investment banking, asset management, asset development, social services and not-for-profit organisations. He was Managing Director and executive lead for the Infrastructure and Utilities group at Deutsche Bank and has worked at Lendlease. He has extensive commercial and public markets experience in debt structuring, advisory and complex finance transactions. He has also worked in public policy and management with a large not-for-profit organisation

EXTERNAL APPOINTMENTS

Cameron is a Non-executive Director of WR Carpenter No 1 Pty Ltd (owner of the Worsley Cogeneration Facility) and Nominee Director for SAS Trustee Corporation, and serves on the board of Southern Way Pty Ltd (owner of the Peninsula Link). Cameron is also a member of the Direct Asset Committee of Aware Super (formerly First State Super).

BSc (Hons), PhD,
Hon DUni, Hon
DSc, Hon FIEAust,
MAICD**Director:**13 February 2023
to 2 April 2024**Committees:**

**Nominations*, and
Audit and Risk
committees***

Professor Mary O'Kane AC

Non-executive Director

Skills and experience

Mary has a background in engineering and information and communications technology (ICT), specialising in automatic speech recognition and artificial intelligence. She was an academic for some years before moving into senior management. She was the first female dean of engineering in Australia and the second female vice-chancellor.

For the past 20 years, Mary has pursued a largely non-executive career. She has significant and diverse experience as a company director, serving on the boards of listed companies, government entities, startup companies and international development entities. She also has extensive experience in leading reviews into contentious matters.

EXTERNAL APPOINTMENTS

Mary is Chair of Business Events Sydney Limited, Australian Energy Market Operator, and company director and Executive Chairman of O'Kane Associates, a Sydney-based consulting practice specialising in government reviews in Australia and overseas. She was NSW Chief Scientist & Engineer from 2008–2018 and Vice-Chancellor of the University of Adelaide from 1997–2001.

Mary has served on several boards and committees in the public and private sectors, especially related to innovation, education, energy, engineering, health, Antarctica, ICT and research. She is currently chair of the boards of Aurora Energy Pty Ltd, Museums of History NSW and Sydney Health Partners, and is a member of the boards of AEMO Services Limited and the Silverchain Group.

* 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.

	King	Cheroux	Couttas	Roy	Dryden	Petterson	Fisher	Robertson	O’Kane
<p>Audit and Risk To oversee Sydney Water’s financial reporting, evaluate audit processes, and assess the risk and control environment for financial and non-financial risk.</p>	●	●	●	●	●			●	●
<p>Economic Regulation To oversee Sydney Water’s economic regulatory framework and regulatory submissions and protect the long-term interests of customers and meets statutory obligations.</p>	● ●	● ●	●	●	●			●	
<p>Nominations To assist the Board in fulfilling its corporate governance responsibilities with regards to Director appointments and reappointments.</p>	●	●	●					●	●
<p>Planning and Infrastructure To oversee Sydney Water’s strategic approach to planning for Greater Sydney, including asset investment, and its environment and regulatory strategies.</p>	●	●		●	●	●	●	●	
<p>Safety, Culture and Remuneration To oversee Sydney Water’s safety and people strategy including safety and wellbeing performance, culture, remuneration, capability, talent management and succession planning.</p>	●	●	●	●	●	●	●		

Key:

- Member ● Chair
- Denotes the individuals did not hold the designated roles for the full reporting period.
- Denotes the individual attends these 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 line with Sydney Water’s Constitution, following an annual schedule of set meeting dates and with additional meetings called when Directors see fit. Ten meetings were held in 2023–24.

Directors’ meetings, 2023–24

	King	Cheroux	Couttas	Roy	Dryden	Petterson	Fisher	Robertson [#]	O’Kane ^{##}
Board Number of meetings held: 10	10 (C)	10	10	10	10	10	10	5*	3*
Audit and Risk Committee Number of meetings held: 4	4	4	4 (C)	2*	4	0	0	2*	1*
Economic Regulation Committee Number of meetings held: 5	5 (2 as (C))	5	4	5	5	0	0	3* (C)	0
Nominations Committee Number of meetings held: 1	1 (C)	1	1	0	0	0	0	0	1*
Planning and Infrastructure Committee Number of meetings held: 5	5	5	0	5 (C)	2*	5	5	2*	0
Safety, Culture and Remuneration Committee Number of meetings held: 4	4	4	4	4	4 (C)	4	4	0	0

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 strategy sessions with the Executive on 25 October 2023 and 27 March 2024. These sessions are not counted as Director meetings. (C) denotes chairperson.

- # Mr Robertson retired from the Board on 20 December 2023.
- ## Professor O’Kane resigned from the Board effective from 2 April 2024
- * Denotes the individuals were not members for the full reporting period.





SECTION 5

Sustainability





Our commitment

Sydney Water is committed to sustainably delivering essential water and wastewater services to Greater Sydney, the Blue Mountains and the Illawarra.

We consider sustainability as achieving a better life for customers today, without compromising the needs of current and future generations. We do this by Caring for Country, supporting social equity, supporting community wellbeing, and providing high economic value and affordable services.

Our decisions and actions must recognise that our wellbeing and the wellbeing of natural systems are connected and depend on each other. Our families, friends and future generations depend on us to protect their health and our environment.

Sydney Water respects the traditional Caring for Country practices used over tens of thousands of years by First Nations people and commits to playing our part to improve the health of landscapes by recognising and fostering the value of water in our environment and communities.

Sydney Water recognises that sustainability is a set of principles and an ongoing process, not an end point to be achieved. As the world and city continues to change, we will need to improve and adapt. The key sustainability principles that will help us on this journey include:

- providing for equity within and between generations
- taking a risk and resilience approach when responding to activities that may have serious impacts on the environment, economy or community
- striving for regenerative and circular outcomes

- focusing on making meaningful progress on the things that matter most to our customers, people and partners
- making decisions based on the city's urban water cycle as a whole, being attentive to changing circumstances, and delivering greatest benefit to the community overall.
- genuinely capturing, managing and disclosing sustainability impacts
- recognising that our role in sustainability is part of a broader community.

Sydney Water is working to progress sustainability reporting in line with NSW Treasury reporting requirements, including climate-related financial disclosures for the 2024–25 financial year.

The reporting focusses on climate-related risks and opportunities, referring to the potential negative and positive effects arising from climate change on the business. The core elements of the climate-related disclosures include:

- governance: the processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities
- strategy: the actual and potential impacts of climate-related risks and opportunities on our business model, value chain; strategy and decision-making; financial position, performance and cash flows; and climate resilience
- risk management: processes used to identify, assess, prioritise and monitor sustainability and climate-related risks and opportunities
- metrics and targets: our performance in relation to climate-related risks and opportunities, including progress towards any climate-related targets.

United Nations Global Compact

Sydney Water is a signatory of the United Nations Global Compact. We are committed to embodying universal principles for human rights, labour, environment and anti-corruption into our strategies, policies and operations. We also support the United Nations 2030 Agenda for Sustainable Development, with our four key strategic outcomes aligning to UN Sustainable Development Goals.

Thriving, liveable and sustainable cities



First choice of customers and partners



High performance culture



Successful and innovative business



In total, our strategy incorporates 15 of the 17 UN Sustainable Development Goals.















Our approach



Material issues

Our material issues show the sustainable issues most material to our people, suppliers, community and environment. These encompass priorities outlined within our Operating Licence, strategic priorities, our customer's expectations, our stakeholder's priorities and our United Nations Global Compact commitments. We are taking an incremental approach to our materiality assessments, and we will continue to build our stakeholder, business and customer insights into our material issues. These will also be used to improve our sustainability reporting and strategic decision-making. Further information – including our progress – can be found in the in the [Reports & publications](#) section on sydneywater.com.au.



Material issues	Projects, initiatives and governance (further information references)	Page	UN Sustainable Development Goals	UN Global Compact Principles
Affordable and equal access to water and sanitation	<ul style="list-style-type: none"> • Payment Assistance Scheme • Concession rebates • PlumbAssist subsidised plumbing 	44	 	Human Rights
Reliable, safe and clean drinking water	<ul style="list-style-type: none"> • Water quality monitoring • Purified Recycled Water Discovery Centre 	26-27 28, 32, 34, 64		Human Rights
Water use (our customers' and our own)	<ul style="list-style-type: none"> • WaterFix programs • Leak management • Water literacy and conservation campaigns and events • Recycled water scheme • Community Grants focused on water conservation 	44-45, 77 74 50-53 26-27 56	 	Environment
Overflows and pollution (including waterway health)	<ul style="list-style-type: none"> • Focused asset maintenance and renewal efforts to address environmental performance 	Website	  	Environment
Circular economy, resource use and waste (consumption, recycling, landfill, reuse)	<ul style="list-style-type: none"> • Continued planning of a circular economy hub at Upper South Creek AWRC • Continued focus on efficient and sustainable resources recovery including wastewater (biosolids), water and materials • Malabar Biomethane Injection Project commissioned last year has achieved stable level of operation • Introduction of the Materials Sharing Register to enable beneficial reuse of materials in a systemic and easy-to-use way 	23, 131 68 Website 22		Environment
Greenhouse gas emissions and energy	<ul style="list-style-type: none"> • Continue to generate renewable energy through our co-generation, solar and hydroelectric assets • Increased number of electric vehicles in our passenger fleet vehicles, to about 30 • Revised plan to achieve net zero carbon emissions in our operations by 2030 	Website 132 23, 26-27	  	Environment

Material issues	Projects, initiatives and governance (further information references)	Page	UN Sustainable Development Goals	UN Global Compact Principles
Ecosystems and the natural environment	<ul style="list-style-type: none"> • First Nations practices, including cultural burns, incorporated as part of Caring for Country • Stormwater naturalisation projects • Natural area restoration projects • Waterways health and improvement projects, including the RiverWatch Water Quality Monitoring Program 	58-59 69 Website	 	Environment
Climate change resilience	<ul style="list-style-type: none"> • Climate change position statement • A climate change adaptation guidebook developed 	Website Website	 	Environment
Community amenity	<ul style="list-style-type: none"> • Community grants supporting community health and wellness, green spaces or social inclusion • Community engagement and education 	56 57		
Working conditions (labour rights and work health and safety)	<ul style="list-style-type: none"> • Modern Slavery Statement • Ethical Framework (<i>The very human story of Sydney Water</i>) • Health, safety, and wellbeing programs 	136 Website 88-90		Labour Human Rights
Diverse and inclusive workforce	<ul style="list-style-type: none"> • Continued implementation of the Diversity, Equity and Inclusion plan • Supporting the recruitment and retention of First Nations people 	82 Website		Labour Human Rights
Ethical procurement (including workers in the value chain)	<ul style="list-style-type: none"> • Modern Slavery Statement • Supplier Code of Conduct 	136 Website		Labour
Rights of Indigenous peoples	<ul style="list-style-type: none"> • Continued implementation of our Reconciliation Action Plan • Growth of Aboriginal businesses Supported through procurement of goods, services and construction 	83 Website Website		Human Rights
Fair and decent business conduct (e.g. whistleblower protection, anti-corruption, payment practices)	<ul style="list-style-type: none"> • Directors' Code of Conduct • Wrongdoing Reporting Policy • Independent corruption hotline • Corporate Governance Statement • Employee education and onboarding 	114 Website		Anti-corruption



Sustainability at the heart of construction

The Upper South Creek Advanced Water Recycling Centre represents a transformative shift in the way our infrastructure projects are planned and delivered.

Construction of the landmark Upper South Creek Advanced Water Recycling Centre (AWRC) started in August 2023, with the project on track to achieve 'Gold' level certification under the Infrastructure Sustainability Council's new v2.1 rating tool – the first project in Australia to do so.

The IS Rating Scheme serves as a benchmark for ensuring infrastructure delivers optimal environmental, social, and economic outcomes across its lifecycle. Achieving a 'Gold' rating reflects our commitment to sustainability alongside our delivery partner, John Holland, and marks an important step towards our vision of net-zero operational emissions by 2030.

