



## **Attachment 23**

### **Our corporate strategy**

30 September 2024

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## 1. Introduction

WaterNSW strategy and priorities have been informed by, and reflect, our engagement with stakeholders. We have based our strategic priorities on what customers have told us through our ongoing engagement processes including input from Customer Advisory Groups, customer research and general feedback on key customer and community priorities. We coupled this with the need to address our various regulatory and legislative obligations at the most efficient cost.

Our pricing proposal is a measured, appropriate, and least cost approach to meeting these requirements – our 2024 pricing proposal is aligned to, and is a snapshot of, our longer-term strategy.

## 2. Our Corporate Strategy

The current iteration of our corporate strategy commenced in 2022. In previous years the strategy focused on the amalgamation of process, systems and policies arising from the amalgamation of three separate organisations that came together in 2015 to form WaterNSW.

The current strategy is focused on looking forward with a view to potential impacts on customers and the environment from changing political, social, economic and climate related pressures. The strategy was developed at a time of significant change for the NSW water sector, and WaterNSW in particular. It was developed in close consultation with:

- Staff – who shared their deep and broad experience in water management and delivery, and provided their thoughts and insights into the organisation we should aspire to be
- Management – who provided insight on local issues and global trends
- Stakeholders – who told us how we can build trust and engagement
- Community leaders – who shared with us their region’s issues and priorities
- Customers – because without them, we simply don’t have a business

This engagement solicited valuable feedback and included issues such as:

- Achieving reliable service delivery within budget constraints.
- Delivering simplification, improved productivity and efficiency in our operations.
- Planning and efficiently delivering service and asset solutions that strengthen longer term water reliability.
- Heightened anxiety in relation to water supply resilience given a recent drought of record.
- Increasing price sensitivity for the provision of services in regional communities.
- Concerns regarding transparency of water usage, water market conduct and decision making.

Our customer engagement outcomes derived from our engagement on the development of this pricing 2025-30 submission are discussed in detail in Attachments 3 and 4.

Our corporate strategy was designed to be adaptable and sets out the future direction of WaterNSW through a shared vision for all WaterNSW employees, to enable us to work together on the priorities of the business, ultimately with the aim of meeting the needs of our customers and the communities that we serve.

### 2.1 Purpose and Vision

Our Purpose is **Water, delivered when and where it matters.**

At WaterNSW we are custodians of the state’s water, a vital natural resource. It is our responsibility to capture, store and deliver water, when and where it matters.

We operate the state’s major dams, like Warragamba and Burrinjuck, using our knowledge of nature, science and engineering. We then supply that water ready for distribution – for the environment, agriculture, industry and the community.

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

Every day we operate our assets and manage water responsibly to meet the needs of our customers and communities now, and into the future. Our vision is **to support the resilience of NSW communities through our leadership in delivering water services, for generations to come.**

## 2.2 Strategic Priorities

To meet the aspirations articulated in both our purpose and vision statements the strategy includes five priority areas; all of which are critical to meeting those longer-term goals. These strategic priorities outline the key outcomes for the business, our customers, our stakeholders, and the broader community.

Figure 1 – Key strategic priorities of our corporate strategy



### 2.2.1 Delivering Operational excellence



The objective of this strategic initiative is to ensure WaterNSW can provide safe, reliable, and affordable water services through technical and operational excellence.

To achieve this WaterNSW is focused on improving our core operations. That way we can be a simpler, more efficient, and responsive business. Plus, we can better service the needs of our customers and stakeholders. Specifically, this includes improvements in:

- Safety – for our workers, contractors, members of the community, and suppliers.
- Costs – to ensure we are leaner and more efficient.
- Innovation – to provide thought leadership and better practices.
- Holistic whole of system asset management – to benefit our customers and communities.
- Digital solutions – to streamline, automate and digitise our operations where prudent, to uplift our capabilities, enable efficiencies and to respond faster to the needs of our customers and stakeholders.

