



Strategic Investment Plan

2025-2035

Successful and Sustainable Business



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 Successful and Sustainable Business Strategic Investment Plan sets out how we will enable our customer outcomes by being a successful and sustainable business. It is focused on three objectives:

1. Efficient and financially sustainable business
2. Community trusts and values us
3. Value-driven digitalisation.

Customer priorities

Through the Our Water, Our Voice engagement program, customers have prioritised safe and clean drinking water, keeping bills as fair and affordable, and protecting the environment while maintaining high standards of customer service. Maturing into a successful and sustainable business will enable us to deliver on the outcomes our customers want.

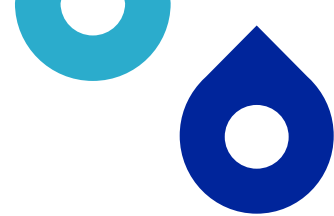
Expenditure to deliver outcomes

We will invest **\$2.8 billion over the 10 years to 2035 (5% of total expenditure)** to achieve a successful and sustainable business outcome, ensuring our performance measures and targets are met for all objectives. This includes:

- **\$1,059 million capital expenditure** to enhance property assets and invest in core digital technologies essential for running the business.
- **\$1,722 million in operating expenditure** on fleet and property management, finance and asset management services and other operating costs, including taxes and insurance.

Ways this plan will make a difference

<p>Operating within our financial parameters</p> <p>Maintain efficient operations and streamline internal processes to minimise resource costs and invest in cost-effective technologies.</p>	<p>Delivering projects on time and within budget</p> <p>Provide sustainable, socially responsible services and infrastructure. Engage the community in decision-making and maintain transparent communication. Ensure alignment with community values.</p>	<p>Improving our digitalisation</p> <p>Prioritise cybersecurity while improving experiences for customers, employees, and assets. Introduce new digital channels for seamless, anytime connectivity. Use data and digital tools to optimise decision-making.</p>
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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, 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. The SIPs support our price proposal to the Independent Pricing and Regulatory Tribunal (IPART), business planning, and financial budgeting. They also integrate with 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.

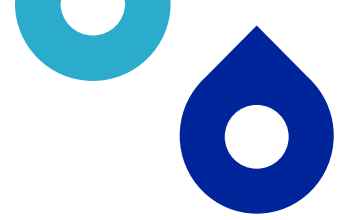
This **Strategic Investment Plan** enables our customer outcomes by being a **Successful and Sustainable Business**. It is focused on three objectives:

1. Efficient and financially sustainable business
2. Community trusts and values us
3. Value-driven digitalisation.

Through the Our Water, Our Voice engagement program, customers have prioritised keeping bills as fair and affordable as possible, while maintaining the quality and reliability of our water and wastewater services and high standards of customer service. Maturing into a successful and sustainable business will enable us to deliver on the outcomes our customers want, aligning with the Sydney Water Act's objective to be a successful business with social responsibility, NSW Government's expectations and the requirements in our Operating Licence.

Our strategic investments are designed to be affordable, deliverable, and aligned with our risk tolerance, ensuring we meet and exceed customer and stakeholder expectations. This approach underscores our commitment to keeping customers at the heart of everything we do.





What we heard from our customers

Sydney Water is evolving and moving towards becoming a customer-led organisation in line with global best practice for water utilities. Over the last 2 years we have built on our customer engagement program by actively engaging with customers to develop outcomes aligned with their preferences and priorities. Our customer priorities, and how we will deliver on them, are a focus of our three customer outcome related SIPs. These priorities highlight the importance of how we price our services, and plan and invest for our growing cities and changing climate. This SIP focuses on laying the organisational foundations to ensure we can efficiently and sustainably deliver our customer outcomes.

