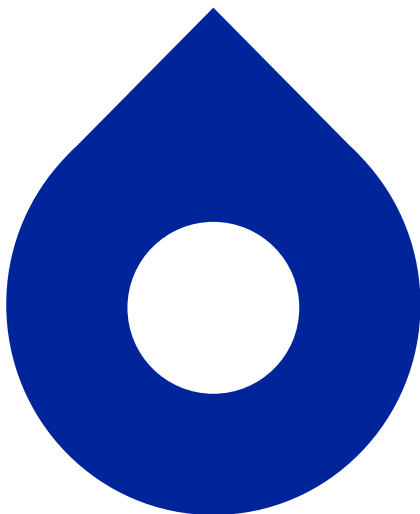




Strategic Investment Plan

2025-2035

Accountable, Agile, and Innovative Culture





Acknowledgement of Country

Sydney Water respectfully acknowledges the Traditional Custodians of the land and waters on which we work, live and learn. We pay respect to Elders past and present.





Summary

Outcome objectives

This Accountable, Agile, and Innovative Culture Strategic Investment Plan sets out how we will enable our customer outcomes by having an accountable, agile and innovative culture within our organisation. It is focused on three objectives:

1. Embrace ownership and accountability
2. Foster agility and adaptability
3. Inspire and drive innovation.

Customer priorities

Through the Our Water, Our Voice engagement program, customers have told us their priorities are for safe and clean drinking water, keeping bills as fair and affordable as possible, and protecting the environment while maintaining high standards of customer service. We are focused on providing the workplace culture we need to deliver on the outcomes our customers want.

Expenditure to deliver outcomes

We will invest **\$1 billion over the 10 years to 2035 (2% of all expenditure)** delivering on the accountable, agile, and innovative culture outcome, ensuring our performance measures and targets are met across all objectives. This includes:

- **\$112 million in capital investment:** Upgrading digital infrastructure to improve employee experience and enterprise service management.
- **\$919 million in operating expenditure:** Supporting ongoing digital technology and core human resources services, with a continued emphasis on safety, wellbeing, diversity, equity and inclusion. Additional investment in research and innovation will drive the generation, evaluation and implementation of new opportunities, reinforcing a culture of accountability, agility and innovation through the organisation.

Ways this plan will make a difference

Embrace ownership and accountability

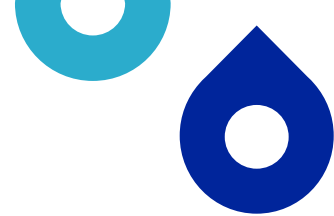
Develop leaders who create clarity, build connections, and lead change effectively. Foster a culture that prioritises customer and enterprise needs, building trust through action. Strengthen contractor safety by partnering with industry leaders to improve construction safety practices.

Foster agility and adaptability

Create a positive employee experience that drives excellent customer service. Promote Diversity, Equity, Inclusion, and Belonging by welcoming all backgrounds and celebrating differences. Use our Human Capital Management system to track key metrics, benchmark against other utilities, and enhance data insights

Inspire and drive innovation

Build capabilities to meet Sydney Water's strategic goals and service needs. Evolve our business architecture to adapt to changing demands. Engage stakeholders and execute the Innovation and Research Deployment Plan.



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Introduction

Sydney Water's Strategic Investment Plans (SIPs) show how over the next 10 years we will achieve our strategy and vision to create a better life with world-class water services. Informed by our Long Term Capital and Operational Plan (LTCOP) and insights from the customer engagement program Our Water, Our Voice, the five SIPs outline our medium-term (10-year) targets, measures, and key activities for our outcomes:

- Customer experience
- Water quality and reliability
- Environmental protection
- Accountable, agile, and innovative culture
- Successful and sustainable business.

These SIPs are essential for achieving our customer outcomes, balancing expenditure with risk, performance, cost, and customer price impacts. They support our price proposal to the Independent Pricing and Regulatory Tribunal (IPART), business planning, and financial budgeting. They also integrate other asset management and operational planning.

We will hold ourselves accountable for performance of this outcome via the regular corporate performance reporting process with the Sydney Water Executive and Board.

