

WaterNSW Rural Valley operating expenditure review

Final

Reliance Restricted

March 2026



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Reliance Restricted

Independent Pricing and Regulatory Tribunal
2-24 Rawson Pl
Sydney NSW 2000

WaterNSW Rural Valleys Operating Expenditure Review

March 2026

In accordance with your instructions, we have performed the work set out in our engagement agreement dated (the “Engagement Agreement”) in connection with undertaking a review of WaterNSW’s base operating costs for Rural Valleys (the “Review”).

Purpose of our Report and restrictions on its use

This report has been prepared for the purpose of assisting IPART in assessing the efficiency of WaterNSW’s Rural Valleys operating expenditure and identifying cost drivers, structural changes, and potential areas for improvement. It is intended to inform IPART’s determination process and provide transparency over WaterNSW’s cost base.

This Report and its contents may not be quoted, referred to or shown to any other parties except as provided in the Order of Services.

We accept no responsibility or liability to any party other than IPART, or to such party to whom we have agreed in writing to accept responsibility in respect of this Report. Accordingly, if any other person chooses to rely upon any of the contents of this Report, they do so at their own risk.

Nature and scope of the services and limitations

The nature and scope of the services are detailed in the Order of Services.

During the course of our work, we have also relied upon the following sources of information:

- Meetings with WaterNSW and IPART
- Information received from WaterNSW
- Desktop analysis of the Australian utilities sector including but not limited to sources provided by WaterNSW and IPART and utilising previous consultant reports and pricing submissions.

Reliance on Information

Our analysis was based on information provided by WaterNSW and publicly available sources. We have not sought to verify the quality, validity or accuracy of the information provided to us and have assumed that all such information presents an appropriate basis for the purposes of our analysis. Certain aspects of the scope were limited by timing and data availability, including detailed role-level information and comprehensive benchmarking adjustments. These limitations are noted in the Report.

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Limitations

Our analysis was based on financial information provided at the business unit level for the Rural Valleys function, which enabled us to assess operating expenditure by function but limited our ability to quantify the financial impact of specific initiatives, events or changes in expectations (e.g. stakeholder engagement). This is particularly challenging where expenditure flows across multiple teams within WaterNSW, such as:

- **Government Engagement:** Costs associated with Ministerial and departmental interactions often span Strategy & Performance, Corporate Affairs, and operational teams, making it difficult to isolate the full financial impact.
- **Digital Programs:** Rollout and operation of digital initiatives involve shared resources (e.g., ICT, customer service, and operations), meaning costs are distributed across functions rather than captured in a single line item.
- **EY requested Rural Valleys operating expenditure data only.** The dataset supplied included multiple determination codes across a series of columns within the raw dataset, and WaterNSW advised only at the final review stage that Rural Valleys OPEX figures also contained non-urban metering costs and a series of other adjustments which do not form part of the costs submitted in the Rural Valleys AIR Submission. EY has not removed these costs from the headline OPEX and portfolio totals.
- **Our review focuses on the total rural valley operating expenditure based on data provided by WaterNSW.** There are some differences in how operating expenditure is reported due to how costs are recovered. The data underpinning the report includes \$15.3m of non-urban metering costs and minor capex/funding-related adjustments. This dataset, as provided by WaterNSW, is applied consistently throughout this report. By comparison, the WaterNSW IPART AIR submission excludes these items and reports lower operational expenditure growth over the assessment period.
- **Portfolios:** Not all expenses across the review period have been allocated to a corresponding portfolio, there are approximately \$1.3m of expenses that are not allocated, EY deems this amount immaterial relative to the total operating expenditure reviewed across the period.
- **Data provided by WaterNSW within the FTE have grant-funded roles or non-core program staff in those figures.** The number of these staff have not been provided by WaterNSW and have been advised following the initial draft report, we therefore note that some FTE may include non-core or grant funded roles within the headcount.
- **Where we were unable to identify trends directly from the data, we have attributed our findings to the information and explanations provided by WaterNSW.**

We were also asked to place greater emphasis on corporate functions, given these areas have received less scrutiny in previous reviews.

Finally, while we undertook benchmarking analysis, the lack of detailed data from other utilities and concerns raised by WaterNSW regarding comparability meant that benchmarking results have not been included in this report. This was also a key input into estimating an efficient cost base and combined with a lack of detailed information around roles and responsibilities we have not undertaken this analysis.

Contents

Executive Summary	Page 5 - 7
Scope of works and approach	Page 8 - 9
Background and organisational structure	Page 10 - 15
Rural valley operating expenditure trends	Page 16 - 24
Glossary	Page 25 - 28
Business Unit Mapping	Page 29 - 33

Executive Summary

Executive Summary

Overview and context

- This review was commissioned on 10 October 2025 to assess the efficiency of WaterNSW's operating expenditure for Rural Valleys and identify cost drivers, structural changes, and potential areas for improvement. WNSW is subject to four price determinations - the rural valleys determination is around 30% of WNSW regulated income.
- The review is an independent business review, not an audit. We have relied on information provided by WaterNSW and publicly available sources. We have not verified or audited the accuracy of the data and information supplied to us. Our analysis and findings are based on the assumption that the information received is accurate.
- While the analysis provides a view of expenditure trends and portfolio-level drivers, there were limitations in meeting the full scope of works:
 - Data constraints and timing: Key information on roles, functions, and resourcing was provided towards the end of EYP's review and only partially complete, limiting the depth of functional analysis. FTE data by business unit is available for WaterNSW as a whole however not broken down by rural valleys.
 - Benchmarking challenges: Differences in scale, regulatory complexity, and geographic spread make direct comparisons with other utilities challenging.

Cost drivers and trends

Rural Valleys OPEX has risen ~9% p.a. since FY22 to \$75m in FY25—well above inflation—signalling structural cost pressure beyond inflation.

- WaterNSW's Rural Valleys operating expenditure has grown around 8.8% per year since FY22, reaching \$75.4 million in FY25, compared to CPI and wage growth of 3-4%. The increase in Opex has been driven by growth in Strategy and Performance (25% p.a.), Operations (12% p.a.) and Digital (16% p.a.).
 - The data underpinning the report is for total rural opex which includes \$15.3m of costs that are excluded from the rural determination including non-urban metering costs and minor capex/funding-related adjustments. This dataset, as provided by WaterNSW, is applied consistently throughout this report. By comparison, the WaterNSW IPART AIR submission excludes these items and reports lower operational expenditure growth over the assessment period of 6.7% from FY22 to FY25.
- **Headcount and Payroll:** FTE has increased 20% since FY23, reaching 1,151 in FY25 across WaterNSW as a whole and reflects broad-based growth across the organisation with increased headcount across all portfolios (note FTE breakdown by rural is not available). Payroll for Rural Valleys increased 10.5% per annum between FY23 and FY25 exceeding wage inflation (4%). WaterNSW advised that this in part reflects organisational changes including internalising roles (shift away from contractors) to increase organisational capability and added capacity to support stakeholder engagement especially government.
- **Regulatory and Compliance:** New obligations under the Operating Licence, dam safety standards, SOCI Act, and metering reforms have added material cost layers. For example, metering and compliance costs grew from \$0.2m in FY23 to \$1.8m to FY25.
- **Extreme Weather Events:** Floods and bushfires increased hydrometric monitoring, recovery costs, and insurance premiums (+17%).
- **Digital transformation:** ICT licensing, Network projects, telemetry upgrades, and cyber security compliance drove significant cost growth. The digital Portfolio Opex increased from \$7.6m in FY22, peaking at \$12.4m in FY24 and back down to \$9.2m in FY25.

Corporate expenditure

A significant cost component at ~38% of total costs which has continued to grow due to digital enablement and Government priorities

- Corporate expenditure remains high at ~38% of total Opex and likely reflects WaterNSW's scale and complexity. However, real expenditure has continued to increase despite no material change in external requirements, and our review indicates that a significant share of this spend is not clearly linked to enduring efficiency improvements or demonstrable customer value:
 - Temporary functions and transformation programs have inflated operational costs, with uncertain long-term efficiency benefits. For example, the benefits from the WAVE initiative remain largely unproven.
 - Corporate functions such as strategy and legal/finance absorb a high share of expenditure (7% and 12% respectively of total Opex), driven, in part, by growing policy-related engagement and Government-focused activity. WaterNSW has noted that this has, in part, been driven by the Water Regulation Framework however the net benefits to end-users are diffuse and not well understood, and WaterNSW has not clearly identified the full cost of this work or the value it delivers.