The AWRC represents a transformative shift in the way infrastructure projects are planned and delivered. It showcases how innovation and sustainability can be integrated early in design to deliver world-class infrastructure that benefits both the community and the environment.

The AWRC is on track to be operational in 2026 to meet the needs of Western Sydney International Airport and enable development across the Western Sydney Aerotropolis growth area.

Key achievements that showcase the project's sustainability focus and innovative approach during construction include:

- a successful trial of a hydrogen-powered generator, paired with battery energy storage. Over the 28-day trial, the emission free generators reduced emissions by over 12 tonnes when compared to diesel generators and had capacity to power over 70 homes. It also created a quieter and cleaner work environment – using the water generated by the process for dust suppression.
- implementing a large-scale worm farm to digest wastewater and organic material generated by the 300 personnel on site. This innovative solution eliminated traffic impacts by truck movements usually needed to pump and transport waste off-site.
- using disposable coffee cups to make 'bio-bitumen' – a more sustainable asphalt – with the recycled fibres increasing the asphalt's strength and achieving similar performance with a thinner pavement. A bed of recycled glass-sand mix is also being used for pipe installation. These initiatives reduce the use of virgin materials by repurposing common waste products.
- collaboration with a local First Nations contractor enabled the collection of over 2,000 native white feather honey myrtle seeds, which will be used in the regeneration of the riparian area adjacent to Wianamatta-South Creek, including the reconnection of an on-site billabong.



EV transition

The electrification of the fleet aligns with our strategy to achieve carbon neutrality by 2030.

Sydney Water's fleet, consisting of 850 vehicles and 500 major plant assets, plays a vital role in supporting water and wastewater services across the greater Sydney metropolitan area. The electrification of the fleet aligns with our strategy to achieve carbon neutrality by 2030, as vehicles account for 12 per cent of our emissions. As of May 2024, the fleet included 71 electric vehicles (EVs) and 28 chargers, and one site's vehicle pool was entirely made up of EVs.

The process of converting an entire site to EVs involved removing internal combustion engine vehicles and replacing them with EVs. The transition has proved successful, with operations continuing smoothly, paving the way for future steps in the fleet's decarbonisation journey.

Regular communication with users is key, providing updates on ongoing changes and improvements. This constant engagement is especially important during the early stages, when only a portion of the fleet has transitioned to EVs.

An EV champions group has also been established, bringing together individuals who are interested in EVs or already own one. These advocates are instrumental in promoting the shift to electric vehicles at Sydney Water.

Addressing concerns related to risk, safety and property is crucial, and involving stakeholders in the process helps to overcome barriers that often stem from a lack of awareness. EVs are being consistently used, charged and rebooked, indicating a smooth transition so far.





Badu Muru: Freshwater path

A name chosen by Traditional Custodians for the access road at the Upper South Creek Advanced Water Recycling Centre reflects the freshwater waterways of Dharug Country.

At Sydney Water, we are committed to honouring and caring for the Country on which we operate. As part of this commitment, we recently collaborated with the Dharug Traditional Custodians, supported by GHD and John Holland, to name the access road leading to the Upper South Creek Advanced Water Recycling Centre. This collaboration resulted in the selection of Badu Muru (Bar-doo Moo-roo), a name that carries deep cultural significance and reflects the natural and cultural landscape of the region.

Badu Muru is a combination of two Dharug language words and signifies this Country as a pathway for fresh water, reflecting the many freshwater waterways and tributaries that traverse Dharug Country. It is also a reflection of the literal and figurative interpretation of the access road as a pathway into the site where the water from the surrounding Aerotropolis region will be received and cleaned.

The word 'Grove' was chosen by the Traditional Custodians and Aboriginal stakeholders because it reflects the natural state of the Cumberland Plain site prior to construction.

This initiative aligns with multiple NSW Government policies and guidelines that support the prioritisation of naming assets in local Aboriginal language. Aboriginal place naming is crucial in language revitalisation, as it works to preserve and grow Aboriginal language understanding in NSW and allows for Aboriginal and Torres Strait Islander peoples to strengthen connections to culture and identity.

The name, Badu Muru Grove, was officially published in the NSW Government Gazette by Penrith City Council on 14 June 2024, following approval from the Geographical Names Board of NSW. The street sign was installed shortly after.

The community engagement program included coordination with other organisations across the Aerotropolis Precinct that were undertaking similar naming initiatives (such as Transport for NSW, Sydney Metro, Western Sydney International Airport and the University of Sydney) to avoid duplication.

Sydney Water also consulted with the Traditional Custodians and Aboriginal stakeholders to rename the Upper South Creek Advanced Water Recycling Centre. This new Dharug language name will be announced when the new site is commissioned and servicing commences.

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 exploitation of others; and that the products and services we deliver to our 5,401,000 customers are ethically sourced. Our latest Modern Slavery Statement can be found on our website <https://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.

We continued to actively collaborate with other water companies across Australia through Water Services Association of Australia (WSAA) and to engage in a modern slavery community of practice (COP).

This year, Sydney Water hosted the WSAA Modern Slavery COP's meeting at our office attended by representations from other water companies across Australia. The main objectives of the meeting were:

- ✓ understand the international landscape regarding modern slavery
- ✓ understand the national legislative context
- ✓ understand the key issues relating to modern slavery for each water business
- ✓ understand the perspectives from victims and suppliers
- ✓ learn about the modern slavery journey of key water companies
- ✓ work through the risk register approach of different water utilities
- ✓ confirm further discussions with Informed 365, our modern slavery platform online tool provider.

Several external guest speakers – including a modern slavery survivor, and representatives from the Modern Slavery and Human Trafficking Branch of the Attorney-General's Department and a major construction company – were invited to the meeting to share updates, trends, best practices and other insights on aspects of modern slavery.

Last year, WSAA coordinated a sourcing activity to find an online platform to efficiently identify, assess and manage modern slavery risks. As a result, Sydney Water, and other water companies, selected Informed 365 as our platform provider.

This year, we worked closely with Informed 365 to come up with the best implementation of the tool to meet our needs and requirements. We also actively engaged with other water companies across Australia using the same platform, aiming to standardise our approach in using the tool and to further refine the questions we developed last year to assess suppliers' modern slavery risks. In coordination with WSAA, Informed 365 and other water companies, we also focused on developing a standard scoring system embedded in the tool to assess and rank

supplier's response to the modern slavery questions. Sydney Water is working on the integration of those tools with our processes and reporting.

In December 2023, the Office of the NSW Anti-slavery Commissioner (OASC) published Guidance on Reasonable Steps (GRS) to manage modern slavery risks in operations and supply chains. It covers steps to organise operations and supply chain to address modern slavery risks, and includes examples of good practice, tools and resources.

Since the introduction of the GRS, we have reached out to the OASC to better understand and adopt its initiatives. We attended a webinar OASC organised for State owned corporations to discuss requirements of the GRS, and arranged a face-to-face meeting with the Commissioner and his team to discuss the new GRS annual reporting requirements in detail, the GRS Inherent Risk Identification Tool (the IRIT) and other topics related to modern slavery. Next year we intend to dive deeper into the GRS, the IRIT and other tools developed by the OASC, and to align as much as possible with its guidance in our supply chain processes.





SECTION 6

Financial performance



Financial performance

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 2023-24, our net profit after tax (NPAT) was \$335 million, which was \$29 million above the SCI Target. Earnings before interest, tax, depreciation, and amortisation (EBITDA) for the year was \$1,780 million, which was \$18 million above the SCI Target.

We recognised a dividend of \$170 million consistent with the SCI Target.

Net profit after tax was higher than the SCI Target by \$29 million. This was due to revenue exceeding the SCI Target by \$26 million and borrowing expenses coming under the SCI Target by \$51 million. These favourable variances were offset by depreciation, amortisation, impairment, and loss on asset sales exceeding the SCI Target by \$29 million, operating expenses exceeding the SCI Target by \$8 million and income tax expense exceeding the SCI Target by \$11 million.

Profit and loss statement, 2019-20 to 2023-24

Financial performance target	2020-21 result	2021-22 result	2022-23 result	2023-24 result	2023-24 SCI target	2023-24 variance to SCI target
Total income (\$ million)	2,748	2,764	2,946	3,218	3,192	26
Operating expenses (\$ million)	1,428	1,460	1,557	1,438	1,430	(8)
Earnings before interest, tax, depreciation, and amortisation (\$ million)	1,320	1,304	1,389	1,780	1,762	18
Depreciation, amortisation, impairment, and loss on asset sales (\$ million)	384	427	437	550	521	(29)
Borrowing expenses (\$ million)	361	416	507	753	804	51
Net profit before tax (\$ million)	575	461	445	477	437	40
Income tax expense (\$ million)	171	136	131	142	131	(11)
Net profit after tax (\$ million)	404	325	314	335	306	29
Dividend (\$ million)	687	139	100	170	170	-
Return on assets (%)	4.2	3.8	3.8	4.4	4.5	(0.1)
Net cash flows from operating activities (\$ million)	627	756	766	910	510	400
Net cash flows from operating activities interest cover (times)	2.7	2.8	2.5	2.2	1.6	0.6
Capital investment program* (\$ million)	885	1,170	1,558	2,145	2,575	430
Gearing ratio (%)	59.0	59.0	60.0	61.1	64.6	3.5

* The capital investment program numbers exclude unregulated capex and capitalised borrowing costs.

Income

Total income for the year was \$3,218 million, which was \$26 million above the SCI Target of \$3,192 million.

Regulated income was \$2,972 million, which was \$107 million higher than the SCI Target of \$2,865 million. Non-regulated income was \$246 million, which was \$81 million lower than the SCI Target of \$327 million.

Property sales

During 2023-24, five properties were sold that were surplus to operational needs at a total gross sale price of \$2.3 million. All sales were completed in line with accepted NSW Government disposal standards and guidelines. We also received \$0.1 million in compensation for an easement that benefited Endeavour Energy.

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

Operating Expenditure

Total expenses for the year were \$1,438 million, which was \$8 million above the SCI Target of \$1,430 million.

Time for payment of accounts

Sydney Water did not incur any penalty interest charges during 2023–24 for late payments to creditors.

Net cash flows from operating activities

The net cash flows from operating activities in 2023-24 was \$910 million. This was \$400 million higher than our SCI Target of \$510 million and was due to higher cash receipts which more than offset the higher cash payments, lower interest paid and lower income tax paid when all 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 2.2, which was higher than the SCI Target of 1.6.

Investment management

We benchmark our investment portfolio's performance against the NSW Treasury Corporation's cash investment facility. In 2023–24, we had no financial investments, as we used surplus cash to minimise debt.

Debt management

At 30 June 2024, we had a \$8.0 million cash balance and our total debt was \$14.3 billion. Our debt portfolio was sourced through NSW Treasury Corporation, and this was actively managed to limit the cost of funds. Additionally, 88.3% of our total debt was fixed-rate debt maturing out to 2041, with the remaining 11.7% inflation-indexed debt maturing out to 2035.

The market valuation of the debt at 30 June 2024 was \$13,824 million. The market value of debt represents the value if all debt had to be retired. This is different to the capital value, which is the value in the financial statements.

Debt management, 2023–24

	Sydney Water	Benchmark
Generalised cost of funds 2023–24 (%)	4.02%	3.88%
Weighted average cost 2023–24 (%)	4.88%	4.74%

Cash flow

Cash receipts from our operations in 2023-24 were \$3,092 million, which was \$338 million higher than the SCI Target.

We used \$1,738 million in cash for operational purposes, which was \$286 million higher than the SCI Target.

Total interest paid was \$593 million, which was \$125 million lower than the SCI Target. Total interest paid includes interest paid and the government guarantee fee paid on our borrowings less interest received.

Return on assets and equity

Our return on assets for 2023-24 was 4.4%, against an SCI Target of 4.5%.

The return on equity for 2023-24 was 3.8%, which exceeded the SCI Target of 3.6% due to net profit after tax exceeding the SCI Target.

Return on invested capital

Our return on invested capital (ROIC) for 2023-24 was 5.9% which exceeds the SCI Target of 5.7%.