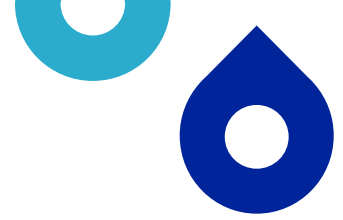
This **Strategic Investment Plan** enables our customer outcomes by having an **accountable, agile and innovative culture** within our organisation. It is focused on three objectives:

1. Embrace ownership and accountability
2. Foster agility and adaptability
3. Inspire and drive innovation.

Our people are the single most important ingredient in our vision for the potential future for Sydney Water, designing how we will build and deliver our aspirations, and delivering services to the communities we support. Our regulatory framework and Government's Statement of Expectations (SoE) set how we ensure our workforce can deliver services safely and to community expectations, and how we invest in research and innovation to enable more resilient and better services.

This SIP describes how Sydney Water intends to fulfill the Accountable, agile, innovative culture outcome and enable the benefits that customers say they want. The performance measures and investments in this SIP contribute across all objectives to deliver our accountable, agile, innovative culture, however for ease of reading have been discussed in detail in specific sections only.





What we heard from our customers

Under IPART's new Water Regulatory Framework, Sydney Water is guided to actively engage with customers to develop outcomes aligned with their preferences. The feedback gathered through the customer engagement process reflected a range of customer and community priorities. Our customer priorities, and how we will deliver on them, are a focus of our three customer outcome related SIPs. Building the right climate to foster high performance is complex and relies on the interplay between high quality leadership, culture, efficient process, data driven insights and continuous learning. This SIP focuses on providing the workplace culture we need to achieve these customer priorities:

Customer Experience

Our customers expect us to maintain customer services that meet their expectations while also keeping bills as fair and affordable as possible. They want us to provide more practical, proactive communication about our operations.

Water Quality and Reliability

Our customers' highest priority is for us to maintain a safe, clean supply of drinking water. Customers are concerned about water supply resilience into the future in the face of growth and climate change. While some customers championed stability and reliability, others advocated for advancement and innovation, pushing for broader offerings and proactive approaches to future challenges.

Environmental Protection

Customers expect us to hold ourselves to a high standard of environmental performance in providing wastewater, recycled water and stormwater services. Customer said they want healthy waterways and habitats, better use of wastewater and stormwater, more use of recycled water for cool, green, public places, net zero emissions and better resilience in our systems.

What we heard from our workforce

Our Employee Experience Deep Dive in August 2023 for the People Experience Program (PxP) showed an overall positive employee sentiment. Most employees expressed a sense of pride working at Sydney Water and a passion for making a positive impact to the community and environment.

Opportunities for improvement identified to address current employee pain points were:

- complex systems and processes
- inability to influence performance-based pay
- limited career planning and pathways
- siloed and ineffective ways of working
- lack of succession planning
- complex and unstandardised recruitment processes

What our stakeholders expect from us

Government expects us to ensure our workforce can deliver services safely and to community expectations, consistent with laws and regulation. We are expected to deliver our products and services safely, with respect to the safety and wellbeing of our employees and the community. Our stakeholders expect us to ensure our workforce is engaged and has the capacity, capability and culture to deliver high quality services. This includes investing in research, innovation and new technologies as well as supporting diversity and inclusion and equal employment opportunity.

Opportunities



Embrace ownership and accountability

- Build a culture underpinned by safety and wellbeing which prioritises the delivery of customer needs.
- Increase in capital delivery over next 10 years will make safety even more critical for our employees and for our contractors.
- We need to remain adaptive to changing regulatory boundaries that are likely to evolve in the coming decade (e.g. workplace, health and safety regulations).



Foster agility and adaptability

- Build on our strong commitment to diversity and inclusion to keep Sydney Water ahead of the curve, both from a competition perspective and to ensure that we represent the community we serve at all levels.
- Be an attractive, workplace “of choice” for employees.
- Attract and retain staff with the capabilities that we need to deliver on our long-term strategy in a competitive labour market.
- Changes in circumstances (e.g. regulatory and external market pressures) could affect delivery of our LTCOP, requiring us to be agile and adaptive.



Inspire and drive innovation

- Build capability at the pace required by Sydney Water to deliver our strategy and services and support Sydney’s growth.
- Strategically align with partners to deliver infrastructure, research, technology, water, and wastewater management solutions that align with company goals.
- Nurture cutting edge ideas and solutions through active engagement in research collaborations with universities and research institutions.
- Build and retain capability and identify innovative solutions to deliver our strategy to increase capital delivery.
- Manage intellectual property concerns and dependency on partners that may hinder collaboration and innovation efforts.