### 2.2.2 Developing our people and capabilities



The objective of this strategic initiative is for WaterNSW to have a diverse, high performing workforce responsive to customer and community needs.

To achieve this outcome WaterNSW will ensure we foster the right culture. This means the right people with the right capabilities at the right time. Specifically, we will:

- Focus on creating a diverse, high performing workforce that will support the social obligations of our ESG strategy.
- Enhance existing and build new capabilities to prepare us for the future.
- Build a collaborative culture that delivers continuous improvement across all areas of our business.
- Put customers and communities at the heart of our decision making.
- Embed new ways of working to create a great place to work.

### 2.2.3 Respected by the customers and communities we serve



Through transparency and community presence this strategic initiative will ensure WaterNSW will be trusted to support social, cultural & economic prosperity of customers & the community.

To meet this objective WaterNSW will consult and improve collective understanding of our services with community leaders and all other stakeholders through:

- Proactive, two-way customer and community engagement.
- Community education on water literacy.
- The delivery of our Reconciliation Action Plan.
- Better customer service delivery and responsiveness.
- Improved understanding of the value of water for our customers.
- The ease in communicating and doing business with us.
- Fair and transparent prices.

### 2.2.4 Working together in partnership



WaterNSW is committed to working in partnership with stakeholders to manage sustainable, secure, and healthy waterways. We will do this by working with the NSW Government and other

water sector agencies to achieve and sustain regional prosperity, improve water resilience, and water quality.

We will evolve our strategic partnerships with suppliers to deliver greater value to customers, communities, and government, and enter strategic partnerships with other entities to drive forward our strategic priorities.

### 2.2.5 Building a sustainable future



This strategic initiative is for WaterNSW to create a more resilient water system to enable thriving communities while reducing our environmental footprint. We will meet this through:

- Adopting a comprehensive Environmental, Social and Governance strategy that addresses all aspects of the WaterNSW business and aligns to the 17 United Nations Sustainable Development Goals.
- Supporting the creation and management of healthy ecosystems.
- Collaborating with our stakeholders to improve water quantity and quality outcomes for communities and our customers.
- Developing climate resilient water plans.
- Reducing waste and increasing reuse.
- Ensuring business, asset management and investment plans all consider climate change and resilience.

## 2.3 Strategic Initiatives

Each year as part of our annual business planning process we assess our progress against the objectives and ambitions articulated in the strategic priorities. We ensure that they remain relevant and most importantly what specific actions, projects, or interventions we need to focus on in the year ahead to keep us on track. These then become our **strategic initiatives** for the year ahead. This not only keeps our strategy alive and flexible, but ensures that we are focusing on delivering against it.

Some of these strategic initiatives are longer-term projects or program of works. In such cases the specific objectives, milestones and outcomes are revised for any given year. Others are shorter-term and are aimed at addressing either a key opportunity or to address a gap in capability or a more immediate risk.

The longer-term projects that will be in place throughout the 2024-29 determination period, comprising the following:

- a) Delivering operational excellence:
  - Business transformation (including revised operating model and cost transformation).
  - Digital Transformation program.
  - Developing our people and capabilities
  - Workforce Planning.
- b) Respected by the customers and communities we serve:
  - Corporate Affairs Enhancement Plan.
- c) Working together in partnership:
  - Growing non-regulated revenue (including our Renewables program).
- d) Building a sustainable future:
  - ESG program –focused on long-term sustainability.
- e) Successful delivery of these key initiatives will result in beneficial outcomes for customers and stakeholders. These include:
  - improved productivity through delivering cost efficiencies and automating some functions.
  - greater customer input into decision-making.
  - a more commercial mindset to drive better value outcomes.

- additional income from non-regulated sources to help spread overhead costs.
- meet regulatory and legislative requirements as cost effectively as possible.
- ensure we provide a sustainable service while minimizing our environmental footprint.