Executive Summary

Government engagement

Expanded Strategy & Performance and Corporate Affairs activity, driven by Ministerial and departmental interaction, has lifted costs with benefits to customers diffuse and hard to evidence.

- Expenditure on government relations and external engagement has grown substantially within the portfolios of Strategy & Performance (+25% CAGR from FY22 to FY25) and Corporate Affairs (44% increase between FY22 & FY24), driven by increased interaction with NSW and Commonwealth agencies. Note EY has not been provided data that enable us to quantify the full impact of increased government engagement which is challenging due to its indirect nature and dissemination across WaterNSW.
- These activities support regulatory compliance and strategic positioning but deliver diffuse and indirect benefits for customers. There is a blurred line between engagement undertaken to deliver value for water users and policy advice provided as a service to Government. Because the true cost of this work is not well understood, WaterNSW cannot assess the net benefit or determine when additional investment stops delivering meaningful value.
- That said, at least some of this activity is outside of WaterNSW control as it's not realistic to deprioritise Ministerial or Departmental requests. Work outside of this engagement is being commenced on cost drivers and funding models.

Digital investment

Digital spend has increased without realising the expected end-user benefits; while systems are now embedded, consideration should be given to a prudency test so only value-adding or compliance-essential costs enter the efficient base.

- Digital transformation has been a major cost driver, with expenditure rising from \$7.6m in FY22 to \$12.4m in FY24, before moderating to \$9.2m in FY25. These investments were intended to deliver tangible benefits for end-users, including:
 - Improved customer experience through real-time data access (Water Insights Portal) and self-service platforms (Water Market System).
 - Automation of billing and licensing processes, reducing errors and improving transparency.
 - Enhanced operational resilience via telemetry upgrades and cloud migration.
- However, WaterNSW has not provided clear evidence that these benefits have been realised, or targets and benefits have been tracked.
- These initiatives are already implemented and embedded in WaterNSW's operating model, making it difficult to unwind them without disrupting service delivery. However, there should be consideration about whether these costs should be fully incorporated into the efficient cost base for rural pricing.

Recommendations and next steps

Given the complexities in understanding the efficiency level of WaterNSW's expenditure further work is needed

- **Undertake a program logic for core regulatory, strategy, and engagement functions:** WaterNSW should work with NSW Treasury and the Department of Climate Change, Energy, the Environment and Water to develop a program logic that maps the resources required to achieve mandated outcomes and identify areas of duplicative or overlapping activity, as well as any imbalance between effort and required outcomes. This will provide a clearer view of cost drivers, resourcing needs, and potential efficiency opportunities.
- **Clarify cost attribution for Government policy advice and stakeholder engagement:** WaterNSW should identify which engagement activities constitute services and advice provided to Government on policy, reform or legislative matters, as distinct from BAU customer and valley-related engagement. WaterNSW should map these activity types and associated effort so they can be transparently costed and attributed in line with user-pays principles.
- **Understand organisational complexity and scale trade-off:** Undertake further work to understand how the complexity of WaterNSW's rural valley operations may be affecting its ability to realise economies of scale and lower unit costs within its regulatory and strategy functions

Scope of works, approach and limitations

The review aims to assess WaterNSW operating expenditures to understand what is driving cost and whether where expenditure may not be efficient

Purpose and scope

The purpose of this review is to provide an evidence-based assessment of WaterNSW's **current operating expenditure (Opex) for Rural Valleys**, focusing on efficiency and cost drivers. The review will help the Tribunal understand whether WaterNSW's base costs are reasonable and identify opportunities for improvement.

The scope includes:

- **Identify areas of cost growth:** Analyse which operating cost categories have increased and the functions/business units they relate to, using a **top-down approach**.
- **Understand cost drivers:**
 - Changes in legislative, regulatory, or other requirements.
 - Activities not clearly linked to statutory obligations.
 - Resourcing changes for existing obligations.
 - Temporary projects/events that have led to permanent FTE increases.
- **Integration impacts:** Assess whether synergies from the integration of State Water, SCA, WAMC, and Pipeline businesses have been realized and whether integration has contributed to cost increases.
- **Cost structure review:** Examine the balance between direct and indirect costs and changes in corporate expenditure.
- **Benchmarking:** Compare WaterNSW's performance over time and against external comparators to identify efficiency gaps.
- **Efficient range guidance:** Recommend an efficient range for **Rural Valleys' base operating expenditure for 2023-24**, broken down by cost activities and water sources.

Approach and limitations

This review is an independent business review, not an audit. We have relied on information provided by WaterNSW and publicly available sources. We have not verified or audited the accuracy of the data supplied. Our analysis and findings are based on the assumption that the information received is complete and accurate.

We requested and received financial and operational data from WaterNSW, including cost breakdowns, FTE allocations, and activity-level information. We held weekly meetings with WaterNSW's team throughout the review period to clarify data and discuss emerging findings.

We conducted two targeted stakeholder sessions with the Executive Leadership Team to validate key themes and understand strategic priorities. Our initial approach envisaged more in-depth targeted Government meetings with key personnel across WaterNSW to gain a more comprehensive understanding of business operations. There were also key aspects of our initial request for information that were only partly met that limited the extent of our analysis. This included key information around the roles and functions of key business units and how they were resourced. This information was partly provided late during the engagement and while attempts were made to incorporate, time did not permit a more comprehensive assessment.

We also undertook benchmarking analysis, however, due to the lack of detailed data from other utilities and concerns raised by WaterNSW regarding comparability meant benchmarking results have not been included in this report. The effect of this was that we were unable to estimate an efficient cost range for WaterNSW.

WaterNSW was provided with the opportunity to review the factual accuracy of the findings, and EY has reflected this input where appropriate throughout the report. The timing of the review did pose some challenges for WaterNSW in providing responses to our requests for information and we were largely directed to documentation and previous reports completed.

Background and organisational structure

IPART needs an independent review of Water NSW's rural operating expenditure to assess whether costs are being allocated and managed efficiently

Context

- WaterNSW is the primary supplier of bulk water services in NSW, including rural valleys that support agriculture and regional communities
- IPART regulates maximum prices under the IPART Act
- Rural bulk water supply prices have increased by between 40-50% over the last decade with cost pressures including metering reforms and climate resilience investment
- The cost increases are having an impact on industry and community, and water users believe the current pricing model is broken and has sought increased transparency over cost allocations
- In its most recent determination, IPART issued a short-term (one-year) determination rather than a full four-year price path for rural valleys, to allow more work to be done on the broader challenges identified through the price review. A four-year determination was issued for WNSW Greater Sydney.

Key issues identified by IPART

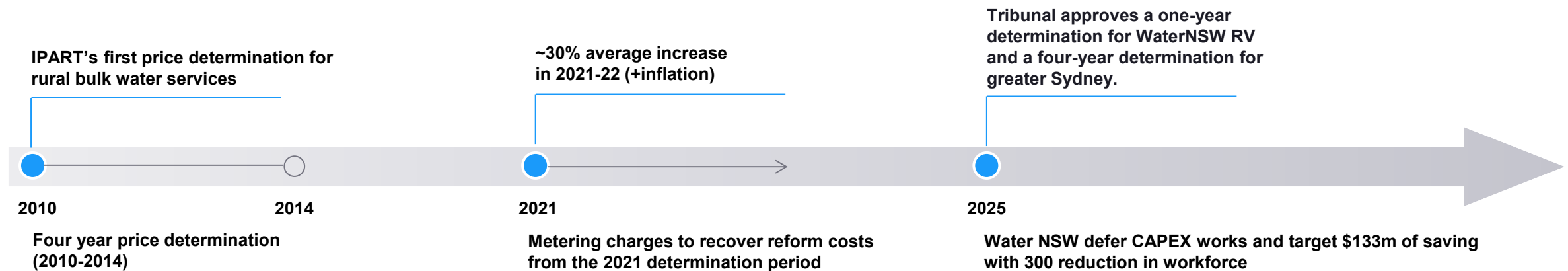
The review is required because:

Rising Opex trends: Stakeholders and the Tribunal have observed growth in Rural Valleys' operating costs, raising questions about efficiency and cost drivers.

Regulatory and functional changes: WaterNSW's legislative and compliance obligations have evolved, potentially impacting resource allocation and cost structures.

Integration impacts: The amalgamation of State Water, Sydney Catchment Authority, WAMC, and Pipeline businesses was expected to deliver synergies. It is necessary to assess whether these benefits have been realised or if integration has contributed to cost increases.

Transparency and accountability: The Tribunal requires clear evidence on whether WaterNSW's current cost base reflects efficient operations and appropriate allocation of resources.