SCI Target 2024–25

Measure	SCI Target (\$m)
Total income	3,372
Total operating expenses	1,478
Depreciation, amortisation, impairment, and loss on asset sales	536
Borrowing costs	795
Profit before tax	563
Income tax expense	169
Profit after tax	394

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). 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 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.

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.

Note: In November 2021, IPART deferred the pricing review to 2025.

Charges for new (or upgraded) connections

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, 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 will be 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 will then be capped at 25 per cent of the full charge in 2024–25 and 50 per cent in 2025–26, with full contributions from 1 July 2026. As a result, Sydney Water did not levy any of these charges in the 12 months to 30 June 2024.

Under IPART’s determination, we had 18 months from the Nil Developer Charges Policy change date to develop, exhibit and register Development Servicing Plans (DSPs) for all areas where we expect to provide connection services to development. The change date was set at 1 January 2022, and we placed draft DSPs on exhibition on 28 April 2023. Sydney Water continued to work with stakeholders over the

following months to consider feedback and settle on a final set of DSPs. IPART registered this set of DSPs in December 2023, and we will levy charges from 1 July 2024.

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

In the 12 months to June 2024, 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), 2023–24

Recycled water scheme	Status of Development Servicing Plan (DSP)	Infrastructure contribution* (\$ per ET)	Compliance status against the determination
Rouse Hill	Reviewed and registered (Oct 21)	\$4,758	Compliant
Hoxton Park	Reviewed and registered (Oct 21)	\$9,004**	Compliant

* Infrastructure contributions are described as ‘new connection charges’ in the 2019 determination.

** 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, 2023–24

	IPART determined price (\$)	Adjustments for SDP by IPART determined method (\$)	Inflated IPART maximum prices (\$, at the rate of 13.7%)	Sydney Water daily rate (\$) ^a
2023–24	(2020–21)	(2023–24)	(2023–24)	(2023–24)
Service charges (\$)				
Residential premises				
Water				
Metered ^c	39.90	25.58	70.95	0.19385
Unmetered ^d	464.06	25.58	552.87	1.51056
Wastewater^{b,d}	544.52	n/a	618.47	1.68981
Stormwater (drainage)^b				
Standalone premises	77.55	n/a	88.18	0.24093
Multi premises	24.79	n/a	28.19	0.07702
Low impact	24.79	n/a	28.19	0.07702
Non-residential properties				
Water				
Water service charges by meter size (mm) ^e				
20	39.90	25.58	70.95	0.19385
25	62.34	39.96	110.84	0.30284
32	102.14	65.48	181.61	0.49620
40	159.59	102.31	283.76	0.77530
50	249.36	159.85	443.37	1.21139
80	638.36	409.23	1,135.05	3.10123
100	997.43	639.41	1,773.49	4.84560
150	2,244.38	1,438.68	3,990.74	10.90366
200	3,990.00	2,557.66	7,094.66	19.38432
250	6,234.38	3,996.34	11,085.40	30.28798
300	8,977.50	5,754.73	15,962.98	43.61470
500	24,937.50	15,985.35	44,341.60	121.15191
600	35,910.00	23,018.91	63,851.91	174.45877
Unmetered	464.06	25.58	552.87	1.51056
Wastewater^b				
Wastewater service charges by meter size (mm) ^{f,g}				
20	486.03	n/a	552.62	1.50989
25	759.42	n/a	863.46	2.35918
32	1,244.24	n/a	1,414.70	3.86530
40	1,944.13	n/a	2,210.47	6.03954
50	3,037.70	n/a	3,453.86	9.43678
80	7,776.51	n/a	8,841.89	24.15817
100	12,150.79	n/a	13,815.45	37.74713
150	27,339.19	n/a	31,084.88	84.93137
200	48,603.00	n/a	55,262.00	150.98907
250	75,942.19	n/a	86,346.88	235.92044
300	109,356.75	n/a	124,339.50	339.72541
500	303,768.75	n/a	345,387.50	943.68169
600	437,427.00	n/a	497,358.00	1,358.90164
Unmetered	544.52	n/a	618.47	1.68981

	IPART determined price (\$)	Adjustments for SDP by IPART determined method (\$)	Inflated IPART maximum prices (\$, at the rate of 13.7%)	Sydney Water daily rate (\$) ^a
2023–24	(2020–21)	(2023–24)	(2023–24)	(2023–24)
Stormwater (drainage)^b				
Standalone premises				
Small (200 m ² or less)	24.79	n/a	28.19	0.07702
Medium (201–1,000 m ²) or low impact	77.55	n/a	88.18	0.24093
Large (1,001–10,000 m ²)	447.82	n/a	509.17	1.39117
Very large (10,001–45,000 m ²)	1,987.42	n/a	2,259.70	6.17404
Largest (45,001 m ² or greater)	4,967.28	n/a	5647.80	15.4315
Multi premises				
Low impact assessed non-residential property (irrespective of property area)	24.79	n/a	28.19	0.07702
	77.55	n/a	88.18	0.24093
Usage charges (\$/kL)				
Residential premises				
Filtered water	2.35	n/a	2.67	2.67
Uplift on Drought Response Days ^h	0.83	n/a	0.94	0.94
Non-residential properties				
Filtered water	2.35	n/a	2.67	2.67
Uplift on Drought Response Days ^h	0.83	n/a	0.94	0.94
Wastewater	1.20	n/a	1.36	1.36
Mandated recycled water supply services (\$/kL)				
Recycled water usage charge ^j	n/a	n/a	n/a	2.40

6 FINANCIAL PERFORMANCE

- a. Sydney Water's charges applied from 1 July 2023. Illustrated service charges are charged to customers at a daily rate based on 366 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 Waterways Health Improvement programs. The wastewater discretionary charge for residential premises is \$1.19 pa (2023–24) and the stormwater discretionary charge for residential premises that do attract a stormwater drainage charge is \$0.97 pa (2023–24). 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 (2023–24).
- 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 usage charge of \$204.00 (2023–24) 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 are as defined in the Schedule 8 of the 2020 Price Determination for Sydney Water.
- i. Water service charge for unmetered customers of \$552.87 (2023–24) per year during non-drought periods includes a deemed water usage charge of \$481.92 (2023–24) per year based on a usage allowance of 180 kL per year multiplied by the filtered water usage price of \$2.67 per kL (as defined in Schedule 1 of the 2020 Price Determination for Sydney Water) and grossed by 366/365 to adjust for the 2023–24 leap year.
- 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 usage 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.



Auditor-General's statutory audit report

At the completion of the audit of Sydney Water's financial statements for the year ended 30 June 2024, 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.

Sydney Water Corporation

**Financial Statements
for the year ended 30 June 2024**

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Statement of profit or loss and other comprehensive income

for the year ended 30 June 2024

	Note	2024 \$'000	2023 \$'000
Revenue	1(a)	3,214,568	2,928,329
Other income	1(b)	3,306	17,748
Finance costs	2(a)	(752,704)	(506,564)
Other expenses	2(b)	(1,987,929)	(1,994,284)
Profit before income tax		477,241	445,229
Income tax expense	3(a)	(141,946)	(130,748)
Profit for the year		335,295	314,481
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Gain on revaluation of property, plant and equipment	4	584,318	347,218
Income tax effect	3(a)	(175,295)	(104,165)
		409,023	243,053
Remeasurement of defined benefit superannuation net liability	14(c)(iii)	2,662	55,999
Income tax effect	3(a)	(799)	(16,800)
		1,863	39,199
Other comprehensive income for the year net of income tax		410,886	282,252
Total comprehensive income for the year		746,181	596,733

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

Statement of financial position

as at 30 June 2024

	Note	30 June 2024 \$'000	30 June 2023 \$'000
Current assets			
Cash and cash equivalents	9	8,013	12,778
Trade and other receivables	10	471,388	462,632
Other current assets	11	36,337	45,619
Current tax asset		-	61,843
		515,738	582,872
Non-current assets classified as held for sale	8	73,473	7,956
Total current assets		589,211	590,828
Non-current assets			
Non-current receivables	10	3,311	3,311
Property, plant and equipment	4	26,942,859	24,395,169
Right-of-use assets	5	2,125,250	299,016
Intangible assets	7	455,267	427,283
Total non-current assets		29,526,687	25,124,779
Total assets		30,115,898	25,715,607
Current liabilities			
Trade and other payables	12	1,114,057	770,134
Borrowings and other financial liabilities	13	170,498	129,905
Lease liabilities	5	31,222	39,983
Current tax liabilities		39,044	-
Dividends payable	15	170,000	100,000
Provisions	14	233,121	252,069
Deferred Government grants		107	253
Total current liabilities		1,758,049	1,292,344
Non-current liabilities			
Borrowings and other financial liabilities	13	14,578,457	13,296,748
Lease liabilities	5	2,150,437	288,279
Deferred tax liabilities	3(b)	2,100,416	1,880,003
Provisions	14	435,902	442,171
Deferred Government grants		394	-
Total non-current liabilities		19,265,606	15,907,201
Total liabilities		21,023,655	17,199,545
Net assets		9,092,243	8,516,062
Equity			
Share capital	16	3,911,854	3,911,854
Asset revaluation reserve		3,424,958	3,016,464
Retained earnings		1,755,431	1,587,744
Total equity		9,092,243	8,516,062

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

Statement of changes in equity

for the year ended 30 June 2024

	Note	Share capital \$'000	Asset revaluation reserve \$'000	Retained earnings \$'000	Total Equity \$'000
Balance at 30 June 2023		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
Total comprehensive income for the year		-	409,023	337,158	746,181
Transfers between equity items on disposal of assets		-	(529)	529	-
Total transfers between equity items		-	(529)	529	-
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	15	-	-	(170,000)	(170,000)
Total transactions with owners in their capacity as owners		-	-	(170,000)	(170,000)
Balance at 30 June 2024		3,911,854	3,424,958	1,755,431	9,092,243
Balance at 30 June 2022		3,911,854	2,773,470	1,334,005	8,019,329
Profit for the year		-	-	314,481	314,481
Other comprehensive income		-	243,053	39,199	282,252
Total comprehensive income for the year		-	243,053	353,680	596,733
Transfers between equity items on disposal of assets		-	(59)	59	-
Total transfers between equity items		-	(59)	59	-
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	15	-	-	(100,000)	(100,000)
Total transactions with owners in their capacity as owners		-	-	(100,000)	(100,000)
Balance at 30 June 2023		3,911,854	3,016,464	1,587,744	8,516,062

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

Statement of cash flows

for the year ended 30 June 2024

	Note	2024 \$'000	2023 \$'000
Cash flows from operating activities			
Cash receipts		3,091,855	2,799,086
Cash payments		(1,738,127)	(1,771,224)
Cash generated from operations		1,353,728	1,027,862
Social programs grants received from NSW Government		145,610	133,032
Other grants received from NSW Government		249	421
Grants received from Commonwealth Government		18	35
Interest received		5,620	3,596
Interest paid		(427,816)	(179,128)
Government guarantee fee paid		(170,928)	(149,487)
Income tax paid		3,258	(70,456)
Net cash flows from operating activities	9(b)	909,739	765,875
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		2,265	14,404
Capital grants received from NSW Government		-	86
Other cash contributions received		2,053	1,568
Security and other deposits received		41,952	26,064
Payments for property, plant and equipment		(1,882,884)	(1,499,017)
Payments for intangible assets		(96,811)	(113,584)
Security and other deposits released		(32,647)	(24,724)
Net cash flows from investing activities		(1,966,072)	(1,595,203)
Cash flows from financing activities			
Proceeds from borrowings		1,245,829	1,045,783
Payment of principal for lease liabilities related to right-of-use assets		(54,414)	(37,885)
Payment of principal for service concession liabilities		(39,847)	(39,825)
Dividends paid	15	(100,000)	(138,750)
Net cash flows from financing activities		1,051,568	829,323
Net (decrease) in cash and cash equivalents		(4,765)	(5)
Cash and cash equivalents at beginning of the year		12,778	12,783
Cash and cash equivalents at end of the year	9(a)	8,013	12,778

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 2024 were authorised for issue in accordance with a resolution of the Board of Directors on 28 August 2024.