### 2.3.1 Business transformation (including revised operating model and cost transformation)

Our business transformation program comprised of two core elements. One focused on identifying cost out opportunities and the other on a revised operating model. Cost transformation remains a key focus for the business. Core elements of the operating model have already been completed, most significantly a structural change across the business. However, some changes to process, reporting and management operating systems still need to be completed.

In combination the core objectives of the program are summarised below:



#### 2.3.1.1 Key Drivers

Established in 2015, the business has been through its formative phase which comprised the merger of three previously discrete entities. In developing the new corporate strategy in 2021, the leadership team needed to assess how best to organise the business to maximise its effectiveness and deliver the newly defined strategic objectives. This required a change in some organisational structures and processes.

The broad objective was to simplify the business and as a result generate better outcomes for all stakeholders. This meant reviewing organisational structures, key outputs, decision-making bodies, and authorities, addressing some processes, especially manually intensive ones, and performance reporting. Another key consideration was to strengthen our presence in regional communities with specific senior roles based in the regions. This could help strengthen our commitment to regional communities and to be a part of the community. This could also help remove perceptions that decisions impacting regional communities were made in Sydney by those who did not fully appreciate the impact of those decisions.

A final consideration was to lift the overall capability of the business, starting with senior management roles. Increased regulatory emphasis on sustainability, the broader scope of operational management responsibilities as part of consolidating operations functions, and a greater emphasis on future focus for the business were key drivers in determining future capability needs. Some roles/functions were consolidated, and some new ones created as part of the operational model review. This meant acquiring new talent and expertise, including that from outside the water sector, to help foster innovation and new ways of thinking.

### 2.3.1.2 Approach

The design approach focussed on two core elements: the optimal operating model and cost management opportunities. The operating model review was based on establishment of a set of key principles centred around operating efficiency, clear delineation of functions and simplification of structures. The cost transformation additionally focussed on identifying opportunities to identify and implement specific cost reductions. These are outlined in more detail below.

### 2.3.1.3 Cost Transformation

Activities for core processes are consolidated under a senior leader, with clear hand offs and an explicit governance forum

Essential corporate services are consolidated and aligned to a target service level for the revised operating model

Simplified output KPIs for each leader linking accountability to core processes, strategic priorities, and outcomes

Flatter organisational hierarchy with approvals pushed to the lowest appropriate layer and targeting spans of control of 4 to 6

Simple, standard, and automated operating and financial reporting KPI established for all end-to-end core processes and government/management forums

The approach was a two-pronged one. The first used benchmarking as a basis for comparing the WaterNSW cost base (especially for non-operational functions) against similar organisations. This highlighted some potential areas of “over-servicing” that led to a deeper dive on the activities and outputs of those areas. The second was to work closely with the management team in each business portfolio to discuss potential savings initiatives and the investment effort required to deliver these. The scoping for each of these varied with some very clearly defined others less so. Cost reduction targets were set and agreed, and a monitoring and tracking process established. More detail is provided in Attachment 9.

### 2.3.1.4 Operating model

The approach to redesigning the operating model was to apply a set of agreed principles in reorganising work and structures across the business, these formed the foundation for revision of the operating model with a focus on organisational structure, decision-making processes, performance measures and clearer accountabilities.

These principles were set to ensure that the revised organisational structure would enable the resources, capability and accountability to support the successful delivery of the new Corporate Strategy, including delivery of improved performance outcomes, better customer service, long-term sustainability and improved productivity over time.

### 2.3.1.5 Organisational structure

To optimise the business structure, core business functions were aggregated into functional groups that complemented one another. The result meant significant changes in organisational structures, including five major changes:



- Bringing together several field-based functions that previously reported to different Executive Managers.
- Closer alignment between systems operators making operational decisions and those on the ground implementing some of the activities in response to those decisions.
- Establishment of a standalone corporate affairs function. Previously internal and external communications and stakeholder management functions had been part of other business units.
- The aggregation of some corporate entities, bringing together finance, legal and risk functions into one portfolio.
- Consolidation of strategic functions (corporate, operational, and regulatory) into a single portfolio which also included an increased focus on climate change and sustainability.