IPART needs an independent review of Water NSW's rural operating expenditure to assess whether costs are being allocated and managed efficiently

Purpose

Water NSW Act 2014

Water NSW principal objectives:

- (a) to capture, store and release water in an efficient, effective, safe and financially responsible manner, and
- (b) to supply water in compliance with appropriate standards of quality, and
- (c) to ensure that declared catchment areas and water management works in such areas are managed and protected so as to promote water quality, the protection of public health and public safety, and the protection of the environment, and
- (d) to provide for the planning, design, modelling and construction of water storages and other water management works, and
- (e) to maintain and operate the works of Water NSW efficiently and economically and in accordance with sound commercial principles.

Source: Water NSW Act 2014

Function

WaterNSW Main Functions

- (a) to capture and store water and to release water–
 - (i) to persons entitled to take the water, including release to regional towns, and
 - (ii) for any other lawful purpose, including the release of environmental water,
- (b) to supply water to the Sydney Water Corporation,
- (c) to supply water to water supply authorities and to local councils or county councils prescribed by the regulations,
- (d) to supply water to licensed operators and licensed retailers
- (e) to supply water to other persons and bodies, but under terms and conditions that prevent the person or body concerned from supplying the water for consumption by others within the State unless the person or body is authorised to do so by or under an Act
- (f) to construct, maintain and operate water management works
- (g) to protect and enhance the quality and quantity of water in declared catchment areas,
- (h) to manage and protect declared catchment areas and water management works vested in or under the control of Water NSW that are used within or for the purposes of such areas,
- (i) to undertake flood mitigation and management,
- (j) to undertake research on catchments generally, and in particular on the health of declared catchment areas,
- (k) to undertake an educative role within the community.

Powers

Powers

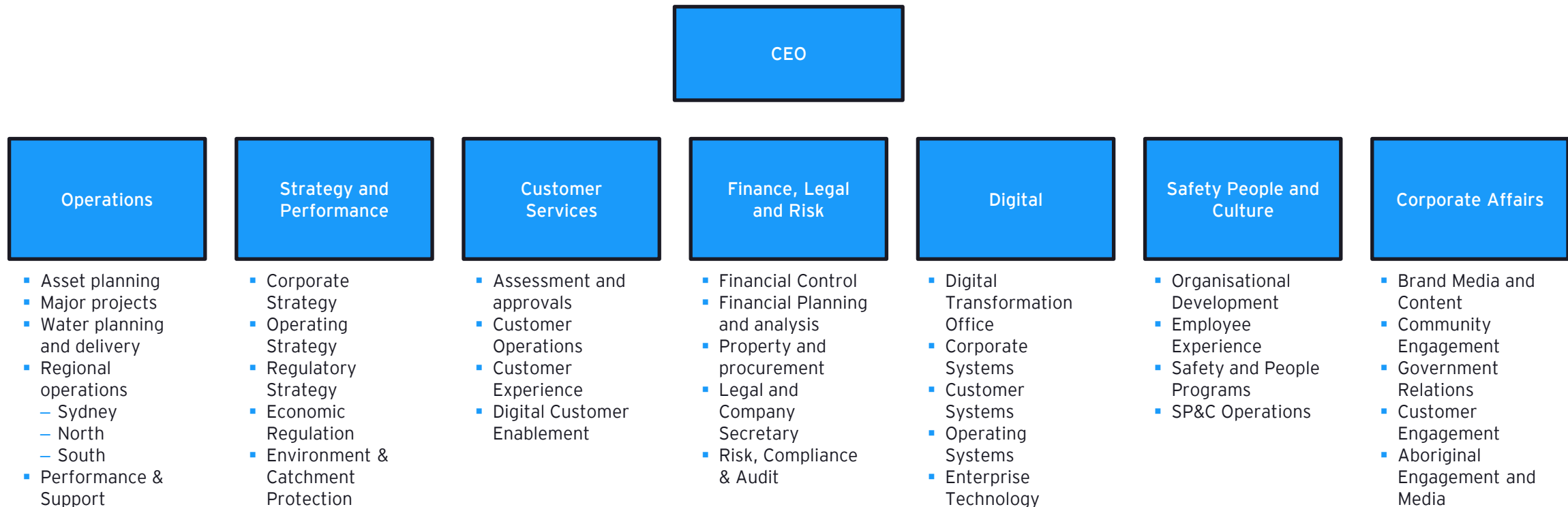
WaterNSW operates under an operating licence administered by Independent Pricing and Regulatory Tribunal (IPART).

The operating licence enables WaterNSW to exercise its functions under the Water NSW Act 2014. The Operating Licence also contains a number of reporting obligations on WaterNSW.

WaterNSW also have a series of additional power under their operating license and statutory function including:

- Acquire land for its purposes.
- Break up roads or alter conduits for its works.
- Can use water management works to generate hydroelectricity
- Is authorised to impose fees and charges.
- Can conduct business or activities to further its objectives, even if not directly related to its listed functions.

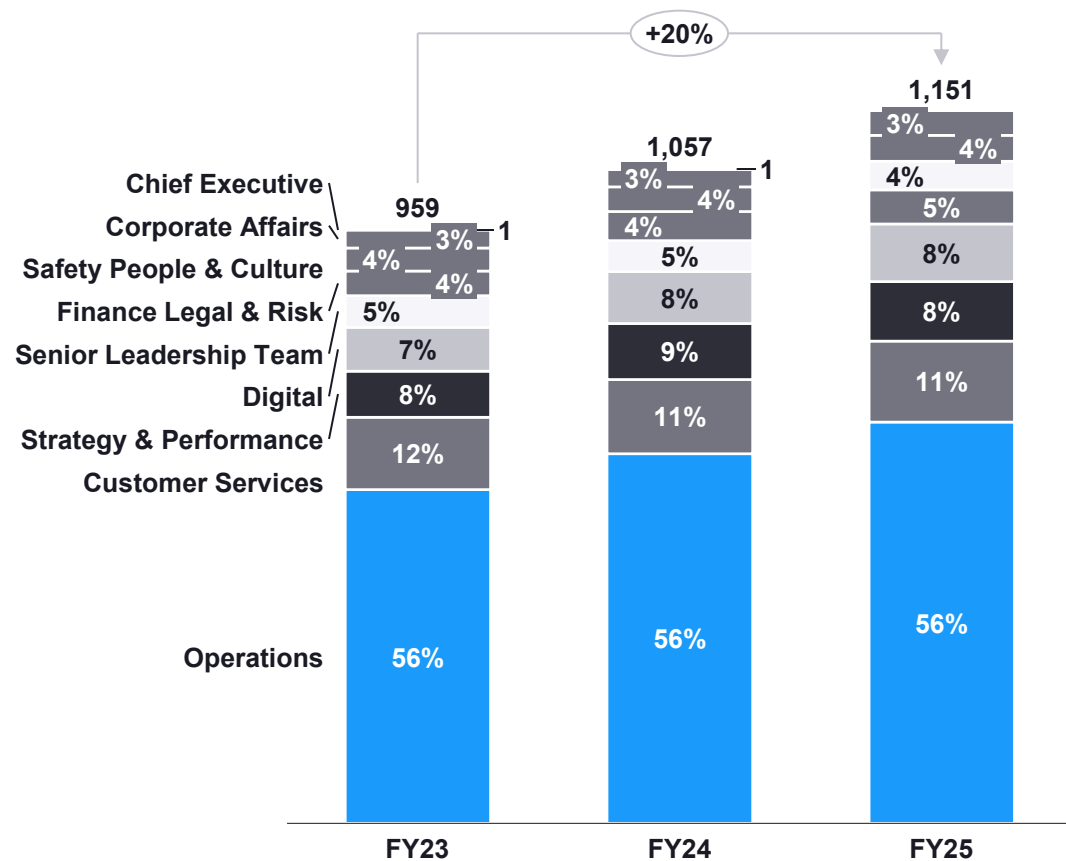
WaterNSW has undergone a recent restructure and consolidated a number of its portfolios however the analysis has focused on the most recent financial data available



Source: OpMode 2022 Overview – Dec 2025.pptx

WaterNSW FTE increased 20% from 958 FTE in FY23 to 1,151 in FY25 but has since reduced since restructure to 1037 FTE

Chart 2: All Valleys FTE Overview & Portfolio Allocations FY20-FY25



Source: 3b - WaterNSW Historical FTE FY18-25.xlsx

Commentary

WaterNSW's workforce had grown significantly since FY23, reflecting both structural changes following the 2022 operating model restructure and according to WaterNSW new obligations introduced under the 2024 Operating Licence. The operating model restructure was, in part, to increase resources to enable better alignment with Government priorities and involved a consolidation of its portfolios and reducing executive and senior management roles.