Expenditure

Total proposed expenditure in the Accountable, Agile, and Innovative Culture Strategic Investment Plan is \$1 billion over the 10 years from 2025 to 2035. This will continue to support core human resources services, with a continued emphasis on safety, wellbeing, diversity, equity and inclusion. Around 37% of this expenditure will go towards upgrading digital infrastructure to improve employee experience and enterprise service management and maintaining ongoing digital technology services. Around 31% on additional investment in research and innovation will drive the generation, evaluation and implementation of new opportunities, reinforcing a culture of accountability, agility and innovation through the organisation.

Budget summary 2025-2035

Forecast expenditure (\$2024-25 in millions)	Category	2025-30	2030-35	Total 10yr
Human resources services including payroll, occupational health and safety, internal communications, change management	Opex	171	171	343*
Digital investment to support accountable, agile, innovative culture including (for 2025-30):	Digital invest	62	58	120
- Implement improved Enterprise Service Management (ESM) \$4 million				
- Implement People Experience Project (PxP) and Empowered People \$13 million				
- End user technology and core services				
Digital core opex supporting accountable, agile, innovative culture	Opex	136	124	260
Implement Innovation and Research Deployment Plan including continual improvement (<i>note may include some unregulated costs adjusted from total opex</i>)	Opex	82	82	164
Training services to build the skills needed now and, in the future	Opex	77	77	153*
Total capex for accountable, agile, innovative culture outcome	Capex	57	55	112
Total opex for accountable, agile, innovative culture outcome	Opex	465	454	919

Key:

 Embrace ownership and accountability	 Foster agility and adaptability	 Percentage of total (10 yr)
 Inspire and drive innovation	 Overall outcome level	

Notes:

- Years indicated refer to financial years (i.e. 2025–30 refers to the period between 1 July 2025 and 30 June 2030).
- Dollar amounts are presented in FY24-25 'real' terms (without inflation) as at 1 July 2024.
- Capex forecasts are more certain for near term activities that have progressed past planning stages.
- Opex includes controllable and non-controllable costs.
- Digital investment includes project capex and an operational component that can't be capitalised ('propex') - this is already included in the digital core opex - only the capex component of digital investment is added to the total capex.
- Allocation of adjustments and efficiencies are estimates as these are applied at portfolio level..
- *Total differs by one due to rounding

Our investment approach



Objective	Embrace ownership and accountability	Foster agility and adaptability	Inspire and drive innovation
Commitment to customers	We take end to end ownership for outcomes in a safe work environment, while focusing on the vital few priorities	We have flexible mindsets and a high tolerance for ambiguity, working iteratively to produce outcomes	We create better lives for customers, communities and each other, generating value from ideation to implementation
Customer and staff insights and why it is important to our customers, staff and shareholders	<p>Our employees told us that there are opportunities to improve succession planning, recruitment processes and provide more career planning and pathways.</p> <p>Government expects us to deliver services safely. As a public company, we must also maintain high standards of public accountability and corporate governance.</p> <p>Customers expect us to maintain high levels of service.</p>	<p>Our employees told us that there are opportunities to improve complex systems and processes.</p> <p>Government expects us to ensure our workforce is engaged and has the capacity and capability required to deliver our functions.</p> <p>Customers expect us to plan for and adapt to changes to maintain service delivery.</p>	<p>Our employees told us that there are opportunities to reduce siloed and ineffective ways of working.</p> <p>Government expects us to enable more resilient, new, and better services for customers through investment in research, innovation, and new technologies.</p> <p>Customers expect us to provide cutting edge services and technology.</p>
What our investment will deliver by 2030	Grow the capability of our leaders to support their teams more effectively	Embed 'Future Ready Structure' initiative	Build the skills needed now, and in the future, and the mechanisms to make talent more portable
	Build visible and active leadership capability to drive an improved safety culture and accountability	Build a strong market profile and live our employee value proposition	Shift mindset of people to learn in flow and value continuous learning
	Transform our workplace relations environment so it enables our aspirations	Implement improvements to Enterprise Service Management and build our processes and services with an end user mindset	Mature our workforce planning disciplines and integrate with financial planning
	Build confidence in how we collect and use data about our people	Define a flexible approach of knowledge management that embraces digital adoption and in flow support	Build a culture of process ownership and continuous improvement through our operational frameworks and decision-making approaches
	Create conditions for high performance through focussing on safety, inclusion and learning, to drive accountability, agility and innovation	Implement PxP	Build capability to design and execute operating models and organisational design so we can iterate and optimise how we organise ourselves
	Build a diverse workforce where people feel safe and have a sense of connection and belonging	Create and use insights on our workforce to improve operational efficient	
	Increase our commitment to proactively address psychosocial stressors		Implement Innovation and Research Deployment Plan
What our investment will deliver by 2035	Implement end to end solution to manage incident, injury, and insurance	Implement improvements to enterprise service management	Continue to implement Learning Delivery Refresh