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).

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 Leases;
- Note 6 Service concession arrangements;
- 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 reporting periods 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.

AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* (AASB 2021-2) applies to the Corporation from 1 July 2023. AASB 2021-2 requires entities to disclose their material rather than their significant accounting policies. Material accounting policy information is information that, when considered together with other information included in an entity's financial statements would reasonably influence the decisions of primary users of those financial statements. The application of the new materiality concept did not however fundamentally change the extent of information included within these financial statements for either the accounting policies or for the note disclosures.

Significant changes in the current reporting period

There were no changes in accounting policy during the reporting period, nor did the introduction of new Accounting Standards and Accounting Interpretations lead to any change in measurement in these financial statements.

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 has resulted in increased soil and silt run-off impacting Warragamba Dam's turbidity levels. The Corporation in response issued successive emergency response notices under its agreement with the owner of the Sydney Desalination Plant to provide desalinated water in the previous financial reporting period. In the current financial reporting period, there was a change in the arrangements for the use of the Sydney Desalination Plant to 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 \$30.734 million (2023: \$46.764 million) for the current financial reporting period. Severe floods associated with compounding extreme rainfall events also saw temporary disruption of services to our customers based in the Orchard Hills catchment area earlier in the current financial year.

(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 Statement of Corporate Intent 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 future capital investment.

Notes to the Financial Statements

Performance for the reporting period

Note 1. Income

(a) Revenue

	Note	Regulated		Non- Regulated		Total	
		2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Revenue from contracts with customers							
Service availability charges (redress rebates)		1,377,283	1,243,505	(3,766)	(3,978)	1,373,517	1,239,527
Usage charges		1,401,742	1,248,067	18,938	18,597	1,420,680	1,266,664
Ancillary services		39,478	31,458	3,265	3,111	42,743	34,569
Developer contributions	9(b)	-	-	204,001	212,936	204,001	212,936
Sundry revenue		-	-	11,547	26,197	11,547	26,197
Total revenue from contracts with customers		2,818,503	2,523,030	233,985	256,863	3,052,488	2,779,893
Timing of revenue recognition							
Over time		2,779,025	2,491,572	15,172	14,619	2,794,197	2,506,191
At a point in time		39,478	31,458	218,813	242,244	258,291	273,702
		2,818,503	2,523,030	233,985	256,863	3,052,488	2,779,893
Other revenues							
NSW Government grants for social programs		144,026	133,352	-	-	144,026	133,352
Capital grants from NSW Government		-	-	-	86	-	86
Other grants from NSW Government		-	-	-	230	-	230
Grants from Commonwealth Government		-	-	18	35	18	35
Interest revenue		-	-	5,620	3,597	5,620	3,597
Rent revenue from operating leases		5,919	5,221	5,919	5,221	11,838	10,442
Sundry revenue		-	-	578	694	578	694
Total other revenues		149,945	138,573	12,135	9,863	162,080	148,436
Total revenue		2,968,448	2,661,603	246,120	266,726	3,214,568	2,928,329

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 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

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.

Certification which involves connection of new developments to the Corporation's recycled water infrastructure have additional monetary developer contributions charged to cover the incremental cost to the Corporation of the connection.

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

	Note	2024 \$'000	2023 \$'000
Gain on disposal of property, plant and equipment	9(b)	845	13,785
Income from sale of greenhouse trading certificates		2,313	2,563
Unrealised gain on biodiversity credits		161	1,379
Unrealised (loss)/gain on foreign currency derivatives		(13)	21
Total other income recognised in profit or loss		3,306	17,748

Note 2. Expenses

(a) Finance costs

	Note	2024 \$'000	2023 \$'000
Interest expense for borrowings at amortised cost		343,149	270,369
Interest expense for lease liabilities related to right-of-use assets	5	197,617	12,561
Interest expense for service concession liabilities		20,000	20,177
Amortisation of deferred discounts on loans	9(b)	50,353	29,828
Total interest expense		611,119	332,935
Government guarantee fee expense – NSW Treasury		193,061	170,893
Indexation of CPI bonds	9(b)	68,598	113,372
Other finance costs		1,489	-
		874,267	617,200
Less amount capitalised as borrowing costs		(121,563)	(110,636)
Total finance costs recognised in profit or loss		752,704	506,564

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	2024 \$'000	2023 \$'000
Employee-related expenses:			
Total employee-related expenses before amounts capitalised		654,397	601,398
Less amounts capitalised		(246,040)	(237,095)
Total employee-related expenses		408,357	364,303
Non-employee related expenses:			
Availability charges and purchases of bulk water – Water NSW		223,214	204,774
Availability charges - Sydney Desalination Plant		-	191,804
Operational costs - Sydney Desalination Plant		30,734	46,764
Tariff expenses from water filtration plant agreements		113,088	109,524
Maintenance services	2(d)	393,897	347,661
Operational services		83,101	84,874
Materials, plant and equipment		89,475	93,885
Leases of low value assets		15	16
Short-term leases expense		9,735	11,788
Electricity and other energy		61,880	57,111
Transport		4,409	4,593
Property including land tax		25,062	23,512
Data management		68,084	65,260
Other expenses from ordinary activities		61,895	64,255
Total non-employee related expenses before amounts capitalised		1,164,589	1,305,821
Less amounts capitalised		(135,258)	(114,725)
Total non-employee related expenses		1,029,331	1,191,096
Depreciation and amortisation expenses:			
Depreciation of property, plant and equipment	4	348,993	318,462
Depreciation of property, plant and equipment – right-of-use assets	5	82,717	43,283
Amortisation of intangible assets	7	69,187	70,515
Total depreciation and amortisation expenses	9(b)	500,897	432,260
Losses from disposal of:			
Property, plant and equipment	9(b)	12,556	6,010
Total losses from disposal		12,556	6,010
Impairment losses expensed (reversed) through profit or loss:			
Receivables	10(c)	969	26
Property, plant and equipment	4, 9(b)	26,459	(427)
Intangible assets	7, 9(b)	(358)	(168)
Inventory (reversed) write-off		(70)	1,184
Provision for inventory obsolescence	11	9,788	-
Total impairment losses expensed (reversed) through profit or loss		36,788	615
Total other expenses recognised in profit or loss		1,987,929	1,994,284

(c) Additional information on superannuation expense

	Note	2024 \$'000	2023 \$'000
Superannuation expense recognised in profit or loss			
Defined benefit schemes			
Current service cost	14(c)	1,970	2,548
Net interest on the net defined benefit liability (asset)	14(c)	21,614	23,077
Defined benefit superannuation expense (advised by Administrator)		23,584	25,625
Other movements		(625)	1,326
Defined benefit superannuation expense before amounts capitalised		22,959	26,951
Less amount capitalised		(5,194)	(6,097)
Defined benefit superannuation expense		17,765	20,854
Defined contribution schemes			
Defined contribution superannuation expense before amounts capitalised		23,135	20,204
Less amount capitalised		(4,257)	(3,718)
Defined contribution superannuation expense		18,878	16,486
Total superannuation expense recognised in profit or loss		36,643	37,340

(d) Additional information on maintenance expense

	Note	2024 \$'000	2023 \$'000
Maintenance expenses			
Maintenance related expense included in employee related expenses		93,667	85,663
Maintenance expense included in non-employee related expenses	2(b)	393,897	347,661
Total maintenance expenses		487,564	433,324

Recognition and measurement

Expenses are recognised in profit or loss when incurred. Expenses include items that are incurred in the course of ordinary activities as well as various losses that arise from either the disposal of recognised assets or the remeasurement of some items at the reporting date.

Expenses for wages and salaries are recognised on an accrual basis as services are rendered by employees. Expenses for sick leave, which is non-vesting, are recognised when the absences occur.

Note 3. Taxation**(a) Income tax expense recognised in profit or loss and on other comprehensive income**

	2024	2023
	\$'000	\$'000
Current tax expense		
Current tax on profits for the year	98,057	39,405
Adjustments for current tax of prior years	(430)	387
	<u>97,627</u>	<u>39,792</u>
Deferred tax expense		
Origination and reversal of temporary differences	42,416	92,282
Adjustments for prior years	1,903	(1,326)
	<u>44,319</u>	<u>90,956</u>
Total income tax expense in profit or loss	<u>141,946</u>	<u>130,748</u>
Reconciliation of income tax expense to prima facie tax payable		
Profit before income tax	477,241	445,229
Tax at the Australian tax rate of 30% (2023: 30%)	<u>143,172</u>	<u>133,569</u>
Tax effect of amounts which are not (taxable) deductible		
Research and development concession	(391)	(305)
Sundry items	(2,308)	(1,577)
	<u>140,473</u>	<u>131,687</u>
(Over)/Under provided in prior year – current tax	(430)	387
Under/(Over) provided in prior year – deferred tax	1,903	(1,326)
Income tax expense	<u>141,946</u>	<u>130,748</u>
Income tax on other comprehensive income		
Deferred tax relating to:		
Revaluation of property, plant and equipment	175,295	104,165
Remeasurement of defined benefit superannuation liability	799	16,800
Total income tax on other comprehensive income	<u>176,094</u>	<u>120,965</u>

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 reporting period. 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 reporting period 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 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)
Net tax (assets) / liabilities	1,880,003	44,319	176,094	2,100,416

	Balance 1 July 2022	Recognised in profit or loss	Recognised in other comprehensive income	Balance 30 June 2023
	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment and intangibles	1,949,701	88,415	104,165	2,142,281
Other assets	5,244	(86)	-	5,158
Right-of-use assets	(6,934)	(1,840)	-	(8,774)
Employee benefits	(181,627)	(3,830)	16,800	(168,657)
Provisions not currently deductible	(8,063)	732	-	(7,331)
Anticipated receipts and accrued expenses	(12,748)	225	-	(12,523)
Service concession liabilities	(75,610)	7,586	-	(68,024)
Greenhouse trading certificates and biodiversity offset credits	(1,881)	(246)	-	(2,127)
Net tax (assets) / liabilities	1,668,082	90,956	120,965	1,880,003

Carrying amounts

	Assets		Liabilities		Net	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Property, plant and equipment and intangibles	-	-	2,367,741	2,142,281	2,367,741	2,142,281
Other assets	-	-	1,225	5,158	1,225	5,158
Right-of-use assets	(16,922)	(8,774)	-	-	(16,922)	(8,774)
Employee benefits	(168,616)	(168,657)	-	-	(168,616)	(168,657)
Provisions not currently deductible	(6,644)	(7,331)	-	-	(6,644)	(7,331)
Anticipated receipts and accrued expenses	(14,203)	(12,523)	-	-	(14,203)	(12,523)
Service concession liabilities	(60,541)	(68,024)	-	-	(60,541)	(68,024)
Greenhouse trading certificates and biodiversity offset credits	(1,624)	(2,127)	-	-	(1,624)	(2,127)
Tax (assets) liabilities	(268,550)	(267,436)	2,368,966	2,147,439	2,100,416	1,880,003
Set-off of tax	268,550	267,436	(268,550)	(267,436)	-	-
Net tax (assets) / liabilities	-	-	2,100,416	1,880,003	2,100,416	1,880,003

(c) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised excluding any amount of GST, except where the amount of GST incurred by the Corporation as a purchaser is not recoverable from the ATO. In such cases, the GST incurred is recognised as part of the cost of acquisition of an asset or as part of an item of expense. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from the ATO is included in other debtors in the statement of financial position (refer to note 10(a)).

Cash flows for GST are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities that are recoverable from, or payable to, the ATO are classified as cash flows from operating activities.

(d) 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 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 reporting period.