The basis of the approach was to identify and then aggregate key functions into logical groupings that reflected WaterNSW’s core processes. In some cases, similar functions were being performed by discrete teams – largely based on legacy organisation structures. The diagram below shows the outcome of this approach.

Figure 2 – Activity map for each business portfolio

### Future state activity map for each business portfolio



Operations			Customer Services	Strategy & Performance		Corporate Affairs	Finance, Legal & Audit	Safety, People & Culture	Digital
Asset capability (planning)	Water modelling (operational)	Systems/River operations	Billing and credit	Corporate strategy	Xfunctional / transformation projects	Brand and media comms	Governance (Board, exec, etc.)	Workforce Planning	Infrastructure & systems management
Asset monitoring / surveillance	Asset Operations	Asset maintenance	Call-centre	Economic regulation	Modelling (water supply, quality)	Government relations	Internal Audit	Training & Learning programs	Digital investment planning
Meter reading	Water monitoring	Asset delivery	Licencing and approvals	Asset, science & regulatory strategy	Regulatory compliance	Community engagement	Legal services	Employee Relations (incl. IR)	Digital projects
Govt Projects Interface	Technical standards	Land and catchment programmes	Manage revenue <sup>1</sup>	Regulatory performance and policy	New products development	Indigenous programmes	Risk	WHS Policy and programs	Data management and analytics
Water quality reporting	Engineering incl. Dam Safety	Spatial (GIS)	Account management	Business intelligence	ESG & Sustainability initiatives	Internal comms	Financial services	Payroll	Manage business systems
Operational safety	Fleet Management	Operational Property	Customer operations	Water quality standards & planning	Environmental services	Industry engagement	Procurement	HR policy and recruitment	
			Campaigns				Property		

■ Field teams   
 ■ Operational Planning activities   
 ■ Corp functions

The changes include creation of the Operations portfolio which brought together all operational field functions, as well as asset planning, systems operations, and maintenance functions. This better ensures clear accountability for water operations and water quality in a single portfolio. The structural changes were the first step in deriving beneficial outcomes, there are ongoing initiatives to refine processes and systems to drive the full benefits from these changes. Since these changes, WaterNSW has had no material adverse findings in our Operating Licence Audits by IPART<sup>1</sup>, demonstrating one of the core intended benefits had been realised.

A similar consolidation of strategic, and long-term planning functions into a single portfolio brought stronger cohesion between corporate, operational, and regulatory strategy, while establishing clear accountabilities for those responsible for managing each of these functions.

<sup>1</sup> Refer to Table 2 in Attachment 22 – Compliance and regulatory drivers of expenditure

The merger of finance with legal and risk functions into a single portfolio helped to focus these critical corporate services and provide stronger governance oversight of the business.

The scope of senior management roles across the business has been changed to broaden the accountabilities of many of those roles. The aim was to reduce the number of direct reports to Executive team members and ensure that senior management roles are fully scoped, and the responsibilities of those managers are appropriate for an organisation such as WaterNSW.

These structural changes resulted in a near 40% reduction in the number of executive and senior managers in the business. The ongoing cost transformation program is focussed on driving further operational cost reduction through streamlining process and systems.

#### *2.3.1.6 Performance Reporting*

A key objective of the revised model was to streamline decision-making and support key business decisions through revised governance structures based on robust performance measures that align to strategic outcomes of the business. This could build a link between operational, performance and corporate KPIs to ensure connectivity and alignment across the business.

The corporate KPIs comprises a small number of financial and non-financial KPIs agreed with Shareholders, that are reported every 6 months. These include:

- Financial: EBITDA, regulated opex, regulated capex, capital structure efficiency.
- Non-Financial: safety severity rating, water delivery, water quality, customer satisfaction, corporate strategy delivery.