Overall headcount had increased by 20% to 1,151 between FY23 and FY25 at FY25, driven by a combination of integration, regulatory compliance, and digital transformation initiatives.

It is worth noting that as at September 2025, FTE had fallen to 1,037 with key reductions across Customer Services and Operations portfolios.

There are clear drivers that explain an increase in resourcing over this period:

- Operating license obligations (ongoing) (+187 FTE)
- Digital transformation (transitional) (+22 FTE)
- Response to variable climatic conditions including floods (cyclical)

The structural changes have been an internal initiative led by the operating model review however have led an increased FTE profile for WaterNSW led by:

- Increased capacity for government relations, stakeholder engagement, and Aboriginal programs to manage increased stakeholder expectations and ad-hoc Government requests.
- WaterNSW has mentioned that support costs to comply with IPART's Water Regulation Framework, required extensive activities including self-assessment against guiding principles and grading rubrics, customer consultation and early engagement and the development of robust business cases.
- Internalising roles and reduction in contractor spend with Consultant and Contractors making up 18% of Total Employee Expenditure in FY22 down to 16% in FY25.

Structural changes and role movements, not just wage inflation, are influencing cost growth with expenditures on employees and contractors increasing 10.5% between 2022 and 2025

Table 2: Employee & Contractors Spend (Rural Valleys)

Employee & Contractors Spend (Rural Valleys)	FY22 - Employees	FY22 - Contractor	FY25 - Employee	FY25 - Contractor	Total CAGR (2022 to 2025)
Operations	19.2	4.6	25.8	5.2	9.2%
Digital	1.7	0.1	2.80	0.0	10.2%
Finance Legal & Risk	0.1	0.1	0.1	0.0	1.9%
Customer Services	2.8	0.0	3.9	0.10	11.5%
Corporate Affairs	0.6	0.0	0.5	0.0	(4.5%)
Chief Executive	0.0	0.1	0.0	0.0	0%
WaterNSW	0.2	0.8	0.1	0.60	(21%)
Strategy & Performance	1.2	0.0	2.6	0.0	39.1%
Safety People and Culture	0.0	0.0	0.0	0.0	0%
Total	25.8	6.0	35.8	7.3	10.5%

Growth has been driven by increases in the FTE Numbers and potential redeployment of FTEs into rural valleys

While wages have increased at an average of ~4% per year, the compound annual growth rate (CAGR) of payroll for Rural Valleys is significantly higher at ~10.5%, indicating that structural changes and role movements—not just wage inflation—are influencing cost growth. Some of the key drivers have been:

- Strategy & Performance
 - Spend within this portfolio increased by 39% CAGR, despite only modest FTE growth (+6 roles).
 - This indicates that there may have been higher-value roles or redeployment into Rural Valleys functions – particularly for regulatory compliance and licence obligations which have contributed to cost escalation.
- Digital Expenditure
 - Digital expenditure grew by 10.2% CAGR, alongside a 39% rise in FTE from 81 to 103. Indicating that whilst growth was observed within the Rural Valleys function it is likely that growth was stronger in other areas of the business.
 - Drivers include hiring technical specialists and supporting major transformation programs such as Water Insights Portal, Water Market System (WMS) development, and cloud migration.
- Customer services
 - Spend grew by \$1.2m, while FTE declined slightly (43 → 42, -2%). This points to role reallocation into Rural Valleys and cost growth linked to digital integration and compliance obligations, rather than workforce expansion.

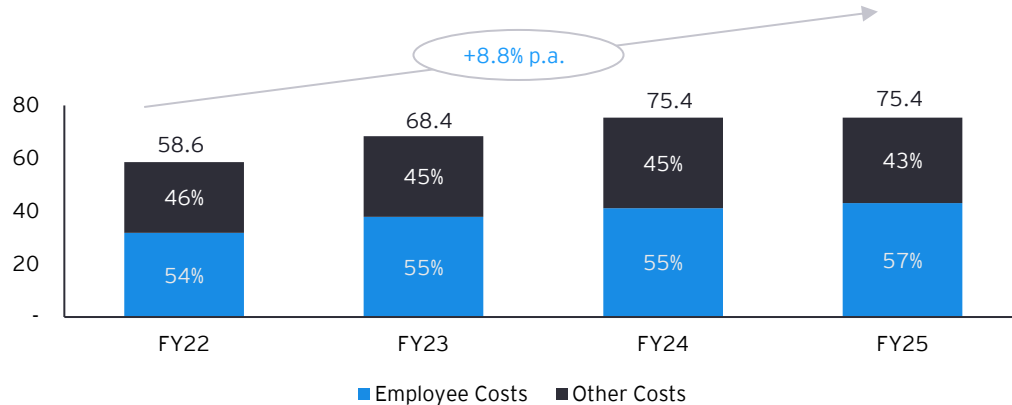
WaterNSW noted that increased in FTE was in part due to internalising roles and lowering reliance on contractor costs. While employee costs have increased by more, contractor spend has also continued to rise suggesting that internalisation of roles is yet to see a material offset in contractor costs noting that the number of transformation projects taking place over this period makes it unclear what the structural impact has been

Source: 3b - WaterNSW Historical FTE FY18-25.xlsx

Rural valley operating expenditure trends

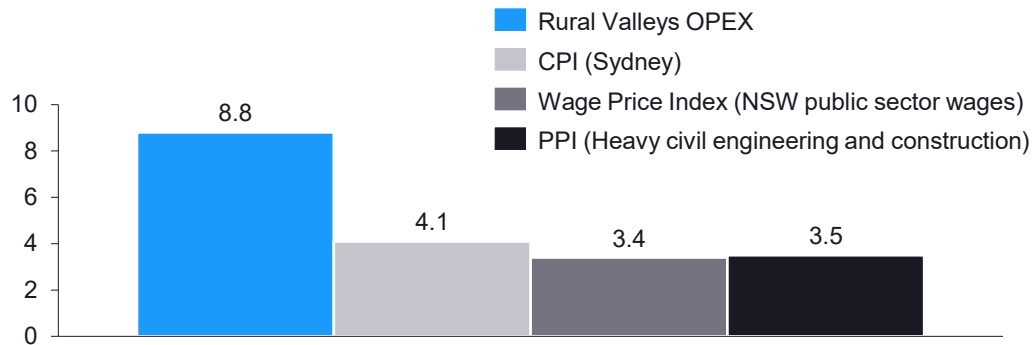
WaterNSW rural valleys operating expenditure has increased 8.8% per year since FY22 to reach \$75.4 million in FY25 which compares to around 3-4% per year for inflation and wages over the same period

Chart 1: WaterNSW Rural Valley Opex
\$ millions



- Total rural valley OPEX has grown by around 8.8% per year since FY22 to reach \$75.4 million in FY25. Annual increase of 8.8% compares with annual prices and wages growth of around 3-4%.
 - The data underpinning the report is for total rural opex which includes costs that are excluded from the rural determination. For example, it includes \$15.3m of non-urban metering costs and minor capex/funding-related adjustments.
 - By comparison, WaterNSW IPART AIR submission excludes these items and reports lower operational expenditure growth over the assessment period of 6.7% from FY22 to FY25.
- Opex uplift is driven by a combination of external shocks, regulatory obligations, and structural cost pressures:
 - **Regulatory and compliance:** According to WaterNSW, new Operating Licence conditions, dam safety upgrades, and compliance with the Security of Critical Infrastructure (SOCl) Act and cyber security requirements have added cost layers. While it is difficult to isolate the financial impact of these factors, we can observe in the data a corresponding increase in spending across the Economic Regulation and Regulating Strategy business units by \$3.4m and \$1.6m from FY23-FY24. **Land tax and insurance premiums:** It is difficult to accurately measure the impacts of such events as individual line items have not been provided.
 - **ICT and Digital Transformation Costs:** Higher spend on Network squad business units for the network upgrades, ICT licences, SaaS arrangements, 4G bandwidth upgrades, and cyber compliance. Digital (Corporate) costs rose by \$1.6m between FY22 and FY24 or (+22%) due to the implementation of major digital capex projects but have moderated to \$9.2m in FY25.
 - **Extreme Weather Events:** Floods and bushfires disrupted operations, increased hydrometric monitoring and water-quality management costs, and inflated insurance premiums. The Flood Operations activity increased by \$1.1m in 2022-2023, however, it is likely that related costs were distributed across multiple business units, making it difficult to accurately quantify the total impact.
 - **Consultants and Contractors:** Additional spend on pricing proposal preparation, modelling, and strategy support for IPART submissions. Increase in consultancy expenditure of \$1.3m however, this figure did fall as a percentage of overall employee expenditure by 2% across the period from FY22 to FY25.