Assets 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 Arrangements	Plant and equipment	Computer equipment	Work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2022 – net carrying amount	127,608	26,455	18,771,949	1,399,366	28,513	26,004	2,206,322	22,586,217
Additions to work in progress	-	-	-	-	-	-	1,603,180	1,603,180
Additions transferred from work in progress	-	-	494,169	-	11,352	4,658	(510,179)	-
Additions – other and adjustments	-	-	209,782	-	-	-	-	209,782
Disposals	-	-	(5,855)	-	(25)	-	-	(5,880)
Reclassified as assets held for sale	(4,774)	-	-	-	-	-	-	(4,774)
Other reclassifications	(526)	-	358	-	38	-	130	-
Reclassified to intangibles	-	-	-	-	-	-	(22,539)	(22,539)
Revaluation increments/(decrements) recognised in the asset revaluation reserve	10,914	6,121	200,485	129,698	-	-	-	347,218
Impairment (losses)/losses reversed or revaluation (decrements)/increments recognised in profit or loss	1,635	-	-	-	-	-	(1,208)	427
Depreciation charge	(161)	(2,003)	(267,502)	(19,596)	(12,496)	(16,704)	-	(318,462)
At 30 June 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 – other and adjustments	-	-	199,956	235	-	-	-	200,191
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)
At 30 June 2024 – net carrying amount	107,202	30,695	20,918,461	1,594,865	24,468	13,730	4,253,438	26,942,859

	Market land and buildings	Leasehold property	System assets - Infrastructure including system land	Service Concession Arrangements	Plant and equipment	Computer equipment	Work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 30 June 2023								
Cost	-	-	-	-	192,363	131,936	3,275,706	3,600,005
Fair value (level 3) – market approach	138,176	31,701	-	-	-	-	-	169,877
Fair value (level 3) – income approach	-	-	19,403,386	-	-	-	-	19,403,386
Fair value (level 3) – replacement cost	-	-	-	1,684,711	-	-	-	1,684,711
	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)
At 30 June 2023 – net carrying amount	134,696	30,573	19,403,386	1,509,468	27,382	13,958	3,275,706	24,395,169
At 30 June 2024								
Cost	-	-	-	-	202,907	143,379	4,253,438	4,599,724
Fair value (level 3) – market approach	110,170	31,700	-	-	-	-	-	141,870
Fair value (level 3) – income approach	-	-	20,918,461	-	-	-	-	20,918,461
Fair value (level 3) – replacement cost	-	-	-	1,806,006	-	-	-	1,806,006
	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)
At 30 June 2024 – net carrying amount	107,202	30,695	20,918,461	1,594,865	24,468	13,730	4,253,438	26,942,859
Revalued assets based on cost model								
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)	-	-	-	-
At 30 June 2024 – net carrying amount	22,990	7,508	17,992,980	378,660	-	-	-	-

	Market land and buildings	Leasehold property	System assets - Infrastructure including system land	Service Concession Arrangements	Plant and equipment	Computer equipment	Work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 30 June 2022								
Cost	-	-	-	-	187,009	127,361	2,206,322	2,520,692
Fair value (level 3) – market approach	130,990	27,398	-	-	-	-	-	158,388
Fair value (level 3) – income approach	-	-	18,771,949	-	-	-	-	18,771,949
Fair value (level 3) – replacement cost	-	-	-	1,525,000	-	-	-	1,525,000
	130,990	27,398	18,771,949	1,525,000	187,009	127,361	2,206,322	22,976,029
Accumulated depreciation	(54)	(723)	-	(125,634)	(158,496)	(101,357)	-	(386,264)
Accumulated impairment	(3,328)	(220)	-	-	-	-	-	(3,548)
	(3,382)	(943)	-	(125,634)	(158,496)	(101,357)	-	(389,812)
At 30 June 2022 – net carrying amount	127,608	26,455	18,771,949	1,399,366	28,513	26,004	2,206,322	22,586,217
At 30 June 2023								
Cost	-	-	-	-	192,363	131,936	3,275,706	3,600,005
Fair value (level 3) – market approach	138,176	31,701	-	-	-	-	-	169,877
Fair value (level 3) – income approach	-	-	19,403,386	-	-	-	-	19,403,386
Fair value (level 3) – replacement cost	-	-	-	1,684,711	-	-	-	1,684,711
	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)
At 30 June 2023 – net carrying amount	134,696	30,573	19,403,386	1,509,468	27,382	13,958	3,275,706	24,395,169
Revalued assets based on cost model								
Cost	37,738	26,745	22,978,696	757,955	-	-	-	-
Accumulated depreciation	(5,516)	(18,269)	(6,047,213)	(382,010)	-	-	-	-
Accumulated impairment	(7,364)	-	-	-	-	-	-	-
	(12,880)	(18,269)	(6,047,213)	(382,010)	-	-	-	-
At 30 June 2023 – net carrying amount	24,658	8,476	16,931,483	375,945	-	-	-	-

(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 period 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 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 period, future revenues were estimated as follows:

- For future years where IPART has set prices in their last Pricing Determination (from 1 July 2020 to 30 June 2025 – the current 'Price Path'), the revenue requirement determined by IPART was used. This is for the 1 year following the 30 June 2024 balance date. Adjustments were made (where required) for changes in water demand/usage and customer growth. During the previous financial year, the current Price Path was extended by 1 year to 30 June 2025 following agreement with IPART.
- For future years (after 30 June 2025), 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 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
Discount rate	Post-tax WACC 'nominal' discount rate of 5.79% (2023: 5.78%). The rate was determined after a market assessment of rate parameters. The asset value would increase with a reduction in the discount rate.
Terminal value and growth	The terminal value has been determined as an average of the terminal value based on the Gordon's Growth Model and the terminal value based on a multiple of the year 30 regulated asset base value. The terminal value based on the Gordon's Growth model uses a growth rate which is the assumed forecast growth rate in free cash flows beyond the initial 30-year (2023: 30-year) forecast period used. A growth rate of 2.50% has been adopted (2023: 2.50%).
CPI rate for future years after the current 'Price Path'	The RAB is escalated using a CPI rate of 2.50% (2023: 2.50%) for determining the annual revenue requirement beyond the current 'Price Path', for future years in the forecast after 30 June 2025. The asset value would increase/decrease with an increase/decrease in the CPI.
Period of discounting	The discounting incorporates cash flows over a 30-year (2023: 30-year) period and an estimate of 'terminal value' using an average of the terminal value based on the Gordon's Growth Model and the terminal value based on the year 30 regulated asset base value.
Service and usage revenue cash inflows	<p>Estimates of future revenue earnings were drawn from the Corporation's Statement of Corporate Intent and the long-term forecast Corporate Model and were based on:</p> <ul style="list-style-type: none"> • IPART's June 2020 Pricing Determination and expected earnings rates over succeeding pricing periods, • the RAB determined by IPART from the June 2020 Pricing Determination and rolled forward thereafter, and • capital spending over the future forecast / discount period. <p>The asset value would be higher if future revenue was higher.</p>
Infrastructure contributions	Infrastructure contributions to be charged for future years are excluded as these help the Corporation to recover the cost of its growth capital expenditure.
Other non-regulated revenue cash inflows	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.
Operating expenditure cash outflows	Operating expenditures were drawn from the Corporation's Statement of Corporate Intent 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.
Capital expenditure cash outflows	Capital expenditure over the 30-year (2023: 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 the long-term capital operating plan.
Cash flows from franking credits	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	5.79	5.99	5.59
Calculated fair value of property, plant and equipment including right-of-use assets (\$'000)	29,068,109	27,543,625	30,769,929
Resulting change (\$'000)		(1,524,484)	1,701,820

Estimated future service and usage revenue	Rate Applied %	If higher +1.0%	If lower -1.0%
Statement of Corporate Intent 2024-25	100%	101%	99%
Calculated fair value of property, plant and equipment including right-of-use assets (\$'000)	29,068,109	29,868,857	28,267,361
Resulting change (\$'000)		800,748	(800,748)

Terminal value growth rate	Rate Applied %	If higher +0.25%	If lower -0.25%
Terminal value growth rate	2.50	2.75	2.25
Calculated fair value of property, plant and equipment including right-of-use assets (\$'000)	29,068,109	29,788,887	28,448,802
Resulting change (\$'000)		720,778	(619,307)

(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 2024 and 2023:

	Number of Years
System asset network categories:	
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
Other classes:	
Market buildings	20 to 40
Leasehold property	99
Plant and equipment	5 to 12
Computer equipment	3 to 12
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 \$'000	System assets - Infrastructure including system land \$'000	Plant and equipment \$'000	Computer equipment \$'000	Total \$'000
At 1 July 2022 – net carrying amount	153,723	149,187	22,003	4,576	329,489
Additions	2,440	11,055	6,038	-	19,533
Disposals	-	-	(17)	-	(17)
Modifications	(7,600)	-	894	-	(6,706)
Depreciation charge	(14,907)	(16,773)	(9,315)	(2,288)	(43,283)
At 30 June 2023 – net carrying amount	133,656	143,469	19,603	2,288	299,016
Additions	89,370	1,810,309	10,823	-	1,910,502
Disposals	(2,095)	-	(8)	-	(2,103)
Modifications	-	-	552	-	552
Depreciation charge	(6,923)	(63,947)	(9,559)	(2,288)	(82,717)
At 30 June 2024 – net carrying amount	214,008	1,889,831	21,411	-	2,125,250

	Note	2024 \$'000	2023 \$'000
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Carrying amounts of related lease liabilities

Current

Lease liabilities related to right-of-use assets		31,222	39,983
Total current lease liabilities related to right-of-use assets		31,222	39,983

Non-current

Lease liabilities related to right-of-use assets		2,150,437	288,279
Total non-current lease liabilities related to right-of-use assets		2,150,437	288,279

Amounts recognised in profit or loss

Interest expense for lease liabilities related to right-of-use assets	2(a)	197,617	12,561
Depreciation charge – right-of-use assets	2(b)	82,717	43,283
Leases of low value assets expense	2(b)	15	16
Short-term lease expense	2(b)	9,735	11,788

Amounts recognised in the statement of cash flows

Cash outflows for lease payments (within cash flows from financing activities)		54,414	37,885
Lease interest paid (within cash flows from operating activities)		197,617	12,561
Total cash outflows for leases		252,031	50,446

(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.

The recognition of SDP as a lease arrangement from 1 July 2023 has resulted in the following impacts to balance sheet and profit and loss during this financial year:

- Addition to right-of-use assets – system assets as at 1 July 2023: \$1,804.748 million;
- Addition to lease liabilities related to right-of-use assets as at 1 July 2023: \$1,804.748 million;
- Increase in depreciation expense – right-of-use assets: \$46.276 million (Note 2(b));
- Increase in interest expense for lease liabilities related to right-of-use assets: \$196.461 million (Note 2(a)); and
- Decrease in Availability charges – SDP of \$191.804 million (Note 2(b)).

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. We have 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. Each lease is for a three-year term with no option for extension. The two leases were extended in the previous financial year for a term of two years to 2023-24 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 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 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 by 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 2023 was 6.12% (from 1 July 2022: 5.28%).

(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 during the year ended or as at 30 June 2024 and 30 June 2023:

Description	Blue Mountains sewage transfer scheme agreement	Water filtration plant agreements	Gerrington Gerroa sewage treatment plant agreement	Bingara Gorge treatment plant
Name and description of the service concession 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"> Macarthur: 1 March 2011 to 8 September 2030. Illawarra and Woronora: 1 October 2015 – 30 November 2036. Prospect: 1 Jul 2016 – 30 November 2035. 	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 FY23	No changes.	No changes.	The term of the agreement was extended for 14 years, effective 1 July 2022. The contract will now expire on 30 November 2036.	The term of the agreement was extended for 5 years, effective 1 April 2023. The contract will now expire on 30 March 2028.
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.