What our stakeholders expect from us

The Statement of Expectations defines what is expected of Sydney Water from our shareholders, aligned to our new Operating Licence requirement for sustainable operations addressing long-term customer and community interests, climate change impacts, and intergeneration equity. Our Operating Licence also outlines requirements for stakeholder cooperation, provision of information and critical infrastructure security, timely information provision and privacy considerations. Stakeholders, including our shareholders and regulatory bodies, expect us to:

- **Align with the Government's strategic planning:** Stakeholders expect us to support the delivery of the *Greater Sydney Water Strategy* through our LTCOP. Stakeholders anticipate sound financial management, profitability, transparent accounting, and prudent use of resources as we deliver water and wastewater infrastructure services balanced with impact on customer prices.
- **Operate the business sustainably and ensure the Government's investment of its capital is used efficiently:** Stakeholders want us to contribute to the delivery of thriving and liveable communities including Government's housing priorities, and operate sustainably to achieve shared social, environmental, and economic value. We're expected to ensure Government's investment of its capital is used efficiently, optimise business performance, grow revenue, and deliver efficiencies as well as identify opportunities to realise value from surplus land.
- **Build trust with customers, stakeholders, and the community:** Stakeholders expect us to continue to build trust through improved transparency of information and decisions, as well as delivering projects on-time and on-budget.
- **Maintain high standards of public accountability and corporate governance, and ensure robust procurement practices that support economic, environmental, and social outcomes:** We are expected to create positive social and non-financial value, including supporting diversity in our suppliers, and considering the environmental sustainability of procurement of goods and services. Stakeholders expect us to employ strong commercial acumen and cost-effective strategies, negotiate favourable terms with partners and suppliers, and monitor expenses closely.

Opportunities



Efficient and financially sustainable business

- Generate revenue to cover operational costs, even as they increase as Sydney grows.
- Optimise maintenance schedules and adopt cost-effective technology to manage operational costs.
- Greater Sydney's population is growing significantly, creating drivers for Sydney Water to scale infrastructure investment to service new housing and development.



Community trusts and values us

- Foster trust, positive relationships, and recognition within the community through sustainable and socially responsible service and infrastructure delivery.
- Our role in service provision and management helps us to effectively elevate community issues.
- Leverage advancements in technology to meet customer expectations for quality and responsiveness.
- Satisfy stakeholder expectations to continue our leadership of water and waterways



Value-driven digitalisation

- Utilise advancements in technology to enhance customer service and provide more seamless and advanced interactions they expect from their interactions with other service providers.
- Optimise the efficiency of our investment by leveraging data and insights from technology and automation.
- Enhance productivity and collaboration amongst our employees through digitalisation of our people and business systems.
- Maintain our positive cyber hygiene to ensure trust with our customers, partners, and stakeholders.






Expenditure

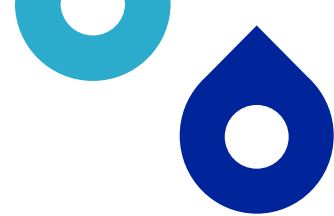
Total proposed expenditure in the Successful and Sustainable Business SIP is \$2.8 billion total expenditure over the 10 years from 2025 to 2035. About 47% of this expenditure will go towards investments in digital technology and digital core opex to run the business including investment to maintain and protect critical digital capabilities. Another 23% is on property portfolio capital costs, with the remaining going to finance services, facilities and fleet management, and costs such as tax and insurance. Corporate level adjustment for operational efficiencies of almost \$1 billion over 10 years have been included in this SIP.

Budget summary 2025-2035

Forecast expenditure (\$2024-25 in millions)	Category	2025-30	2030-35	Total 10yr
Optimise Property Portfolio	Capex	382	254	636*
Finance services including procurement and accounting, corporate governance etc.	Opex	277	275	551*
Facilities and fleet management	Opex	149	141	290
Property rents, rates, and land tax	Opex	241	350	591
Other corporate costs including insurance	Opex	147	147	294
Protective security and emergency management uplift	Opex	Reflected in other items		
Service Excellence (review, optimise and streamline maintenance, renewal and asset creation processes)	Opex	Reflected in other items		
Scale-up the business to deliver increased future Investment Program	Opex	Reflected in other items		
Implement Reconciliation Action Plan (RAP)	Opex	Reflected in other items		
Digital investment to support successful and sustainable business including (for 2025-30):	Digital invest	260	239	499
- Optimising Digital Infrastructure \$38 million				
- Enterprise Portfolio & Program Management (EPPM)				
- Essential core maintenance (hardware & platform)				
- Software systems & continual improvement				
- Systems of record				
- Cyber security uplift (manage and protect)				
Digital core opex supporting successful and sustainable business	Opex	408	423	831
Infrastructure portfolio adjustment (estimate)	Capex	(28)	(17)	(44)
Opex adjustment (right-of-use assets and unregulated activities)	Opex	75	75	150
Corporate level adjustment (efficiency)	Opex	(346)	(640)	(986)
Total capex for successful and sustainable business outcome	Capex	592	467	1,059
Total opex for successful and sustainable business outcome	Opex	951	771	1,722