Objective 1: Embrace Ownership and Accountability

We take end to end ownership for outcomes in a safe work environment, while focusing on the vital few priorities.

We will:

- foster a culture in which our people are supported in delivering strategic outcomes and where customer and enterprise needs are prioritised before personal objectives.
- encourage our people to share knowledge, support each other and hold people to account in a safe work environment.
- build an environment where leaders create clarity, connection and trust.

Performance measure*	Aim	Baseline	Targets			
		23-24	24-25	25-26	29-30	34-35
Safety: Total Recordable Injury Frequency Rate (TRIFR) - employee and contractor.	Maintain a combined (employee and contractor) TRIFR at below 5.0.	5.6	<5	<5	<5	<5

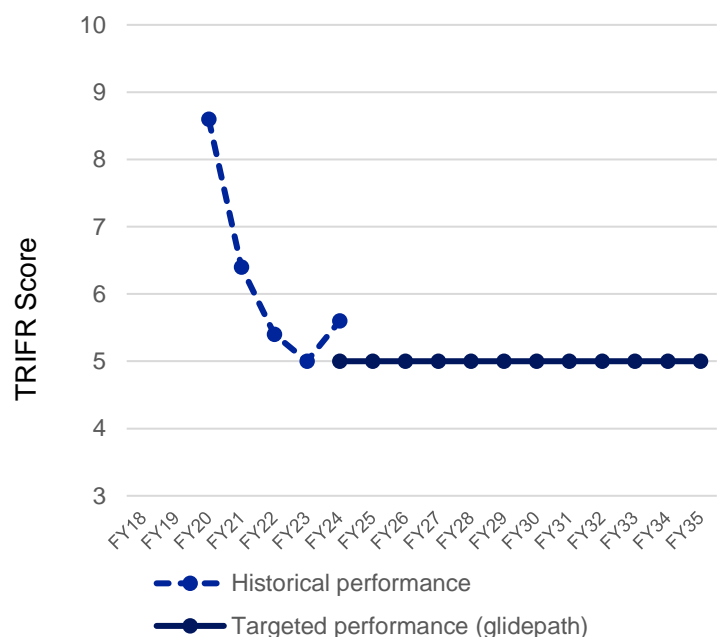
* Note the performance measures in this SIP apply across all objectives to deliver our accountable, agile, innovative culture, however for ease of reading the most applicable performance measure has been discussed in detail in the relevant objective.

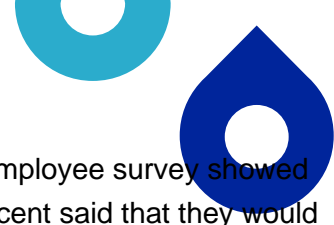
Rationale and historical context

We are aiming to build a culture underpinned by safety and wellbeing which prioritises the delivery of customer needs. The TRIFR is one of our proxy measures for the safety performance of our business. Over the last five years, Sydney Water has significantly reduced its TRIFR from 8, a substantial improvement and decrease in recordable injuries. This success has been driven by our commitment to safety innovation and fostering a strong safety culture. While employee TRIFR for 2023-24 met our target, contractor TRIFR was above and we are focusing on working with our contractors and maintaining TRIFR for employees.

There has been a recent shift in the Work Health and Safety regulatory landscape from solely focusing on physical health and safety at work, towards a holistic risk management approach with a strong emphasis on proactively managing psychosocial risks at work. Psychological health management has dominated our short-medium term safety improvement plans and will require continuing maturity from

Combined Employee & Contractor TRIFR





Sydney Water over the next 10 years, akin to the journey of physical safety. Our employee survey showed our employees feel psychologically safe to speak up about safety. Ninety-four per cent said that they would feel confident to stop any task believed to be unsafe and 93% suggested the action would be well regarded by their manager/supervisor. However, the psychological safety measures in the 2024 Employee Engagement Survey showed a drop in all measures since the 2022 survey.