Carrying amounts of service concession assets

	2024	2023
	\$'000	\$'000
Blue Mountains Sewage Tunnel - owned by Corporation	583,693	551,426
Blue Mountains Sewage Tunnel - owned by operator	437,923	413,960
Water filtration plants	471,696	446,008
Gerringong Gerroa Sewage treatment plant	82,918	79,559
Bingara Gorge treatment plant	18,635	18,515
Total service concession assets	1,594,865	1,509,468

(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 2022 – net carrying amount	286,804	16,066	81,175	384,045
Additions to work in progress	-	-	91,046	91,046
Additions transferred from work in progress	90,590	-	(90,590)	-
Reclassifications	-	-	22,539	22,539
Impairment (losses)/losses reversed or revaluation (decrements)/increments recognised in profit or loss	-	168	-	168
Amortisation charge	(70,515)	-	-	(70,515)
At 30 June 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	-	-	(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)
At 30 June 2024 – net carrying amount	287,346	16,592	151,329	455,267

	Computer software \$'000	Easements and other rights of access \$'000	Work in progress \$'000	Total \$'000
At 1 July 2023				
Cost	925,355	-	104,170	1,029,525
Fair value (level 3) – income approach	-	16,234	-	16,234
	925,355	16,234	104,170	1,045,759
Accumulated amortisation	(618,476)	-	-	(618,476)
Accumulated impairment	-	-	-	-
	(618,476)	-	-	(618,476)
At 1 July 2023 – net carrying amount	306,879	16,234	104,170	427,283
At 30 June 2024				
Cost	975,009	-	151,329	1,126,338
Fair value (level 3) – income approach	-	16,592	-	16,592
	975,009	16,592	151,329	1,142,930
Accumulated amortisation	(687,663)	-	-	(687,663)
Accumulated impairment	-	-	-	-
	(687,663)	-	-	(687,663)
At 30 June 2024 – net carrying amount	287,346	16,592	151,329	455,267
At 1 July 2022				
Cost	834,765	-	81,175	915,940
Fair value (level 3) – income approach	-	16,066	-	16,066
	834,765	16,066	81,175	932,006
Accumulated amortisation	(547,961)	-	-	(547,961)
Accumulated impairment	-	-	-	-
	(547,961)	-	-	(547,961)
At 1 July 2022 – net carrying amount	286,804	16,066	81,175	384,045
At 30 June 2023				
Cost	925,355	-	104,170	1,029,525
Fair value (level 3) – income approach	-	16,234	-	16,234
	925,355	16,234	104,170	1,045,759
Accumulated amortisation	(618,476)	-	-	(618,476)
Accumulated impairment	-	-	-	-
	(618,476)	-	-	(618,476)
At 30 June 2023 – net carrying amount	306,879	16,234	104,170	427,283

(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:

Intangible assets subject to amortisation	Number of Years
Computer software	3 to 10

Note 8. Non-current assets held-for-sale

Assets classified as held for sale are assets that are expected to be recovered primarily through a sale transaction rather than continuing use. These are shown under current assets in the statement of financial position. Immediately before classification as held for sale, the measurement of the asset is updated consistent with the revaluation policies for property, plant and equipment.

On initial classification as held for sale, the asset is measured at the lower of its carrying amount and its fair value less costs to sell. Any subsequent impairment losses of assets held for sale are recognised as an expense in profit or loss.

Any reversals of impairment are also recognised in profit or loss, but not exceeding the amount of impairment losses previously recognised as an expense before the asset was classified as held for sale. Once a depreciable asset is classified as held for sale, depreciation ceases for that asset.

	2024	2023
	\$'000	\$'000
Non-current assets held-for-sale:		
Land and buildings	73,473	7,956
Total non-current assets held-for-sale	73,473	7,956

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 will be 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

	2024 \$'000	2023 \$'000
Cash at bank	8,013	12,778

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 (2023: 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 \$4.124 million (2023: \$3.961 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. Any funds remaining unexpended in the bank account as at the end of the agreement will return to the Corporation's normal cash management activities and restrictions over the use of this cash will cease.

(b) Notes to the statement of cash flows

	Note	2024 \$'000	2023 \$'000
Reconciliation of profit to net cash flows from operating activities			
Profit for the year		335,295	314,481
Adjustments for:			
Gain on disposal of property, plant and equipment	1(b)	(845)	(13,785)
Loss on disposal of property, plant and equipment	2(b)	12,556	6,010
Developer contributions	1(a)	(204,001)	(212,936)
Capital grants received from NSW Government		-	(86)
Depreciation and amortisation	2(b)	500,897	432,260
Amortisation of deferred discounts on loans	2(a)	50,353	29,828
Indexation of CPI bonds	2(a)	68,598	113,372
Impairment loss (reversed) for property, plant and equipment	2(b), 4	26,459	(427)
Impairment loss (reversed) recognised for intangible assets	2(b), 7	(358)	(168)
Net movement in statement of financial position items applicable to operating activities:			
Other current assets		2,364	257
Trade and other receivables		(8,038)	15,140
Trade and other payables		(26,740)	13,565
Provisions		9,614	7,593
Income tax assets and liabilities		146,205	60,292
Deferred Government grants		250	191
Inventories		(2,870)	288
Net cash flows from operating activities		909,739	765,875

(c) Non-cash financing and investing activities

Assets handed over at no cost by developers and the acquisition and disposal of right-of-use assets are not included in the statement of cash flows as these are regarded as non-cash.

Reconciling non-cash contributions from developers with total developer contributions

	Note	2024 \$'000	2023 \$'000
Total developer contributions (per profit and loss)	1(a), 9(b)	204,001	212,936
Less: 'Other contributions received' (within cash flows from investing activities)		(2,053)	(1,568)
Less: 'Other contributions receivable (within receivables)		(1,992)	(1,586)
Assets received at no cost from developers and capitalised (non-cash contributions)	4	199,956	209,782

The amount capitalised during the current reporting period relating to the acquisition of right-of-use assets (refer to note 5) was \$1,910.502 million (2023: \$19.533 million) and \$2.103 million (2023: \$0.017 million) was disposed from right-of-use assets during the current reporting period. The modification of leases amounted to an increase in assets of \$0.552 million (2023: a decrease in assets \$6.706 million).

(d) Reconciliation of changes in liabilities arising from financing activities (from cash flows and non-cash flows)

	Borrowings - NSW Treasury Corporation \$'000	Lease liabilities related to right-of-use assets \$'000	Service concession liabilities \$'000	Dividends payable \$'000	Total \$'000
Balance at 1 July 2022	11,710,720	352,600	568,500	138,750	12,770,570
Cash flows	1,045,783	(37,885)	(39,825)	(138,750)	829,323
Non-cash acquisition	-	19,533	-	-	19,533
Accrued payments for service concession arrangements	-	-	(1,725)	-	(1,725)
Non-cash amortisation of deferred premiums	29,828	-	-	-	29,828
Non-cash indexation of CPI indexed loans	113,372	-	-	-	113,372
Disposal of lease liabilities (right-of-use assets)	-	(27)	-	-	(27)
Modification of lease liabilities (right-of-use assets)	-	(5,959)	-	-	(5,959)
Dividends payable	-	-	-	100,000	100,000
Balance at 1 July 2023	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	-	1,910,502	-	-	1,910,502
Accrued payments for service concession arrangements	-	-	(2,631)	-	(2,631)
Non-cash amortisation of deferred premiums	50,353	-	-	-	50,353
Non-cash indexation of CPI indexed loans	68,598	-	-	-	68,598
Disposal of lease liabilities (right-of-use assets)	-	(2,449)	-	-	(2,449)
Modification of lease liabilities (right-of-use assets)	-	(242)	-	-	(242)
Dividends payable	-	-	-	170,000	170,000
Balance at 30 June 2024	14,264,483	2,181,659	484,472	170,000	17,100,614

Note 10. Trade and other receivables**(a) Balances at the reporting date****Carrying amounts**

	2024 \$'000	2023 \$'000
Current assets		
Trade receivables from contracts with customers		
Outstanding service availability and usage charges	139,317	157,674
Loss allowance	(1,191)	(372)
	138,126	157,302
Accrued unbilled usage charges on unread meters:		
Water	227,872	198,245
Wastewater	38,806	32,615
Other	2,015	2,015
	268,693	232,875
Other trade debtors	16,622	8,553
Loss allowance	(100)	(546)
	16,522	8,007
Total trade receivables from contracts with customers	423,341	398,184
Other receivables		
Other debtors and accrued revenue	20,709	29,040
Prepayments	27,338	35,408
Total other receivables	48,047	64,448
Total current trade receivables from contracts with customers and other receivables	471,388	462,632
Non-current assets		
Non-current receivable held with Biodiversity Conservation Trust	3,311	3,311
	3,311	3,311

Recognition and measurement

Trade and other receivables are amounts receivable for services to customers prior to the end of the reporting period 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 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.

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
	2024	2024	2024	2023	2023	2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Outstanding service and usage charges						
Not past due	50,062	-	50,062	77,818	-	77,818
Past due 22 - 30 days	6,873	-	6,873	8,155	-	8,155
Past due 31 - 60 days	21,915	-	21,915	16,231	-	16,231
Past due 61 - 90 days	8,177	-	8,177	6,630	-	6,630
Past due 91 - 180 days	13,039	-	13,039	13,053	-	13,053
Past due 181 - 365 days	13,947	-	13,947	12,475	-	12,475
Past due > 365 days	25,304	(1,191)	24,113	23,312	(372)	22,940
	139,317	(1,191)	138,126	157,674	(372)	157,302
Other trade debtors						
Not past due	6,306	-	6,306	4,055	-	4,055
Past due 15 - 30 days	1,588	-	1,588	314	-	314
Past due 31 - 60 days	1,080	-	1,080	1,335	-	1,335
Past due 61 - 90 days	221	-	221	79	-	79
Past due 91 - 180 days	3,943	-	3,943	53	-	53
Past due 181 - 365 days	2,732	-	2,732	279	-	279
Past due > 365 days	752	(100)	652	2,438	(546)	1,892
	16,622	(100)	16,522	8,553	(546)	8,007

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	
	2024	2023	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at beginning of the year	(372)	(558)	(546)	(520)	(918)	(1,078)
Charge for (loss allowance)	(895)	-	(74)	(26)	(969)	(26)
Amounts written off	76	186	520	-	596	186
Carrying amount at end of the year	(1,191)	(372)	(100)	(546)	(1,291)	(918)

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**

	2024 \$'000	2023 \$'000
Inventories – at cost	33,932	40,850
Greenhouse trading certificates – at fair value	363	1,052
Biodiversity offset credits – at fair value	2,042	3,717
Total other current assets	36,337	45,619

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. A provision for \$9.788 million for slow moving and obsolete inventory has been recognised in the current financial year (2023: nil) (Note 2(b)). This reduces the inventory held at net realisable value down to nil (2023: nil).

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.

Biodiversity offset credits at fair value

Biodiversity offset credits held at the reporting date by the Corporation are issued under the Biodiversity Offsets Scheme administered by the Department of Climate Change, Energy, the Environment and Water NSW. The biodiversity offset credits can be publicly traded and are granted in return for the obligation to maintain and protect the biodiversity of the Biodiversity Stewardship sites held by the Corporation. These obligations are contained within the Biodiversity Stewardship agreements held between the Corporation and the NSW Government Biodiversity Conservation Trust. The Biodiversity Stewardship sites relates to land held within the System Assets – Infrastructure property, plant and equipment asset category.

The biodiversity offset credits are held for trading purposes, and when sold will be used in part to fund the obligation to maintain the Biodiversity Stewardship sites. Biodiversity offset credits that are issued to the Corporation, and which are held for trading purposes are initially recognised at fair value based on the market price at the time. Their carrying amount is subsequently restated to fair value based on the prevailing market price at the reporting date, with any gains or losses recognised in profit or loss.

Note 12. Trade and other payables**Carrying amounts**

	2024 \$'000	2023 \$'000
Current		
Trade payables	121,698	188,160
Non-trade payables	51,954	33,879
Income in advance	45,812	41,479
Government guarantee fee payable	193,061	170,928
Interest expense payable	83,070	72,193
Accrued expenses	318,662	263,495
Compulsory land acquisition payable	299,800	-
Total trade and other payables	1,114,057	770,134

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 reporting period. 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 during May 2024. The Corporation has recognised an estimated amount payable based on an external valuation. The final amount payable is to be determined by the Valuer General.