We have made some progress in addressing this goal but there is still a long way to go. One of the key requirements being access to and management of data across all the various data sources in the business. Our proposed investment outlined in the Technology Roadmap will be an enabler to support this, particularly in relation to data management and governance.

We are in the process of building a KPI hierarchy that links operational KPIs with the key corporate KPIs to enable management to better focus on identifying early opportunities to improve overall performance and outcomes for the business. These structures are being developed but will also be reliant on simplifying access to data which will take time to develop fully and is reliant on further investment outlined in the Technology Roadmap.

#### *2.3.1.7 Business Governance Structures*

Another component of the Operating model concerned the cadence and structure of governance processes and structures as part of considering where decision-making authorities should sit. A key action amongst these was reviewing the value of existing governance bodies, their purpose, scope, and functions to determine whether to modify these.

Modifications to governance structures and processes included a revised cadence and approach to Executive meetings with clear focus on two key aspects of the business. These are:

- **Performance:** clear focus on overall business performance with the objective of identifying and responding to potential performance matters before they're realised and impact the business..
- **Strategy:** ongoing monitoring, revision and initiation of programs, projects and activities that contribute to the delivery of strategic outcomes. This includes deep dive reviews of key initiatives.

There were no major changes to Board meeting structures. However, the number and composition of Board committees has changed from six to four with a focus that complemented the new operating model and core processes upon which the new organisational design was based. The four committees are Audit and Risk, Sustainability and Service delivery, Assets and Investment, and Safety People and Culture. Each committee has revised its charter and the reports received by each are being modified to focus on key measures and insights

reducing the volume of operational measures that were previously provided.

At the same time the management committees, whose function was to review and assess material destined for Board committees, were dissolved and replaced by direct Executive team oversight and governance.

### 2.3.2 Digital Transformation

Our corporate strategy recognises the importance of technology in delivering long-term efficiencies and enhanced customer services and security. Investment in this space is critical to enabling us to meet our strategic objectives. The Technology Roadmap has been developed based on providing value for customers and communities with a strong focus on a more collaborative approach across the NSW water sector agencies who share in a joint technology ecosystem.

WaterNSW in conjunction with DCCEEW and NRAR have developed a joint 10-year technology roadmap. Refer to attachment 11, NSW Water Sector Shared Technology Ecosystem (WaterNSW, NSW DCCEEW, NRAR). The aim is to establish a unified (and hence more efficient) vision for digital services to support the respective business functions and customer outcomes for the three entities.

Our technology vision is that by 2035, our workforce will use modern technology, open data assets, and a virtual water ecosystem to make trusted insight-led decisions, have simplified automated processes, and provide connected digital customer experiences.

The approach adopted to develop this program was for the key stakeholders to work collaboratively to determine common interests and the individual needs of each organisation as well as the potential benefits from a changed digital infrastructure landscape and subsequent options analysis. Cost estimating and sequencing resulted in the development of the digital roadmap.

The key programs within the roadmap include areas that focus on data management, integrated systems and information, remote monitoring and controls systems, customer management systems, cybersecurity measures, and improved asset management and predictive maintenance capabilities.

Greater detail on our technology roadmap is provided in Appendix 6 and Attachment 11.

### 2.3.3 ESG Program

Our ESG program is a core initiative within the corporate strategy in relation to the strategic priority of building a sustainable future. The plan was developed and approved by the Board in FY23. While encompassing all aspects of ESG the initial focus was on addressing gaps, particularly related to climate change, emissions, and sustainability reporting structures. This is built on our existing social initiatives such as inclusion & diversity, Reconciliation Action Plan, modern slavery etc.

The focus in FY24 was to establish clear baselines, priorities, and optimised action plans to then commence implementation of approved actions in FY25 and beyond.