As our project delivery almost doubles over the next decade, the potential for safety incidents will increase. We need to maintain our focus on safety and look at opportunities to continue to improve.

Strategy for improvement

We have three key focus areas to embrace ownership and accountability in our workplace culture:

1. **Build leaders that can create clarity and connection for their teams and are comfortable leading change.**

We will do this by:

- growing the capability of our leaders to support their teams more effectively.
- building visible and active leadership capability to drive an improved safety culture and accountability.
- transforming our workplace relations environment so it enables our aspirations.

2. **Foster a culture which subordinates personal needs to customer and enterprise needs and takes actions which build trust.**

We will do this by:

- building confidence in how we collect and use data about our people.
- creating conditions for high performance through focussing on safety, inclusion, and learning, to drive accountability, agility and innovation.
- increasing our commitment to proactively address psychosocial stressors (hazards).

3. **Improve contractor safety management by leveraging our delivery partners and other large infrastructure players to mature our construction safety capability.**

We will do this by:

- developing a holistic roadmap for improving our construction safety capability and maturing our approach to safety, health and wellbeing when delivering capital projects.
- improving our Beakon system for prequalification of our contractors and their subcontractors and increase the focus on supplier work health safety performance management and assurance.
- undertaking reviews of targeted sites, businesses and delivery partners to inform continuous improvement opportunities.

Success factors

- Explore opportunities to include safety outcomes as a design feature in our new infrastructure.
- Collaborate with our delivery partners to maintain performance through shared lessons and best practice to bring our contractors TRIFR under five.

Risks

- Scale of project delivery over the next decade increases the potential for safety incidents.
- Our safety record reflects both Sydney Water's and the performance of our contractors and delivery partners.

Objective 2: Foster Agility and Adaptability

We have flexible mindsets and a high tolerance for ambiguity, working iteratively to produce outcomes.

We will:

- build a positive people experience, enabling teams to focus on adapting and delivering to the changing needs of our people, customers and partners.
- value change, promoting learning on the go and adopting a high tolerance for ambiguity.
- deliver incremental value to achieve our outcomes.
- create a diverse and inclusive workplace and promote a culture of respect and equity.

Performance measure*	Aim	Baseline	Targets			
		23-24	24-25	25-26	29-30	34-35
Employee Experience Index: A new aggregate measure that shows the level that Sydney Water's workforce are engaged and have positive work experiences	Achieve 75% or more of Sydney Water's workforce engaged and have positive work experiences aligned to achieving our vision and strategy.	NA	≥75%	≥75%	≥75%	≥75%
The Diversity and Equity Index tracks a range of demographic indicators against a target: First Nations Employees; Disability and Neurodiversity; Cultural Diversity in Leadership; women in senior leadership positions; women in Science, Technology, Engineering and Mathematics.	Maintain the diversity of our workforce to represent the community we serve.	77%	≥75%	≥75%	≥75%	≥75%

* Note the performance measures in this SIP apply across all objectives to deliver our accountable, agile, innovative culture, however for ease of reading the most applicable performance measure has been discussed in detail in the relevant objective.

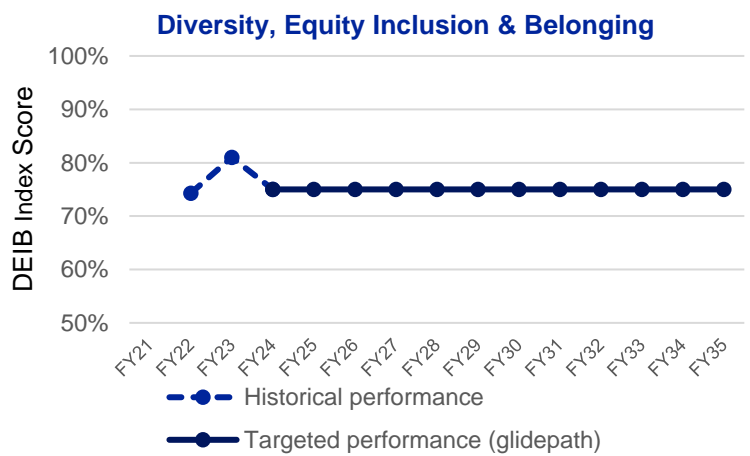
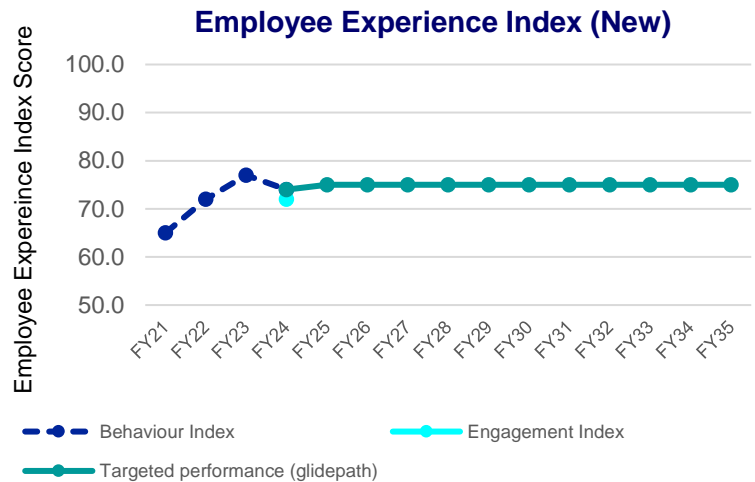
Rationale and historical context