Debt Management

Note 13. Borrowings and other financial liabilities

Carrying amounts

	2024 \$'000	2023 \$'000
Current		
Borrowings:		
Come and Go borrowings – NSW Treasury Corporation	124,500	86,100
Other financial liabilities		
Service concession liabilities	45,998	43,805
Total current borrowings and other financial liabilities	170,498	129,905
Non-current		
Borrowings:		
Long-term borrowings – NSW Treasury Corporation	14,139,983	12,813,603
Other financial liabilities		
Service concession liabilities	438,474	483,145
Total non-current borrowings and other financial liabilities	14,578,457	13,296,748

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 discretion on the part of the Corporation to extend or refinance 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 discretion to refinance or roll over the borrowings for at least 12 months after the reporting date even if they are due to mature within a shorter period.

(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	Not Utilised	Total Facility	Utilised	Not Utilised	Total Facility
	2024 \$'000	2024 \$'000	2024 \$'000	2023 \$'000	2023 \$'000	2023 \$'000
Transaction negotiation authority facility	-	110,000	110,000	-	110,000	110,000
Purchase credit card facility	284	1,216	1,500	249	1,251	1,500
Guarantee facility	21,300	8,700	30,000	21,300	8,700	30,000
Come and Go short-term borrowing facility	124,500	125,500	250,000	86,100	63,900	150,000
Long-term borrowing facility	14,139,983	1,860,017	16,000,000	12,813,603	2,686,397	15,500,000
	14,286,067	2,105,433	16,391,500	12,921,252	2,870,248	15,791,500

Change in corporate banker and provider of the purchase credit card facility

The Corporation migrated its transactional banking services to Westpac Banking Corporation during September 2023. The Corporation migrated its purchase credit card facility to Citi during the previous financial reporting period. The Commonwealth Bank of Australia previously provided these services.

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 purchase credit card facility is used by the Corporation only as an efficient means for staff to purchase low value non-monetary items for the Corporation.

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 17 years (2023: 18 years) for the Corporation. CPI indexed loans have a maximum term to maturity of 11 years to 2035 (2023: 12 years to 2035). None of these facilities are secured against the assets of the Corporation.

Other liabilities

Note 14. Provisions

Carrying amounts

	2024 \$'000	2023 \$'000
Current		
Short-term provisions:		
Annual leave	42,851	42,026
Termination benefits	9,271	461
Employee benefits on-costs	2,841	2,304
Total short-term provisions	54,963	44,791
Current portion of long-term provisions:		
Long service leave	95,219	102,169
Employee benefits on-costs	5,189	5,568
Superannuation	996	832
Workers' compensation self-insurance	2,392	1,838
General insurance	1,334	1,334
Restoration of leased premises	57	68
Restoration costs from decommissioning and maintaining system assets	7,853	7,969
Hardship applications	65,118	87,500
Total current portion of long-term provisions	178,158	207,278
Total current provisions	233,121	252,069
Non-current		
Long-term provisions:		
Employee benefits for long service leave	12,275	9,588
Employee benefits on-costs	669	522
Post-employment benefits from superannuation	392,746	398,720
Workers' compensation self-insurance	14,330	14,923
General insurance	1,649	1,649
Restoration of leased premises	2,675	2,386
Restoration costs from decommissioning and maintaining system assets	7,287	10,112
Biodiversity management action plan	4,271	4,271
Total non-current provisions	435,902	442,171
Employee benefits and related on-costs		
Employee benefits – current	138,070	144,195
Employee benefits on-costs – current	8,030	7,872
Employee benefits – non-current	12,275	9,588
Employee benefits on-costs – non-current	669	522
Aggregate employee benefits and related on-costs	159,044	162,177

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 \$34.433 million (2023: \$39.357 million) for annual leave, and payments totalling \$24.899 million (2023: \$15.133 million) for long service leave in the next reporting period. All other provisions under current liabilities are expected to be paid in the next reporting period 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 and annual leave. 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 reporting period 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 periods. 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 5.30% (2023: 5.27%).

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 periods. 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 period 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 2021. The next actuarial investigation is to be carried out as at 30 June 2024.

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 more 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 period.

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 period.
- 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 2024 is \$192.919 million (refer to note 14(c)(i)).

Movements and carrying amounts

	SASS		SANCS		SSS		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Reconciliation of the net defined benefit liability								
Net defined benefit liability at beginning of the year	78,220	78,553	12,079	17,111	308,421	346,086	398,720	441,750
Current service cost	754	1,009	763	851	453	688	1,970	2,548
Net interest on the net defined benefit liability (asset)	4,211	4,031	390	703	17,013	18,343	21,614	23,077
Actual return on Fund assets less interest income	(2,300)	(5,429)	(2,370)	(999)	(14,470)	(33,934)	(19,140)	(40,362)
Actuarial (gains) losses arising from changes in financial assumptions	5,959	(2,925)	1,194	(238)	25,063	(28,600)	32,216	(31,763)
Actuarial (gains) losses arising from liability experience	(3,769)	7,931	(819)	2,357	(11,150)	5,838	(15,738)	16,126
Employer contributions	(6,311)	(4,951)	(10,255)	(7,705)	(10,330)	-	(26,896)	(12,656)
Net defined benefit liability at end of the year	76,764	78,219	982	12,080	315,000	308,421	392,746	398,720
Reconciliation of the fair value of fund assets								
Fair value of fund assets at beginning of the year	141,194	147,012	14,018	11,169	880,738	875,497	1,035,950	1,033,678
Interest income	7,539	7,380	941	683	47,369	44,351	55,849	52,414
Actual return on Fund assets less interest income	2,300	5,429	2,370	999	14,470	33,934	19,140	40,362
Employer contributions	6,311	4,951	10,255	7,705	10,330	-	26,896	12,656
Contributions by participants	1,631	1,745	-	-	674	671	2,305	2,416
Benefits paid	(17,499)	(24,078)	(3,431)	(4,161)	(80,946)	(77,368)	(101,876)	(105,607)
Taxes, premiums and expenses paid	1,416	(1,246)	(1,733)	(2,377)	4,466	3,653	4,149	30
Fair value of fund assets at end of the year	142,892	141,193	22,420	14,018	877,101	880,738	1,042,413	1,035,949
Reconciliation of the defined benefit obligation								
Present value of defined benefit obligations at beginning of the year	219,414	225,565	26,097	28,280	1,189,159	1,221,583	1,434,670	1,475,428
Current service cost	754	1,009	763	851	453	688	1,970	2,548
Interest cost	11,750	11,411	1,331	1,386	64,382	62,694	77,463	75,491
Contributions by fund participants	1,631	1,745	-	-	674	671	2,305	2,416
Actuarial (gains) losses arising from changes in financial assumptions	5,959	(2,925)	1,194	(238)	25,063	(28,600)	32,216	(31,763)
Actuarial (gains) losses arising from liability experience	(3,769)	7,931	(819)	2,357	(11,150)	5,838	(15,738)	16,126
Benefits paid	(17,499)	(24,078)	(3,431)	(4,161)	(80,946)	(77,368)	(101,876)	(105,607)
Taxes, premiums and expenses paid	1,416	(1,246)	(1,733)	(2,377)	4,466	3,653	4,149	30
Present value of defined benefit obligations at end of the year	219,656	219,412	23,402	26,098	1,192,101	1,189,159	1,435,159	1,434,669
Adjustment for effect of asset ceiling								
At beginning/end of the year	-	-	-	-	-	-	-	-

The adjustment for the effect of any asset ceiling is determined based on the maximum economic benefit available to the Corporation in the form of reductions in future employer contributions.

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
As at 30 June 2024:					
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
Total	37,057,781	21,483,824	5,864,702	9,709,255	100.0
As at 30 June 2023:					
Short term securities	5,330,816	2,896,493	2,434,323	-	14.2
Australian fixed interest	100,350	-	100,350	-	0.3
International fixed interest	1,301,037	-	1,288,564	12,473	3.5
Australian equities	9,678,103	4,352,503	796,671	4,528,929	25.9
International equities	14,138,038	13,942,743	155,394	39,901	37.8
Property	769,724	-	-	769,724	2.1
Alternatives	6,059,199	179	1,206,068	4,852,952	16.2
Total	37,377,267	21,191,918	5,981,370	10,203,979	100.0

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.

The fair value of the Pooled Fund assets as at 30 June 2024 did not include investment in NSW government bonds (2023: nil).

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 \$285.0 million (2023: \$338.0 million); and
- Health Administration Corporation previously occupied part of a property 50% owned by the Pooled Fund (2023: \$570.0 million). The Corporation vacated this property prior to 30 June 2024.

Significant actuarial assumptions at the reporting date

	2024	2023
Discount rate	5.53% pa	5.61% pa
Salary increase rate (excluding promotional increases):		
2023-24	-	4.45% pa
2024-25	4.56% pa	2.95% pa
2025-26	3.80% pa	2.74% pa
2026-27	3.78% pa	3.20% pa
2027-28	3.80% pa	3.20% pa
Thereafter	3.70% pa	3.20% pa
Rate of CPI increase		
2022-23	-	6.65% pa
2023-24	4.25% pa	3.50% pa
2024-25	3.00% pa	3.00% pa
2025-26	2.75% pa	2.50% pa
Thereafter	2.50% pa	2.50% pa

Pensioner mortality: The pensioner mortality assumptions are as per the 2021 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	5.53%	5.03%	6.03%
Rate of CPI increase	As above	As above	As above
Salary inflation rate	As above	As above	As above
Defined benefit obligation (\$'000)	1,435,159	1,506,620	1,369,061
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)	1,435,159	1,506,176	1,369,074
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)	1,435,159	1,438,762	1,431,677
Mortality rate	Base case	Scenario G Lower mortality*	Scenario H Higher mortality**
Defined benefit obligation (\$'000)	1,435,159	1,481,000	1,390,197

*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 2021. 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 2024 and 30 June 2023 financial position of the Schemes calculated in accordance with AASB 1056 *Superannuation Entities* (AASB 1056).

	SASS		SANCS		SSS		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Accrued benefits *	194,302	196,895	21,930	23,078	1,019,100	1,018,043	1,235,332	1,238,016
Fund assets' net market value	(142,892)	(141,194)	(22,419)	(14,018)	(877,102)	(880,738)	(1,042,413)	(1,035,950)
Net (surplus) deficit	51,410	55,701	(489)	9,060	141,998	137,305	192,919	202,066

* 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 expected after-tax rate of return on plan assets is typically higher than the corporate bond rate.

(ii) Economic assumptions

The economic assumptions adopted for AASB 1056 at the reporting date are:

Weighted Average Assumptions:	2024	2023
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):		
2023-24	-	4.45% pa
2024-25	4.56% pa	2.95% pa
2025-26	3.80% pa	2.74% pa
2026-27	3.78% pa	3.20% pa
2028-28	3.80% pa	3.20% pa
Thereafter	3.70% pa	3.20% pa
Expected rate of CPI increase		
2023-24	3.70% pa	3.50% pa
2024-25	2.50% pa	3.00% pa
2025-26	2.50% pa	2.50% pa
Thereafter	2.50% pa	2.50% pa

Expected contributions to be paid in the next reporting period

	SASS		SANCS		SSS		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expected employer contributions	6,943	6,492	11,571	10,624	16,834	12,396	35,348	29,512

Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation is 9.8 years (2023: 10.2 years).

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(iii) Additional information

Profit or Loss Impact

	SASS		SANCS		SSS		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current service cost	754	1,009	763	851	453	688	1,970	2,548
Net interest	4,211	4,031	390	703	17,013	18,343	21,614	23,077
Profit or loss component of the defined benefit cost	4,965	5,040	1,153	1,554	17,466	19,031	23,584	25,625

Other Comprehensive Income

	SASS		SANCS		SSS		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Actuarial (gains)/losses on liabilities	2,190	5,006	375	2,119	13,913	(22,762)	16,478	(15,637)
Actual return on Fund assets less Interest income	(2,300)	(5,429)	(2,370)	(999)	(14,470)	(33,934)	(19,140)	(40,362)
Total remeasurement in Other Comprehensive Income	(110)	(423)	(1,995)	1,120	(557)	(56,696)	(2,662)	(55,999)

(d) Other provisions

Carrying amounts and movements

	Workers' compensation self-insurance \$'000	General insurance \$'000	Restoration of leased premises \$'000	Decommissioning and maintaining system assets \$'000	Biodiversity management action plan \$'000	Hardship applications \$'000
Carrying amounts at beginning of the year						
Current	1,838	1,334	68	7,969	-	87,500
Non-current	14,923	1,649	2,386	10,112	4,271	-
	16,761	2,983	2,454	18,081	4,271	87,500
Movement during the year						
Provisions made/(reversed)	1,602	3,300	181	(2,621)	-	(7,880)
Provisions used	(1,641)	(3,300)	-	(733)	-	(14,502)
Unwinding of discount	-	-	97	413	-	-
	(39)	-	278	(2,941)	-	(22,382)
Carrying amounts at end of the year						
Current	2,392	1,334	57	7,853	-	65,118
Non-current	14,330	1,649	2,675	7,287	4,271	-
	16,722	2,983	2,732	15,140	4,271	65,118

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.