Key:

 Efficient and Financially Sustainable Business	 Community Trusts and Values Us	
 Value-Driven Digitalisation	 Overall outcome level	Percentage of total 10yr



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 '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 project investment includes 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 invest is added to the total capex.
- Allocation of adjustments and efficiencies are estimates as these are applied at portfolio level. Corporate level adjustment for opex efficiencies allocated to the Successful and sustainable business SIP.
- *Total differs by one due to rounding

Our investment approach

Objective	Efficient and Financially Sustainable Business	Community Trusts and Values Us	Value-Driven Digitalisation
Commitment to customers	We enhance operational efficiency, optimise resource allocation, and ensure financial resilience, with a focus on long-term sustainability and effectiveness	We build trust by fulfilling our commitments, amplifying First Nations voices, fostering strategic partnerships, prioritising sustainability, and embracing social responsibility	We leverage digitalisation to optimise processes, empower our people, and deliver exceptional value and service to our customers
Customer priorities and our stakeholder commitments	Providing reliable and affordable water and wastewater services, now and into the future, through sound financial management, sustainable investment, transparent accounting, and prudent use of resources.	Acting responsibly and transparently, and building trust by ensuring water safety, reliability, and demonstrating commitment to environmental stewardship.	Ensuring better informed customers through improved/modern communications to assist and manage water use and optimising our internal processes and decision-making.
Why this is important to our customers, staff, and stakeholders	Having efficient operations help to manage our costs and enable us to keep our prices down. Long-term financial sustainability will allow us to plan and invest for current and future needs. As a public company, we must ensure the government's investment of its capital is used efficiently and maintain high standards of public accountability and corporate governance.	We provide critical community services. A foundation of community trust and value is crucial for our success as a business. This trust is built through the reliability of our service delivery and through our investment actions and decision processes that support the economic and social outcomes of the State.	We need to adopt and adapt digital technology to better engage with customers, enhance performance, derive intelligent insights, improve user experience, and build resilient and reliable technological foundations.
What our investment will deliver by 2030	Deliver service excellence roadmap	Continue to deliver EPPM systems capability roadmap	Launch continuous improvement program to continue to improve efficiency and decision-making
	Uplift protective security and emergency management	Uplift organisational and supply chain capabilities to support delivery of increased future Investment Program	Build skills in our workforce to continuously improve our workflow efficiency (process mapping, design, requirements and solution design, benefits) Improve Digital and Data Literacy in staff to improve productivity and collaboration
	Optimise property portfolio	Implement our innovate RAP to advance reconciliation	Deliver Digital Workplace (AI foundation) program to improve productivity and collaboration Deliver Site Modernisation (network and connectivity)
What our investment will deliver by 2035	Continue to provide strategic, financial, and commercial services across the organisation and property, fleet, and facilities	Continue to provide organisational and supply chain capabilities to deliver investment program	Deliver people tools modernisation to support automation and productivity
			Continue to provide digital services across the business and improve business performance using data-driven insights

Objective 1: Efficient and financially sustainable business

We enhance operational efficiency, optimise resource allocation, and ensure financial resilience, with a focus on long-term sustainability and effectiveness.

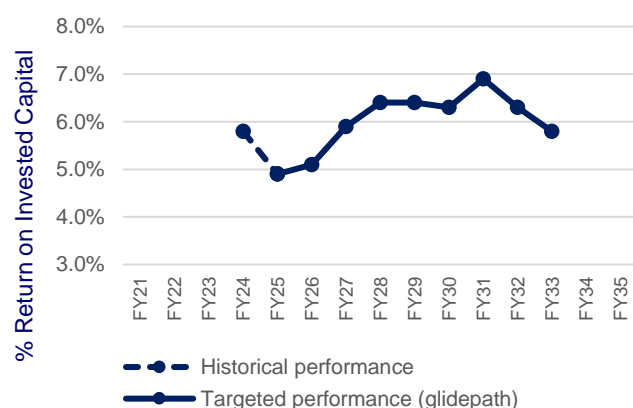
We will:

- keep our operations efficient
- optimise our internal processes
- minimise cost of resources required to produce our services
- adopt cost-effective technologies.
- budget responsibly and manage finances prudently.