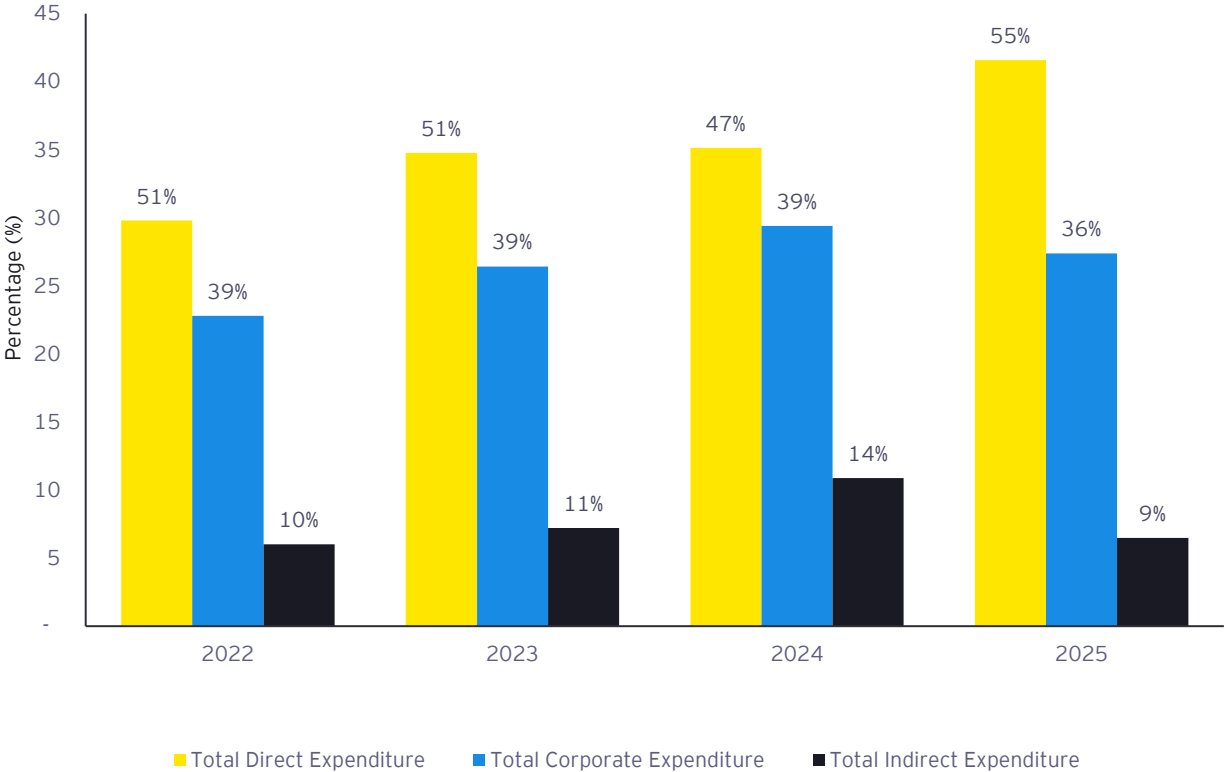
Chart 2: Growth in Rural Valley Opex compared to wage and price indices
FY22-FY25 Compound annual growth rate, %



Source: WaterNSW – Day 2 Opex and ICT Review (internal briefing deck); WaterNSW Operating Model 2022 Overview (internal presentation); Appendix 3 – Impact of Macroeconomic Factors (Deloitte Access Economics for WaterNSW); WaterNSW Pricing Proposal and IPART Determination (2021–2025); WaterNSW Annual Report 2023–24

Direct expenditure has been the primary contributor to cost growth however corporate costs remain significant

Chart 3: Rural Valley Total Direct and Non-Direct Operational Expenditure



- We have broken down WaterNSW rural valley OPEX by direct, indirect and corporate based on expenditure by business units. This approach differs from WaterNSW’s activity-based costing methodology but provides an alternative way to compare costs by the functions they serve:
 - Direct expenditure as costs incurred by the Operations team to deliver core operational activities for specific services, such as hydrometric monitoring, dam safety work, and asset maintenance.
 - Indirect expenditure as shared support costs that relate to service provision (e.g., planning, regulatory support, and technical programs).
 - Corporate expenditure includes head-office costs covering portfolios such as Finance, Legal & Risk, Strategy & Performance, Digital, Safety People & Culture, and Corporate Affairs.

Source: 1b(i) Rural Opex and Capex Data FY18-25.xlsx, WaterNSW internal data; ABS Consumer Price Index Catalogue 6401.0; ABS Consumer Price Index Catalogue 6345.0

Operating expenditure has grown across 7 of WaterNSW 10 portfolios driven by growth in Operations, Strategy & Performance and Digital

Table 1: Total Direct and Non-Direct (Corporate and Indirect) Operational Expenditure (Rural Valleys) by Portfolio

Portfolio (Millions)	2022	2023	2024	2025	Average annual growth	% of Cost to FY25
Operations	29.8	34.8	35.2	41.6	12%	55%
Digital (Corporate)	7.6	7.8	12.4	9.2	7%	12%
Finance Legal & Risk	6.9	8.0	7.1	8.2	6%	11%
Customer Services	5.1	5.6	5.4	6.5	9%	9%
Strategy & Performance	2.8	4.4	6.9	5.4	25%	7%
Safety People & Culture	2.4	2.3	1.9	2.3	(1%)	3%
Corporate Affairs	1.8	2.3	2.6	1.5	(5%)	2%
Digital (Indirect)	0.9	0.6	0.7	1.4	16%	2%
WaterNSW*	0.9	1.2	0.6	1.4	15%	2%
Chief Executive	0.5	1.5	1.4	0.5	(1%)	1%
Not allocated - Portfolios	-	-	1.3	(2.6)	-	(3%)
Total Opex Expenditure	58.6	68.4	75.4	75.4	8.8%	
Total Direct Expenditure	29.8	34.8	35.2	41.6	12%	55%
Total Corporate Expenditure	22.8	26.4	29.4	27.4	6%	36%
Total Indirect Expenditure	6.0	7.2	10.9	6.5	2%	9%

*The WaterNSW portfolio covers back-office expenditure across all activities. Prior to the restructure and creation of additional portfolios, most back-office costs were allocated to this portfolio.

Source: 1b(i) Rural Opex and Capex Data FY18-25.xlsx; OpMode 2022 Overview - Strategy & Performance charter; Day 2 Opex and ICT - FY25 ICT drivers; Day 2 Opex and ICT - customer support and determination preparation costs

- The data underpinning the report includes \$15.3m of non-urban metering costs and minor capex/funding-related adjustments. This dataset, as provided by WaterNSW, is applied consistently throughout this report. By comparison, the WaterNSW IPART AIR submission excludes these items and reports lower operational expenditure growth over the assessment period of 6.7% from FY22 to FY25.
- Operating expenditure has grown across 7 of WaterNSW 10 portfolios. The most significant increases are in Operations, Strategy & Performance, Digital, and Finance Legal and Risk, reflecting WaterNSW's priorities and external pressures:
 - Strategy & Performance (+25% per year): This portfolio has expanded to manage IPART pricing submissions, stakeholder engagement, economic regulation, and long-term water resource planning. Additional costs relate to corporate transformation programs, ESG initiatives, and climate resilience modelling.
 - Operations (+12% per year): Growth is primarily due to new compliance requirements under the Operating Licence, dam safety and electrical safety programs, and expanded catchment land management.
 - Extreme weather events have increased flood operation responses, hydrometric monitoring and recovery costs, while wage growth and incremental headcount have added further pressure.
 - Digital Indirect (+16% per year) and Digital Corporate (+7% per year): Rising costs reflect the rollout of capex projects including the network squad 4G telemetry, bandwidth upgrades, and cyber security compliance under the SOCI Act. ICT licensing, SaaS arrangements, and enterprise system upgrades have also contributed to sustained growth.