During the customer and community consultation process in developing the broader submission, options were presented to assess support for the level of investment and effort to realise some key ESG outcomes. Many customers and community members are supportive of the broad aims in reducing greenhouse gas emissions, improving land maintenance activities in the regions and WaterNSW using some of its assets to generate carbon and/or biodiversity credits. However, there was concern that regulated customers should not be the sole financial source for such activities. WaterNSW recognises this and as part of the future program we are exploring alternative funding options, including partnering arrangements. The key elements of our ESG program are outlined below.

#### 2.3.3.1 Climate Change Adaptation

The initial step in this project is to obtain a robust understanding of the risks and opportunities that climate change may have on the business over the long-term. Only then is it possible for us to examine reasonable and timely response options. That risk assessment is based on the AdaptNSW model. We are now working through what that might mean for long-term actions and investment. The majority of actions identified will have little impact in the next determination period.

A more comprehensive description of our climate adaptation planning, and responses is provided in Attachment 15.

### *2.3.3.2 Net zero emissions*

The government has set net zero emissions targets for whole of government. These include a 50% reduction by 2030 and net zero by 2050. This is aligned to federal and state draft legislation.

Under the National Greenhouse and Energy Reporting Scheme (NGERS) we currently report emissions from our operations. The majority are from energy consumption and vehicle use. We have not yet been tracking or reporting scope 3 emissions (i.e., emissions produced by other organisations in the delivery of products and services to WaterNSW).

From July 2025 WaterNSW will be obligated to disclose emissions from our activities as well as the financial implications of actions taken by the business to adapt to or mitigate climate change impacts, as part of the climate related financial disclosures obligations that are being put in place by the NSW government. The disclosures will include reporting of and actions to minimise scope 3 emissions where practicable.

Currently the business is finalising its baseline emissions profile and assessing what actions we can take to either eliminate, reduce, or offset emissions and the most cost-effective way of doing so, to meet regulatory or legislative requirements. This is unlikely to require high levels of either operational or capital expenditure over the life of the 2025-2030 determination. However, future investment will be required to achieve full net zero status.

The specific standards for reporting are yet to be published by either the Australian Accounting standards Board or Government. These are due in second half of 2024 and will include assurance and ultimately auditing of disclosure statements during the determination period.

In general customers are supportive of the need to be environmentally sensitive and recognise the need to minimise our environmental footprint. However, many are not keen to fully fund this activity through their bills, believing that there is a much broader community benefit and that they should not be solely accountable for funding such activities, unless there is a direct benefit to them.

### *2.3.3.3 Land and water management*

WaterNSW owns over 300,000 hectares of land. Some of this is within the declared drinking water catchment for Greater Sydney and is managed to minimise impact on source water quality for Greater Sydney customers. Other landholdings such as those around regional dams and rivers are not subject to the same level of management practices.

Historically, there has been little funding to maintain land outside the declared catchment. This has resulted in an increase in invasive species which can impact neighbouring landowners and has an adverse impact on biodiversity. This submission includes a proposal to increase pest and weed management in areas outside the declared catchment to reduce these adverse impacts.

We are not currently optimising the value of some of our landholdings. We are now exploring opportunities to address this. There is potential to use land biodiversity regeneration (including creation of biodiversity credits), carbon abatement (including carbon credits), renewable energy generation partnerships and land management

partnerships with commercial, cultural, and other non-for profits as part of extended community activity such as eco-tourism.

A land strategy is under development that will assess optimal land use for key landholdings based on value. The objective is to develop a framework to assist in identifying and realising optimal value from our land assets (including potential sale).

We have already entered initial arrangements with third party entities to give them access to land and water resources to develop pumped-hydro and other renewable energy generation under long-term lease and revenue share agreements. We also lease land for telecommunication towers and agricultural use. The aim is to build on these activities.

We are likely to be reliant on third party partnerships to establish initial activities once appropriate projects have been determined. Over time the goal will be to self-manage these where practical. This approach will minimise risk and reliance on customer funding. Most of the initial investment is likely to come from non-regulated sources other than where we are meeting regulatory obligation.