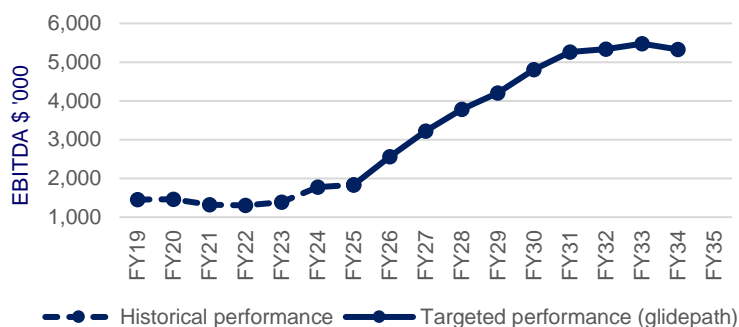
Performance measure	Aim	Baseline	Targets			
		23-24	24-25	25-26	29-30	34-35
Sustainable Investment Efficiency: Return on Invested Capital (ROIC) reflects the efficiency of capital utilisation	Maintain ROIC with targets set each year in line with published budgets with the aim to make sure the funds we have (which come from taxpayers and other sources) are being put to good use, by ensuring long-term financial sustainability, operational efficiency, and shared value creation.	5.9%	4.9%	5.1%	6.3%	-
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA): Earnings (Australian dollars (AUD) millions) before interest, tax, depreciation, amortisation and before asset charges (write offs and impairment expense)	Maintain EBITDA with targets set each year in published budgets.	\$1,780M	\$1,834M	\$2,562M	\$4,811M	-

Rationale and historical context

This objective directly supports one of our principal objectives under the Sydney Water Act to be a successful business, specifically, to operate at least as efficiently as any comparable business and maximise the net worth of the State's investment. Prudent financial management and responsible budgeting ensures that the revenue generated from our services is sufficient to cover operational expenses and future investments. It also enables us to satisfy requirements from our regulator.



Our next pricing period requires some difficult decisions and trade-offs to manage some of our declining asset classes while also investing in new capital to support Greater Sydney’s population and economic growth and meet customers’ desired community outcomes. This requires mature governance, systems, and planning processes to understand trade-offs, efficiently allocate our limited resources and deliver operations effectively. We need to invest across our finance, corporate governance, and strategy functions, as well as our fleet and property, to build a resilient, efficient, and financially sustainable business. These investments are not just monetary allocations, they represent our promise to continuously improve, adapt, and provide water services that meet and exceed the expectations of our communities.



Strategy for improvement

Our key activities for ensuring we are an efficient and financially sustainable business include:

- **Driving efficiency and financial sustainability through robust finance, strategy, and procurement functions.** This includes, for example, managing expenditure efficiently by establishing cost efficiency programs and setting targets for improved financial performance.
- **Delivering our Service Excellence Roadmap** which will ensure our asset management processes are aligned, controlled, planned and proactive, and support the resilience of our assets.
- Optimising our workforce by embedding the ‘Future Ready Structure’ (see Accountable, agile, and innovative culture SIP) and digitalising our processes (see Objective 3). This will allow us to problem-solve in an agile manner and identify and implement continuous improvements that support the long-term success of our service delivery.
- **Investing in a modern, sustainable fleet** not only to reduce our environmental footprint but also to enhance our ability to respond promptly to any challenges that may arise.
- Prioritising property investment towards **maintenance and upgrade of critical infrastructure** to ensure the longevity and reliability of our operations.
- Enhancing our ability to withstand shocks and stresses, and effectively respond to critical emergencies and crises through our **protective security and emergency management uplift**. This uplift will improve our response by enabling faster identification of emergencies, streamlining decision-making processes, and clarifying responsibilities to ensure quicker, more coordinated responses.

Success factors

- Continually improve productive asset life to deliver outcomes while minimising risk and keep bills affordable.
- Mature governance, systems, and processes to understand trade-offs and manage risk appropriately and demonstrate prudence and efficiency to our regulator.

Risks

- Weather, resources, supply chain and costs can slow delivery.
- Uncertainties in inflation, water demand and Assets Free of Charge received create challenges in forecasting and assumptions that underpin our investment decisions.