Delivering exceptional customer experiences and partnering with communities to build sustainable water smart environments will require a shift in the skills of our workforce so that:

- our people have the skills required to deliver services to our customers, operate our assets, and innovate as we go to adapt to changing market pressures or opportunities.
- our people are enabled to focus on customers first because we have removed drag and inefficiency from their day-to-day work.
- our people feel understood and supported to bring their best self to work to support their customers and stakeholders.
- our people have clarity on the expectations of both customers and stakeholders and have the tools to easily deliver.
- our people trust Sydney Water which gives them confidence to focus on work that matters for our customers.

We have two key performance measures that we will use to track to our workforce skills and experience (noting that all objectives from this SIP will contribute to achieving these measure):

- The **Employee Experience Index** will collectively measure all the outcome objectives of our accountable, agile, innovative culture. It is a new measure that will be taken from the annual “Your Experience” survey, incorporating elements of employee engagement and key behaviours of self, others and leaders. A score of 75 per cent and above is considered good.
- Our organisation’s commitment to diversity and inclusion has lifted our Diversity Index in 2022–23 to 81%, up from 74.3% a year earlier and well above our 76% target. To ensure our work in this area is best practice, we have revised our measure and expanded our diversity and inclusion focus to include equity and belonging through delivery of the 2023–2025 Diversity, Equity, Inclusion and Belonging (DEIB) Action plan, hence the observed 10% drop in the performance.



Workplace productivity is another important element of managing our workforce. We need to understand the business drivers for productivity and measure performance of these to identify and track improvements.

Strategy for improvement

Employee experience

We will create positive people experiences so our people can deliver great customer experiences by:

- embedding our ‘Future Ready Structure’ initiative to realise the benefits from our organisational restructure.
- attracting and retaining diverse talent and live our employee value proposition by building a favourable reputation.
- improving our processes and services to make it more user friendly and accessible through the channels our customers prefer.
- defining our flexible approach to knowledge management that embraces digital adoption and in flow support.



DEIB

We are committed to DEIB by enabling a culture that welcomes people from all backgrounds and celebrate difference. We will continue to create conditions where employees are respected, feel heard, valued, and maintain a sense of belonging, by:

- actively and flexibly seek to understand the unique needs of all employees.
- commit to ensuring that all employees are treated with respect, dignity and consistency.
- seek to ensure that our business practices, policies, and procedures are fair and equitable by mitigating or removing barriers so individuals can thrive.

Human capital management system

Our journey in people analytics is ongoing. We will:

- continue to measure and report on key operational metrics and benchmark our performance against other water utilities.
- improve our data insights capability by delivering our new human capital management system.

Success factors

- Leveraging digital solutions to remove inefficiencies and friction in our processes.
- Gathering relevant data to identify and taking action on the pain points in our employees work experience.
- Communicating and engaging our employees in our vision and outcomes.

Risks

- Investment to innovate our technology, approaches, design and processes to make it easier to meet our compliance requirements.

Objective 3: Inspire and Drive Innovation



We create better lives for customers, communities and each other, generating value from ideation to implementation.