These projects are unlikely to generate significant additional non-regulated revenue until they are either operating in the case of renewables projects, or matured in the case of carbon sequestration and biodiversity projects. Consequently, the benefit to customers is also likely to be low over the next 5 years. However, beyond 2030 that position could change. Inevitable customers are a little wary of future benefits that are not guaranteed, so are cautious about funding such initiatives through the customer share.

#### *2.3.3.4 Sustainable Procurement*

The key aim of developing an improved sustainable procurement process is to ensure that suppliers are aligned with the same environmental and social objectives as WaterNSW. We already have established processes in place to identify and address modern slavery. The aim is to build similar capabilities within our own procurement policies and processes in relation to greenhouse gas emissions, waste management and circularity.

At the same time, we have and will continue to seek products and services from regional, First Nations owned, and social enterprises, thereby supporting the communities that we serve. We will do this with an eye on ensuring customer value.

#### *2.3.3.5 Inclusion and Diversity*

WaterNSW launched its Inclusion & Diversity program in 2021. The vision is to create a safe, respectful, inclusive, and diverse workforce. This is backed by two key objectives:

- Our people feel valued and respected, are empowered to share their unique skills and perspectives to make a meaningful contribution.
- Our workforce reflects the communities we operate in, generating creativity, innovation, and connection with customers and local communities.

We established an Inclusion and Diversity council to help focus on specific actions and to act as advocates for I&D across the business. The work of the council is backed a range of focus areas/projects to drive change within the business. These include:

- Establishment of inclusions and diversity metrics and targets.
- Communication program based on storytelling.
- Expanding supply of goods and services from diverse business entities.
- Leadership capability uplift including identifying and eliminating bias in recruitment processes.
- Revisions of our employee value proposition.

Many of these activities are underway and will continue into the next determination period. We have already seen an increase in the percentage of women in leadership roles, but there needs to be a lot more done to encourage gender diversity across the rest of the business and to increase opportunities for disabled and First Nations people.

#### 2.3.3.6 Reconciliation Action Plan (RAP)

We recognise and acknowledge that First Nations people have a deep cultural, physical, and spiritual connection to water and land. Through our Reflect RAP, we gained a greater appreciation and a deeper understanding of that connection. We are currently part way through our second 'Innovate' RAP which will help embed and strengthen the impact of the reconciliation work we have started.

The current program includes actions to build stronger relationships between WaterNSW and First Nations communities that will lead to better operational and project outcomes. A continued emphasis on aboriginal cultural competency and awareness will drive better understanding and cooperation.

First Nations people are proportionately underrepresented in our workforce. One of the key objectives of the Innovate RAP is to increase First Nations representation and build increased partnering and commercial relationships with First Nations owned businesses.

#### 2.3.4 Workforce Planning (including cultural programs)

One of our five strategic priorities is a focus on increased capability. The workforce plan outlines a range of initiatives to build that capability. This includes strengthening existing workplace culture with a focus on safety and business outcomes.

With an ageing workforce, particularly in many operational roles, there is likely to be a loss of experienced staff from the business. The future workforce plan is aimed at addressing both the risk and opportunity that this creates, including through a refreshed employee value proposition initiative targeted at attracting and retaining the talent and skills we need into the future.

As part of our new operating model, we brought together disparate field-based functions into single regional business units. This was the first step towards creating the potential to enable cross-skilling for distinct functions so that over time we can create greater flexibility and efficiency across those field based functions.

Supported by field-based mobile technology and increased telemetry systems. This provides the opportunity to increase productivity and improve the efficiency of those operations. One key element of the workforce strategy is to determine how best to develop and implement that cross-skilling capability.

A further component of the strategy is to consider both future capability needs right across the business to determine appropriate attraction and retention approaches, while recognising potential competitive demand for some core skills and capabilities. The early entry program for graduates and apprentices is an example of the approach we are taking to address this. Introduction of innovative technologies, a more targeted and centralised training program is another key aspect of this initiative.