Objective 2: Community trusts and values us

We build trust by fulfilling our commitments, amplifying First Nations voices, fostering strategic partnerships, prioritising sustainability, and embracing social responsibility.

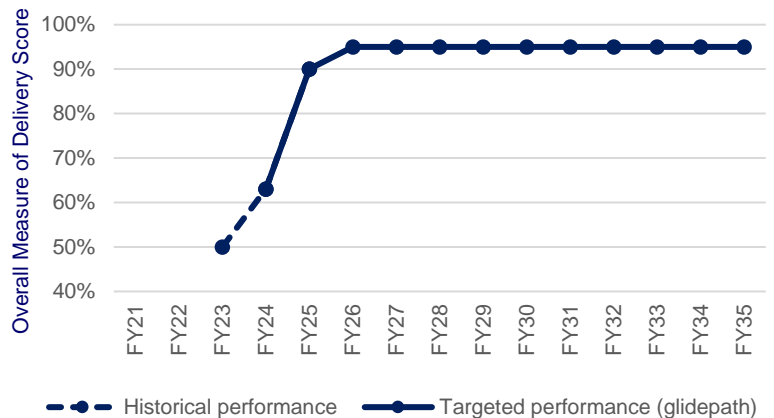
We will:

- deliver sustainable and socially responsible services and infrastructure
- actively involve the community in decision-making and communicate transparently
- foster positive stakeholder reputation and relationships through responsible water management
- align our actions with community values.

Performance measure	Aim	Baseline	Targets				
		23-24	24-25	25-26	29-30	34-35	
Delivering infrastructure when its required: percentage score of Overall Measure of Delivery (OMD)	Improve our overall delivery of infrastructure meeting budgets and timelines to deliver water services	74%	90%	95%	95%	95%	

Rationale and historical context

This objective directly supports one of our principal objectives under the Sydney Water Act to be a successful business, specifically, to exhibit a sense of social responsibility by having regard to the interests of the community in which we operate. In line with IPART’s 3Cs pricing framework we are embedding customer engagement feedback into our plans and price proposal to meet community needs and support environmental sustainability. This aligns with our customers priorities. They expect us to have a positive impact on the community, promoting sustainability and demonstrating social corporate responsibility. Sydney Water has focused strongly on community engagement, implementing customer feedback, and promoting sustainability, aiming to build trust and demonstrate commitment to community values. Despite this, all our stakeholder metrics declined in 2023 and stakeholder advocacy and stakeholder relationship quality have significantly declined. Stakeholder trust declined to 52%. We can build and retain community trust and respect through transparency, responsibility, community engagement, reliability, and aligning our actions with community values. One important way we will do this by delivering the infrastructure required to meet the needs of customers and stakeholders when it is required, as measured through our Overall Measure of Delivery.



Strategy for improvement

Key activities for delivering community value and trust include:

- Using strong project management, delivery skills and corporate governance to **ensure timely and on-budget capital program delivery**, in line with our customer expectations.

- Review, optimise and streamline **maintenance, renewal and asset creation processes** to improve asset performance and delivery timeframes and to ensure we are able to deliver efficiently (refer Service Excellence in objective 1)
- Building community trust through **strong community engagement, water sector leadership and a clear commitment to reconciliation.**
- **Implementing and maintaining efficient customer feedback mechanisms** to continuously improve our services and evolve our long-term customer engagement strategy to engage with customers about the areas of service that are most important to them as well as the areas of Sydney Water's plans they can shape or influence. This will help allow customers to have active involvement in our investment decisions.
- **Prioritising sustainable and environmentally responsible practices** that align with community values focusing on reducing our environmental footprint, conserving resources, and supporting biodiversity.
- **Engaging with local communities and stakeholders** to incorporate their insights and values into our decision-making, ensuring our initiatives not only meet regulatory standards but also reflect the environmental priorities of the people we serve.
- **Continuing the work of our First Nations peoples** to protect the water in our environment and communities and care for Country. Our Innovate RAP provides a framework for the actions we will undertake to advance reconciliation.

Success factors

- Support infrastructure delivery with appropriate technical and commercial capabilities.
- Effective relationships with stakeholders (such as our delivery partners) to support efficient project delivery.
- Efficient management and governance processes to support delivery and decision-making.

Risks

- Insufficient capabilities to deliver the projects, given the scale envisaged in the LTCOP.
- Ineffective relationships with stakeholders may hinder efficiency of project delivery.
- Inefficient management and governance processes may hinder delivery timelines and decision-making.