We will:

- build capability at the pace required by Sydney Water to deliver our strategy and services.
- foster a continuous improvement mindset.
- embrace innovation to enable highly flexible, adaptive, productive and collaborative ways of working.
- build strategic partnerships and invest in research and innovation to advance water management efficiency and sustainability and meet customer priorities.

Performance measure*	Aim	Baseline	Targets			
		23-24	24-25	25-26	29-30	34-35
Proportion of revenue spent on Research & Innovation (R&I): Percentage of investment in R&I reported in Annual Report proportional to total revenue	Increase our investment in research and innovation to drive collaboration, innovation and improvement within the water sector	0.16%	0.17%	0.17%	0.19%	0.22%

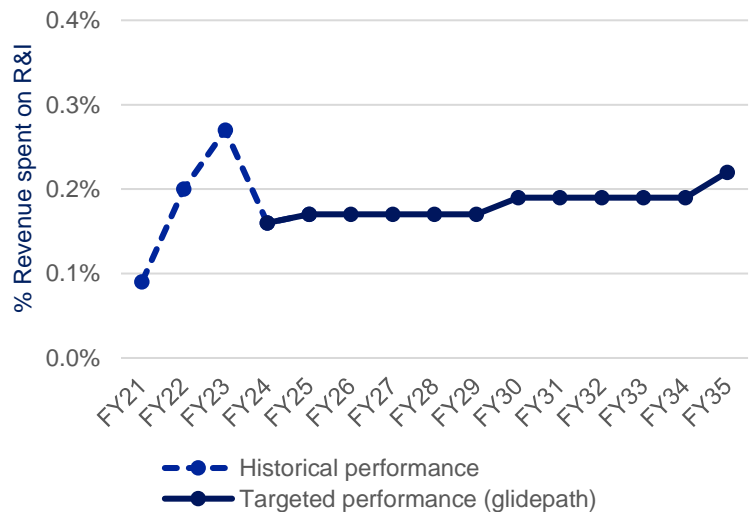
* Note the performance measures in this SIP apply across all objectives to deliver our accountable, agile, innovative culture, however for ease of reading the most applicable performance measure has been discussed in detail in the relevant objective.

Rationale and historical context

Government expects us to enable more resilient, new and better services for customers through investment in research, innovation, and new technologies. Progress has been made on the delivery of the Innovation, Research and Deployment Plan since it was released in 2021. Our award-winning R&I programs have helped to uplift decision-making, enabling the business to save money and reduce risks. In 2022–23, we invested \$8.02 million across a range of research and innovation projects in collaboration. We leveraged co-funding of \$3.30 for every Sydney Water \$1 invested in research through strengthened partnerships with universities and research partners.

This measure aims to support us to scale up to deliver our increased future investment program using innovative and improved technology. To meet the Australian water utility benchmark rate of 0.21% of revenue, Sydney Water will increase the proportion of revenue spent on R&I by c.0.31% over the next 10 years. The measure of R&I will be matured to track return of investment in R&I over time.

Proportion of revenue spent on Research & Innovation (R&I):





Strategy for improvement

We will support the business to scale up to deliver the increased future investment program using innovative and improved technology to provide the capability to deliver and operate/maintain a significantly larger asset base. We have three key focus areas to inspire and drive innovation in our workplace culture:

- 1. Build capability at the pace required by Sydney Water to deliver our strategy and services by:**
 - building the skills needed now and, in the future, and the mechanisms to make talent more portable.
 - shifting the mindset of people to learn in flow and value continuous learning (to stay job ready, not get a pay increase).
 - maturing our workforce planning disciplines and integrate with financial planning.
- 2. Mature our business architecture to support changing business needs by:**
 - building a culture of process ownership and continuous improvement through our operational frameworks and decision-making approaches.
 - building capability to design and execute operating models and org design so we can iterate and optimise how we organise ourselves.
 - creating and using insights on our workforce to improve operational efficiency.
- 3. Drive engagement with key stakeholders and implementing the Innovation and Research Deployment Plan by:**
 - strategically identifying and aligning with partners to deliver infrastructure, research, technology, water, and wastewater management solutions.
 - establishing innovation hubs or incubators to nurture cutting edge ideas and solutions.

Success factors

- Retaining the critical skills to enable innovation.
- Accessing sufficient funding for R&I aligned to our customer priorities and enable the business to deliver on the outcomes agreed with customers.
- Collaborating effectively with partners.

Risks

- Retention of critical skills to enable innovation.
- Appropriate funding for R&I.
- Collaboration with partners.