#### 2.3.5 Corporate Affairs Enhancement Program

Our Corporate Affairs Enhancement Program comprises a detailed plan of actions aimed at understanding the needs of customers, various stakeholders, and community representatives. Then ensuring the business is effectively responding to those needs.

There is a stronger emphasis on proactive interaction with those stakeholders – with clearer emphasis on the role WaterNSW has within the sector and how we can represent customer feedback and needs more effectively across the entire water sector.

Attachments 3 and 4 provide more detail on the specific engagement processes for customers and community as part of the submission process. Our aim is to build on that foundation and maintain stronger engagement post submission.

### 2.3.6 Review of strategic initiatives

We will continue to assess progress against each of our strategic priorities and report the performance of our strategic initiatives to the Board and Shareholding Ministers. We will also assess at least annually what, if any, changes need to be made to existing projects and programs and /or whether any new initiatives should be developed.

We review progress against all strategic initiatives quarterly and the outcome is reported to the Board. Each year the Executive and the Board review what enterprise strategic initiatives are necessary to deliver on the longer-term strategic objectives of the organisation. Some may be revised, others initiated and others dropped either because they are complete or transition into 'core' business activity.

## 3. How our strategic plans and priorities are included in our proposal

Our proposal reflects all key aspects of our corporate strategy. Our core functions are encapsulated in our purpose statement – “Water, delivered when and where it matters”. The bulk of our submission is about enabling us to do exactly this, as cost effectively as possible while being responsive to customer needs. Our aim is to deliver water of the required quantity and quality to customers in line with their entitlement and allocation. We see ourselves as the custodian of the system capturing, storing, and releasing water on behalf of all customers. Our operational activities and capital plans are built around doing this reliably, responsively, and efficiently while meeting our legal and regulatory obligations now and into the future.

We regularly consult with customers and customers advisory groups to validate our plans and proposals. During the development of our current submission, we extended this to others via the so-called water working party groups. Through these forums, we presented participants with options on a range of strategic and operational matters to obtain feedback on our proposals. These included addressing customer-raised issues and some we proposed as part of our longer-term strategy. The following table summarises these opportunity areas and the proposals captured in our pricing submission.



Table 1 – opportunity areas and the proposals captured in our pricing submission

<b>Delivering Operational Excellence</b>	<b>Building a Sustainable Future</b>	<b>Respected by the Customers and Community we Serve</b>	<b>Working Together in Partnership</b>	<b>Developing our People Capability</b>
Additional investment in digital systems to improve data and information for customers and to manage water delivery assets	Additional land maintenance activities to manage weed and pest control and bushfire risk outside the declared catchment	Development of improved water ordering systems	Development of digital roadmap in conjunction with DCCEE and NRAR to avoid duplication and cost	Continue to manage and invest in safety of our workforce (and the public)
Invest to ensure security of data and information, including customer data	Potential investment in managing fish passage and cold-water pollution to reduce environmental impact of our operations	Improved engagement and relationship management processes including stronger on ground regional presence.	Improving public safety to enable greater access to our dams and surrounding areas.	
Investment in additional telecommunications to ensure operational sustainability	Improved flood and drought management planning activities	Option to extend operating hours to provide greater flexibility for customers to call	Work with third parties to develop carbon/ biodiversity credits	
Extension to the water monitoring network to provide greater resilience in flood or fire and to extend the monitoring to additional sites	Options for achieving net zero emissions	Improved usability and additional information accessible via WaterInsights		
	Potential to develop carbon and biodiversity credits through additional land management activities			

Outside these specific initiatives the submission includes consideration of other strategic imperatives. For example, under the strategic priority of ‘Delivering Operational Excellence’, we are committed to identifying and delivering additional cost efficiencies. These will be achieved through a combination of ensuring benefits identified in business cases (especially technology-based business cases) are delivered and a continued focus on identifying process, procurement, and other improvements through our cost transformation program.