Decommissioning and maintaining system assets

This provision recognises the Corporation's obligation for restoration costs of 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.

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 and covers such costs as weed control, signage, fencing and gate maintenance, pest control, monitoring and other costs.

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**

	2024	2023
	\$'000	\$'000
Dividends payable at the beginning of the year	100,000	138,750
Movement during the year		
Dividend recognised at 4.35 cents per share (2023: 2.56 cents per share)	170,000	100,000
Dividends paid on shares at 2.56 cents per share (2023: 3.55 cents per share)	(100,000)	(138,750)
	70,000	(38,750)
Dividends payable at the end of the year	170,000	100,000

Recognition and measurement

A liability for dividends payable is recognised in the reporting period 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 reporting period.

Under the NTER, the Corporation is not required to maintain a dividend franking account.

Equity

Note 16. Share capital

Carrying amounts and movements

	2024 \$'000	2023 \$'000
Issued and fully paid-up share capital	3,911,854	3,911,854
Total share capital	3,911,854	3,911,854

The Corporation's two shareholders are:

- the Treasurer; and
- the Minister for Finance, Natural Resources, Domestic Manufacturing and Government Procurement.

Each shareholder holds 1,955,927,000 (2023: 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

	2024 \$'000	2023 \$'000
Capital expenditure commitments		
Not later than one year	2,826,025	1,515,932
Later than one year and not later than five years	1,402,279	1,677,819
Later than five years	270,070	64,445
	4,498,374	3,258,196

Contractual commitments for capital expenditure cover both property, plant and equipment and intangible assets. Amounts disclosed for these commitments include total GST of \$408.943 million (2023: \$296.200 million).

(b) Other lease commitments

	2024 \$'000	2023 \$'000
Receivable as lessor		
Future rentals:		
Not later than one year	10,521	11,031
Later than one year and not later than five years	34,713	36,217
Later than five years	97,631	118,697
	142,865	165,945

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 \$12.988 million (2023: \$15.085 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 (2023: \$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 reporting periods, 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 reporting periods' 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 dated 27 June 2024 from the 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 28 August 2024).

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 88.3% of fixed rate bond debt and 11.7% CPI indexed debt (2023: 84.5% of fixed rate bond debt and 15.5% CPI indexed debt).

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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:

	Note	Weighted average interest rate		Carrying amount	
		2024 %	2023 %	2024 \$'000	2023 \$'000
Financial assets					
At amortised cost:					
Cash	9	4.35	1.88	8,013	12,778
				8,013	12,778
Financial liabilities					
At amortised cost:					
Borrowings:					
Come and Go borrowings - NSW Treasury Corporation	13	4.04	4.50	124,500	86,100
Long-term borrowings - NSW Treasury Corporation	13	3.41	3.46	14,139,983	12,813,603
Other financial liabilities:					
Service concession liabilities	13	3.95	3.80	484,472	526,950
Lease liabilities related to right-of-use assets	5	8.90	3.70	2,181,659	328,262
				16,930,614	13,754,915

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 4.30% (2023: 4.10%), a 100 basis points increase would increase the rate to 5.30% (2023: 5.10%) and a 100 basis points decrease would reduce the rate to 3.30% (2023: 3.10%). 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) 2024 \$'000	2023 \$'000	Higher (lower) 2024 \$'000	2023 \$'000	Higher (lower) 2024 \$'000	2023 \$'000

Judgement of reasonably possible events

Interest rates 100 basis points higher	80	128	56	90	56	90
Interest rates 100 basis points lower	(80)	(128)	(56)	(90)	(56)	(90)

For the current reporting period 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	2024 \$'000	2023 \$'000
Interest-bearing debt			
Come and Go borrowings - NSW Treasury Corporation	13	124,500	86,100
Long-term borrowings - NSW Treasury Corporation	13	14,139,983	12,813,603
Total interest-bearing debt		14,264,483	12,899,703
Total equity		9,092,243	8,516,062
Interest-bearing debt + total equity		23,356,726	21,415,765
Gearing ratio (Interest-bearing debt / Interest-bearing debt + Total equity)		61.07%	60.23%
Total interest-bearing debt		14,264,483	12,899,703
Other interest-bearing liabilities			
Service concession liabilities	13	484,472	526,950
Lease liabilities related to right-of-use assets	5	2,181,659	328,262
Total other interest-bearing liabilities		2,666,131	855,212
Total interest-bearing liabilities		16,930,614	13,754,915
Total equity		9,092,243	8,516,062
Total capital employed		26,022,857	22,270,977
Debt to equity ratio (Total interest-bearing liabilities / Total equity)		186.21%	161.52%

(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	Repricing or maturing in:				Total \$'000
				2 to 3 years \$'000	3 to 4 years \$'000	4 to 5 years \$'000	More than 5 years \$'000	
2024								
Financial assets								
Cash	9	8,013	-	-	-	-	-	8,013
Trade and other receivables *		413,429	-	-	-	-	-	413,429
		421,442	-	-	-	-	-	421,442
Financial liabilities								
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
		3,772,330	2,592,675	2,562,554	2,158,948	820,963	6,088,103	17,995,473
2023								
Financial assets								
Cash	9	12,778	-	-	-	-	-	12,778
Trade and other receivables *		407,825	-	-	-	-	-	407,825
		420,603	-	-	-	-	-	420,603
Financial liabilities								
Trade and other payables *		728,655	-	-	-	-	-	728,655
Borrowings:								
Come and Go borrowings and long-term borrowings	13	2,322,717	2,165,856	2,117,610	2,267,417	628,115	3,397,988	12,899,703
Other financial liabilities:								
Service concession liabilities	13	43,805	45,753	48,219	50,812	53,668	284,693	526,950
Lease liabilities related to right-of-use assets	5	39,983	33,579	32,626	32,059	31,988	158,027	328,262
		3,135,160	2,245,188	2,198,455	2,350,288	713,771	3,840,708	14,483,570

* 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	Repricing or maturing in:				Total \$'000
			2 to 3 years \$'000	3 to 4 years \$'000	4 to 5 years \$'000	More than 5 years \$'000	
2024							
At amortised cost:							
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
	4,333,796	3,142,429	3,061,677	2,646,905	1,189,411	11,961,673	26,335,891
2023							
At amortised cost:							
Trade and other payables *	728,655	-	-	-	-	-	728,655
Borrowings:							
Come and Go borrowings and long-term borrowings	2,621,515	2,371,589	2,384,561	2,469,143	766,032	4,105,569	14,718,409
Other financial liabilities:							
Service concession liabilities	62,892	63,384	64,026	64,692	65,510	321,349	641,853
Lease liabilities related to right-of-use assets	49,519	43,226	41,068	39,321	38,097	173,516	384,747
	3,462,581	2,478,199	2,489,655	2,573,156	869,639	4,600,434	16,473,664

* 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	
			2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Financial assets						
Cash	Carrying amount	9	8,013	12,778	8,013	12,778
Trade and other receivables *	Carrying amount		413,429	407,825	413,429	407,825
			421,442	420,603	421,442	420,603
Financial liabilities						
Trade and other payables *	Carrying amount		1,064,859	728,655	1,064,859	728,655
Borrowings:						
Come and Go borrowings	DCF** using interest rates T-Corp	13	124,500	86,100	124,106	85,735
Long-term borrowings	DCF using interest rates T-Corp	13	14,139,983	12,813,603	13,699,618	12,312,125
Other financial liabilities:						
Service concession liabilities	DCF using interest rates from independent market source	13	484,472	526,950	433,970	460,592
Lease liabilities related to right-of-use assets	DCF using interest rates from independent market source	5	2,181,659	328,262	3,224,460	287,224
			17,995,473	14,483,570	18,547,013	13,874,331

* 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.

	2024 \$'000	2023 \$'000
Short-term employee benefits	5,168	5,150
Post-employment benefits	313	331
Other long-term benefits	-	-
Termination benefits	1,686	14
	7,167	5,495
This comprises compensation relating to:		
Directors:		
Executive	993	916
Non-executive	712	806
	1,705	1,722
Senior executives	5,462	3,773
	7,167	5,495

The above disclosures for senior executives are based on actual payments made for employee benefits during the reporting period.

(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 periods 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 period was \$1.131 million (2023: \$1.861 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 \$0.496 million (2023: \$0.486 million).


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 2024, 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: 28 August 2024



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 2024, the Statement of financial position as at 30 June 2024, 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 2024* (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

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 2024. 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
Fair value of system assets	
<p>At 30 June 2024, the Corporation's statement of financial position reported \$20.9 billion in system assets measured at fair value. System assets are highly specialised and account for 78 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"> the system assets are financially significant to the statement of financial position the discounted cash flow (DCF) model used to value the system assets is complex and involves significant judgements and assumptions changes in assumptions, such as the discount rate, demand growth expectations, price and cost assumptions, can significantly affect the fair value. <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"> obtaining an understanding of the Corporation's approach to estimating the fair value of system assets assessing whether the DCF model: <ul style="list-style-type: none"> incorporated all key assumptions and inputs relevant to valuing system assets of a water entity met the requirements of Australian Accounting Standards reviewing the reasonableness of key assumptions and sensitivity of the conclusions to changes in the assumptions reviewing the model's mathematical accuracy assessing the adequacy of the financial statement disclosures against the requirements of the Australian Accounting Standards.
Valuing of defined benefit superannuation liabilities	
<p>At 30 June 2024, the Corporation's statement of financial position reported net defined benefit superannuation liabilities totalling \$393 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"> the defined benefit superannuation liability is financially significant to the statement of financial position 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 the value of the liability is sensitive to minor changes in valuation inputs. <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"> obtaining an understanding of the processes and key controls in place supporting the: <ul style="list-style-type: none"> membership data used in the model defined benefit superannuation liability calculation. assessing the completeness and accuracy of the membership data used in the model assessing qualifications, competence and objectivity of actuarial experts with the assistance of actuarial experts reviewing the methodology and key assumptions for reasonableness assessing the adequacy of the financial statement disclosures against the requirements of Australian Accounting Standards and Treasurer's Directions.

Key Audit Matters	How my audit addressed the matters
<p>Accrued unbilled water usage charges</p> <p>At 30 June 2024, the Corporation's statement of financial position reported \$228 million accrued unread revenue accrual for customer water usage. 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"> • amount of water loss in transit between the dam and the end customer • different rates and product offerings for residential and commercial customers • complexity in estimating customer demand across a large number of customers, which can be influenced by many factors including weather and individual circumstances. <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"> • obtaining an understanding of the processes and key controls the Corporation has in place to determine the estimated unbilled usage charges • evaluating reasonableness of the key assumptions for water loss factors, volume and rates used to determine unbilled water usage charges • testing the mathematical accuracy of the calculation • assessing the historical accuracy of the estimate against subsequent billings.

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. 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

29 August 2024
SYDNEY



About this report

This is Sydney Water's full annual report for 1 July 2023 to 30 June 2024. It covers our:

- statutory information
- financial statements
- other regulatory information.

Visit sydneywater.com.au/annualreport to read the Annual Report 2023–24 and previous reports.

If you have any comments or questions about this report, please email annualreport@sydneywater.com.au or write to:

Sydney Water
Annual Report Project
Manager Customer and Stakeholder Engagement
PO Box 399
Parramatta NSW 2124

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