Operations Portfolio has been a significant driver of OPEX with service provision costs have risen due to compliance obligations and increased operational complexity due to variable climatic conditions

Table 2: Operations Portfolio IPART Activities FY22-FY25

Operations Activities (millions)	2022	2023	2024	2025	CAGR	% 2025 Costs
Routine Maintenance	10.3	11.1	11.7	11.9	5.0%	28.6%
Water Delivery and Other Operations	4.2	4.8	5.6	6.7	17.0%	16.2%
Asset management planning	1.9	2.7	4	4	27.0%	9.6%
Hydrometric Monitoring	3.7	4.2	3.9	3.4	(2.0%)	8.3%
Corrective Maintenance	3.3	4.3	3.7	3	(2.0%)	7.3%
Dam Safety Compliance	3.3	3.8	3	2.9	(3.0%)	7.1%
Renewal and Replacement	0.4	0.1	0	2.4	80.0%	5.7%
Internal	0.3	0.3	1	1.9	82.0%	4.7%
Metering and Compliance	0.2	0.1	1.5	1.8	105.0%	4.3%
Environmental Planning and Protection	0	0.1	-0.4	1.7	244.0%	4.1%
Flood Operations	1.2	2.3	0.1	0.7	(16.0%)	1.6%
Water Quality Monitoring	0.9	0.9	0.8	0.6	(10.0%)	1.5%
Other Activities (Grouped)	0.2	0.1	0.3	0.5	41.0%	0.4%
Total Operations Portfolio	29.8	34.8	35.2	41.6	12%	

The Operations portfolio has grown by 12% per year from FY22 to FY25, increasing from \$29.8m in FY22 to \$41.6m in FY25. Information provided through pricing submissions and internal documentation highlights that service provision costs have risen due to compliance obligations and increased operational complexity due to variable climatic conditions. WaterNSW has invested to become more digitally enabled, however efficiency benefits are expected to materialise over the longer term—particularly in reducing manual data collection

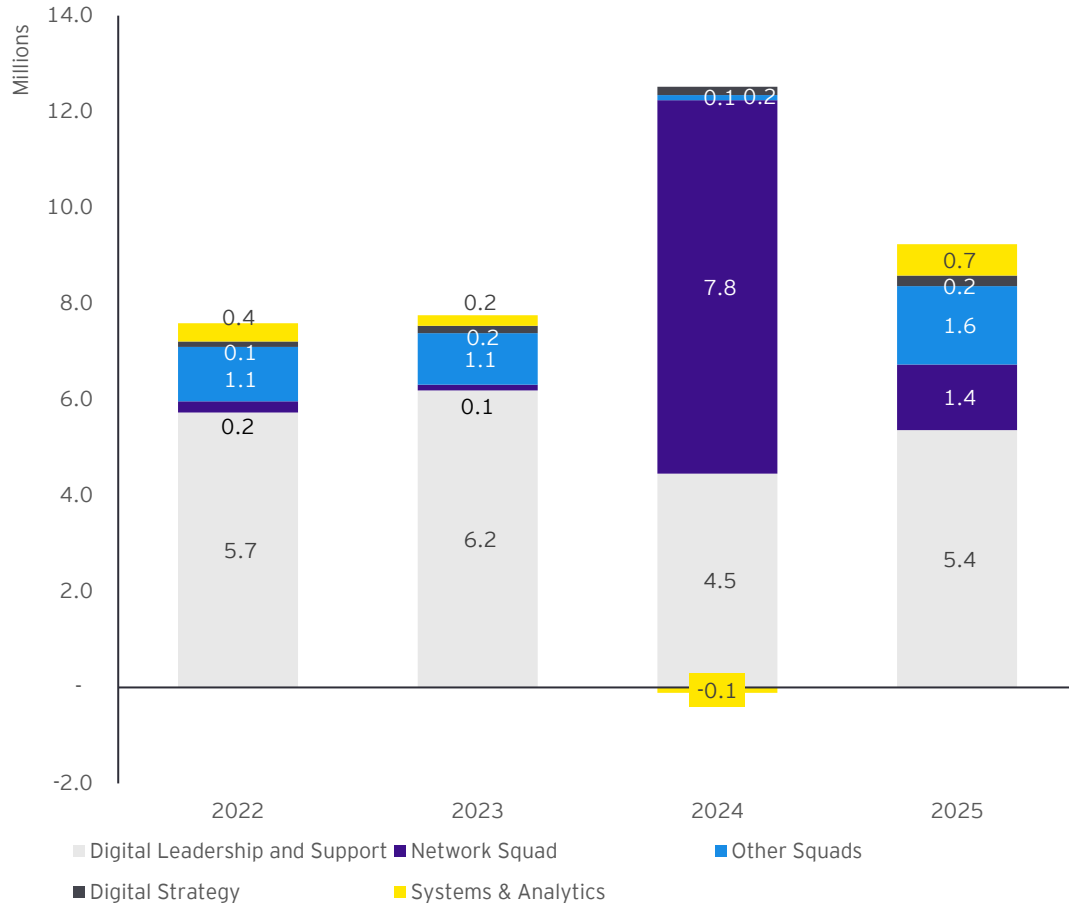
Growth is concentrated in five key activities that reflect WaterNSW's compliance obligations, asset resilience priorities, and operational complexity:

- Routine Maintenance (+5% CAGR)
 - Driven by inflation in labour and materials, weather events, plus expanded maintenance programs to meet compliance and asset reliability standards.
- Water Delivery & Other Operations (+17% CAGR)
 - Variable climatic conditions and flood recovery have increased the scope of water delivery activities.
- Asset Management Planning (+27% CAGR)
 - Growth linked to new land management obligations, dam safety planning, and resilience programs.
 - FY25 includes electrical safety improvements and land management costs introduced under updated regulatory requirements.
 - WaterNSW have indicted an increase in regulatory preparation were required to meet the requirements of IPART Water Regulation Framework.
- Renewal & Replacement (+80% CAGR)
 - Reflects uplift in minor renewals and replacements deferred during earlier years.
- Metering & Compliance (+105% CAGR)
 - Driven by regulatory requirements for metering accuracy and compliance programs. WaterNSW have highlighted that a transfer of the metering and compliance function (meter reading staff) from the customer service team to the operations team has also contributed to the cost growth.
- Flood Operations and Corrective Maintenance
 - While the 2022 flood events impacts many business units, there was an associated spike in expenditure and a redeployment of operational teams into flood operations, asset safeguarding, emergency inspections, and post-event remediation.

Source: 3b - WaterNSW Historical FTE FY18-25.xlsx; IPART pricing submission; WaterNSW presentation Day 2 Opex & ICT; WaterNSW Annual Report 2023-24

Digital expenditure has been a key driver of growth in OPEX and expectations around efficiency benefits have not been met despite meeting critical business requirements

Chart 3: Digital Portfolio - Non-Direct - Corporate - Operational Expenditure (Rural Valleys)



WaterNSW digital expenditure has increased 7% annually since 2022 largely reflecting major initiatives like the Network Squad Project and telemetry upgrades, driven by compliance and transformation objectives. WaterNSW has advised that these costs are expected to moderate as implementation completes and efficiency benefits (e.g., reduced manual processes) materialise. However, the initiatives have been developed across all of WaterNSW with investment returns and benefits within rural valleys not yet quantified.