Objective 3: Value-driven digitalisation

We leverage digitalisation to optimise processes, empower our people, and deliver exceptional value and service to our customers.

We will:

- prioritise cybersecurity while optimising customer, employee, and asset experiences
- offer new digital channels for anytime connectivity
- leverage data and information from digitalisation to optimise our decision-making.

Performance measure	Aim	Baseline	Targets			
		23-24	24-25	25-26	29-30	34-35
Digitalisation index score: The Digitalisation Index tracks, measures, and assesses the progressive strategic impact of the Digitalisation Roadmap in support of our transformation into an 'Intelligent Water Utility'.	Optimise the digitalisation index score with the aim to provide digital enablement to empower customers, deliver intelligent assets, increase insight led performance, provide intuitive people experiences and ensure cloud hybrid optimisation.	29.6	32.3	35.4	48.0	-

Rationale and historical context

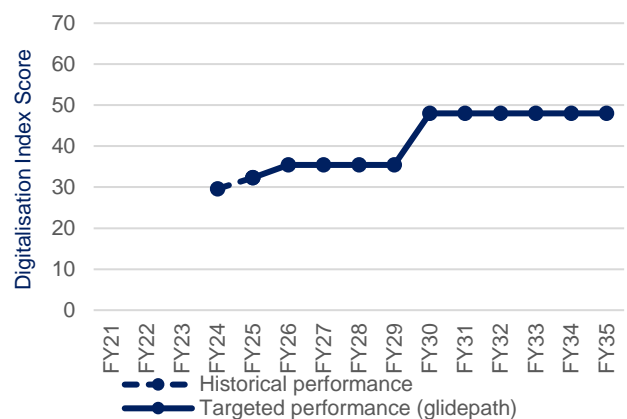
Digitalisation will be a major enabler of our customers outcomes, helping us to understand our customer’s needs and supporting their engagement with us. Many of our operational and capital investments mentioned in our Water quality and reliability SIP and Environmental protection SIP are dependent on leveraging insights and data from the digitalisation of our services. Our cybersecurity is also critical to maintaining and building trust with our customers, partners, and stakeholders. Adopting and adapting to digital technology will enable us to better engage with customers, enhance our efficiency and performance, derive intelligent insights, improve user experience, and build resilient and reliable technological foundations.

The target is based on a forecasted linear increase in the digital index score as large programs like Internet of Things (IoT), ODI and Smart Meters are implemented. Near term targets are based on current business plan and strategy aspiration, while the longer-term targets reflect our LTCOP assumptions and ambition. We also expect there will be some step changes in the digital index score. We will review and adjust long-term targets as significant step changes occur.

Strategy for improvement

We will deliver value driven digitalisation by:

- **Investing in digital capabilities** to streamline workflows, improve efficiency, and ensure consistent customer experiences.



- **Maintaining core digital technology to run the business** including supporting customer telephony uplift, network monitoring, and maintenance systems (covered in other SIPs) to enhance our service delivery, particularly through proactive leak notifications and self-service portals.
- Ensuring our technology is **up-to-date and secure**, allowing us to use a mix of cloud services and private hosting. This approach lets us take advantage of the cloud's power while keeping critical systems safe and protected.
- **Becoming a digitally intelligent water utility**, supported by digital investment now and over the long-term, harnessing the benefits and outcomes for the following: Empowered Customer (refer Customer Experience SIP), Intelligent Assets (refer Water quality and reliability SIP and Environmental protection SIP), Insight Led Performance (this SIP), Intuitive People Experience (refer Accountable, Agile, Innovative Culture SIP).

We will support our digital investment by providing dedicated staff training and development staff to **build their technology literacy**. This will enable them to embrace the productivity and efficiency benefits from technology, including enhanced problem-solving and decision-making.

Success factors

- Core program investment supports our business, uplifts resilience, improves connectivity and user experience, secures mission critical services, and significantly reduces overall infrastructure management.
- Investment to continually improve to ensure we derive business value from existing platforms.
- Technology is embraced by our people to enable productivity and collaborative work.

Risks

- Transformational initiatives also require investment in and augmentation of our core digital services.
- Continued investment is required to ensure capability are maintained and do not erode over time.
- Digital technology presents security challenges that we need to manage.