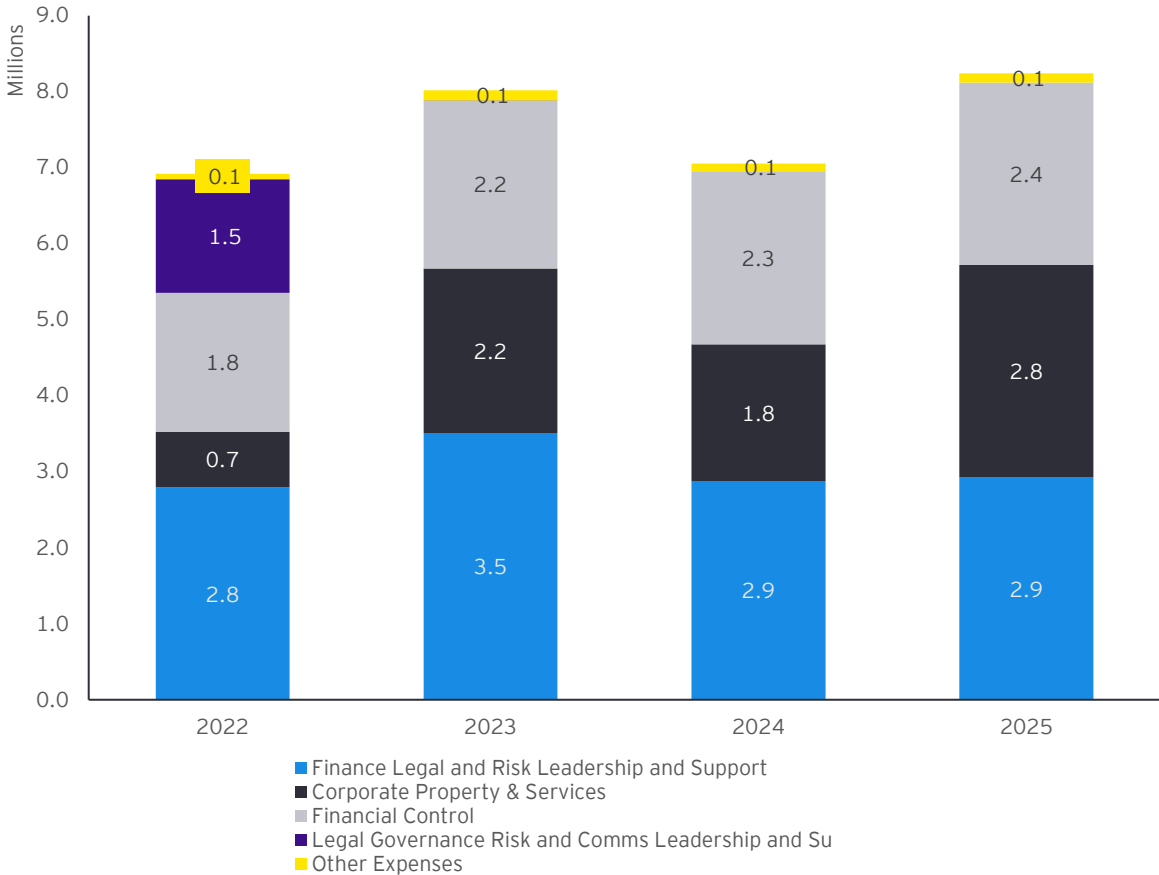
Our review of information provided suggests there is significant uncertainty around what benefits will materialise:

- Network Squad Program:
 - EY understands the program cost \$17.9 million in capex to strengthen telecommunications network capability, coverage and security across NSW, facilitating improved oversight of critical water assets and reduction of operational and cyber risks. This program saw \$7.8m increase in operational expenditure within the network squad business unit in FY24.
- Digital expenditure has also likely been driven by the rollout of other major CAPEX programs such as the WAVE program and telemetry upgrades. While we have information on the capital cost of these programs, it is difficult to observe in the data the impact on operational expenditure which is based on business unit.
- WaterNSW responses to EY RFI:
 - WAVE program required 13% more investment than initially expected.
 - Realised benefits were 85% below original business case expectations. Major drivers (e.g., PEGA platform, Water Insights) were not quantified, despite being central to the investment rationale.
 - WaterNSW notes that the program delivered enabling capabilities for future cost transformation, but these benefits remain largely unproven.
- Implications for cost base:
 - There is a risk that the cost base remains structurally higher if enabling capabilities do not translate into measurable savings.
 - Expectations of moderation in digital spending and long-term benefits require validation.
 - Given significant increase in digital spend and key risks around implementation, WaterNSW may consider more phased approach to investment to demonstrate value.

Source: 1b(i) Rural Opex and Capex Data FY18-25.xlsx

Growth in finance, legal and risk expenses has been largely driven by insurance premiums and land tax obligations

Chart 4: Finance, Legal and Risk Portfolio – Non-Direct – Corporate Expenditure – Operational Expenditure (Rural Valleys)

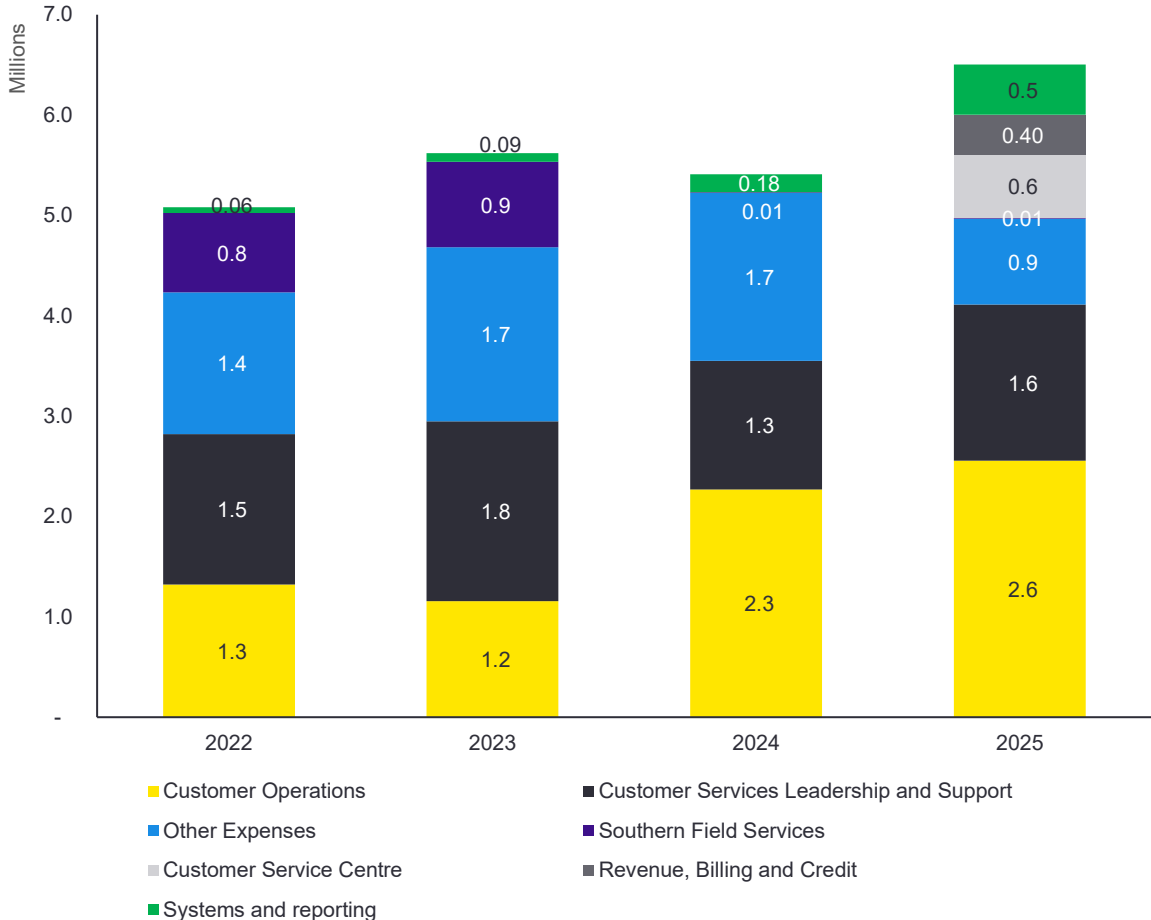


- Cost growth in Finance, Legal & Risk is primarily driven by external factors rather than workforce expansion with headcount largely unchanged.
- The Corporate Property & Services business unit costs increased by 56% since 2022 due to land tax increases linked to rising property valuations, pushing expenditure from \$473k to \$2.6m.
- Insurance premiums rose ~17% annually, reflecting global risk trends and climate-related events.
- Broader finance-related costs spiked in 2023 due to valuation adjustments, insurance hikes, and compliance obligations.
- Information provided to EY notes that WaterNSW leverages TMF for cost-effective coverage.
- There are a variety of strategies that WaterNSW can utilise to help manage rising premiums including by reducing the sum insured, increasing the deductible or self-insuring, modifying their risk profile, or selecting a different balance between Opex and Capex.
 - EY has not investigated WaterNSW current approach.

Source: 1b(i) Rural Opex and Capex Data FY18-25.xlsx

Customer services costs have increased as WaterNSW has responded to a need to be more digitally enabled however there is uncertainty whether investments to automate processes will realise intended benefits

Chart 5: Total Direct and Non-Direct (Corporate and Indirect) Operational Expenditure (Rural Valleys)



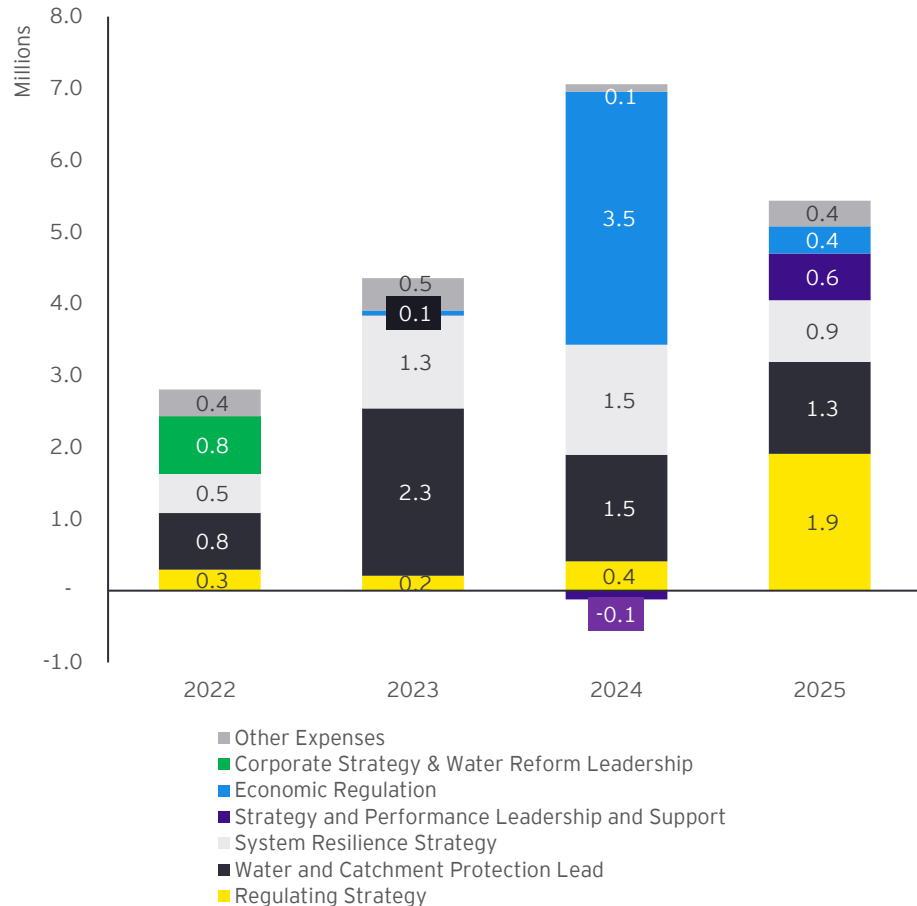
Rising customer expectations coupled with regulatory requirements are driving costs.

- Total expenditure in the Customer Services portfolio grew by 9% annually since 2022 driven by the Customer Operations Business units growing at a (CAGR 25%). Other growth areas were in the Systems and reporting business unit increasing by \$0.5m across the period.
- WaterNSW has noted rising customer expectations for real-time information, digital self-service, and transparent billing.
 - Investments include Water Insights Portal and Customer & Water Market System (WMS) for automation and integrated self-service.
 - Billing modernised via Microsoft D365, replacing manual spreadsheets to reduce risk and errors.
 - Customer satisfaction measured through surveys and feedback on portal usability and transaction experience (WaterNSW cites positive early feedback on WMS releases).
- Costs are front-loaded due to large digital transformation and compliance obligations (e.g., real-time data, licensing reforms). Note that we do not have data providing a breakdown of how the digital initiatives impact on OPEX in the customer services portfolio.
- WaterNSW highlighted risk around benefit realisation with uncertainty whether platforms will deliver proposed efficiencies.
- We would note that the implementation of digital initiatives is subject to significant risk and uncertainty particularly when it comes to achieving costs savings.
- Digital initiatives carry high risk of benefit shortfall; major investments should proceed with measured rollout, supported by robust business cases, effective procurement, and disciplined project management.

Source: 1b(i) Rural Opex and Capex Data FY18-25.xlsx

The strategy and performance function has evolved and become more centralised however increased interaction with governments has driven up the cost base with limited understanding of the marginal benefit to water users

Chart 6: Strategy & Performance Portfolio - Non-Direct - Indirect Costs - Operational Expenditure (Rural Valleys)



The **Strategy & Performance** function has evolved significantly since the 2022 operating model restructure. The operating model review underscored the need for **centralised strategic capability** to manage complex external interfaces, particularly with NSW Government, because these interactions directly affect affordability, reliability, and long-term service viability. While important, these benefits are largely indirect for customers. To improve efficiency and transparency, the CEO streamlined governance, reducing six Board committees to about three and introduced clearer end-to-end accountability. These changes aim to simplify decision-making and reduce duplication.

Despite these reforms, the function’s cost base has grown substantially - around 25% annually since 2022—driven by:

- Increased regulatory and compliance obligations.
- Expanded engagement with State and Commonwealth initiatives.
- Additional resources for pricing submissions and policy reforms.

This has been concentrated in Economic Regulation which increased from \$0.1m in FY22 to \$3.5m in FY24 and the Regulation Strategy which has increased from \$0.3m to \$1.9m. WaterNSW have attributed the increase to preparing the combined Rural Valleys pricing proposals for 2025, however, have outlined that specific adjustments have been made to reduce these costs in future years when a review is not underway.

Assessing efficiency of this expenditure is challenging because outputs are strategic and benefits diffuse. Although customers rarely interact with this team, its work underpins pricing determinations, compliance, and sustainability which are key drivers of customer value.

Given the indirect nature of benefits, strong governance and transparency over spending decisions are essential. Processes around expenditure including record keeping did not appear to have clear understanding of how this would impact on prices for end users. Expenditure should be clearly justified, interrogable, and linked to measurable outcomes such as:

- Successful IPART submissions.
- Compliance audit results.
- Delivery of regulatory strategies.

While WaterNSW can review its resourcing towards engagement, at least some of this sits outside WaterNSW’s control. Ministerial or departmental requests cannot realistically be deprioritised, but their volume may relate more to providing a service to government rather than water users raising the question about who should be funding this activity. This reinforces the need for:

- Cost attribution clarity (regulatory vs discretionary).
- Funding model review to determine what is reasonable to pass through to rural valley water users.

Source: 1b(i) Rural Opex and Capex Data FY18-25.xlsx

Glossary

Glossary

The following abbreviations are utilised throughout the report:

Abbreviation	Description	Abbreviation	Description
Business Unit	Business units are the functional groupings within the portfolio that help identify who has primary responsibility for the delivery of the project.	Opex	Operational Expenditure
CAGR	Compounded Annual Growth Rate	Portfolio	Portfolios/areas are organisational groupings and are defined as operational responsibility areas.
Capex	Capital Expenditure	RV or Rural Valleys	Refers to the Rural Valleys function only of WaterNSW
CEO	Chief Executive Office	SaaS	IT Software as a Service.
CPI	Consumer Price Index	SOCI	Security of Critical Infrastructure
EY or EYP	EY- Parthenon	TMF	Treasury Management Fund
FY	Financial Year	WAMC	Water Administration Ministerial Corporation
FTE	Full-time-equivalent employee	WPI	Wage Price Index
Grant Agreement	Commonwealth Grant Agreement	WAVE	Water Added Value Environment - WaterNSW digital transformation program.
ICT	Information and Communications Technology	WPI	Wage Price Index
IPART	Independent Pricing and Regulatory Tribunal	RV or Rural Valleys	Refers to the Rural Valleys function only of WaterNSW

Glossary

Operating expenditure composition

Direct

Direct expenditure refers to costs that can be clearly and exclusively attributed to a specific service contract, project, or operational activity. These costs fluctuate with demand and are incurred directly in delivering the service or project, for example, maintenance. These are primarily made up of the operational portfolio.

Indirect costs

Indirect costs are expenses that support a specific group of services rather than the entire organisation. They are shared across related activities but cannot be attributed to a single project. These costs typically arise from functions that provide specialised support to certain operational areas. For example, dam safety services, which apply to all service contracts involving dams but not to other types of infrastructure.

Corporate support costs

Corporate costs relate to activities concerned with the overall management, control and direction of the organisation and do not involve significant costs tied to a specific service contract or project. These costs support or enable operations. These are primarily made up of shared service functions and corporate affairs.

Direct costs

Non-direct costs

WaterNSW organisational structure

Portfolio

Portfolios/areas are organisational groupings and are defined as operational responsibility areas. EY-P has grouped a series of Portfolios including:

- Built Infrastructure and Land and Water Operations into the Operations Portfolio
- Strategy and transformation - Strategy and Performance Portfolio
- Safety and Culture - Safety, People and Culture Portfolio
- Digital and Transformation - Digital Portfolio
- WaterNSW Corporate - WaterNSW Portfolio

A listing of all portfolios can be seen on page 13.

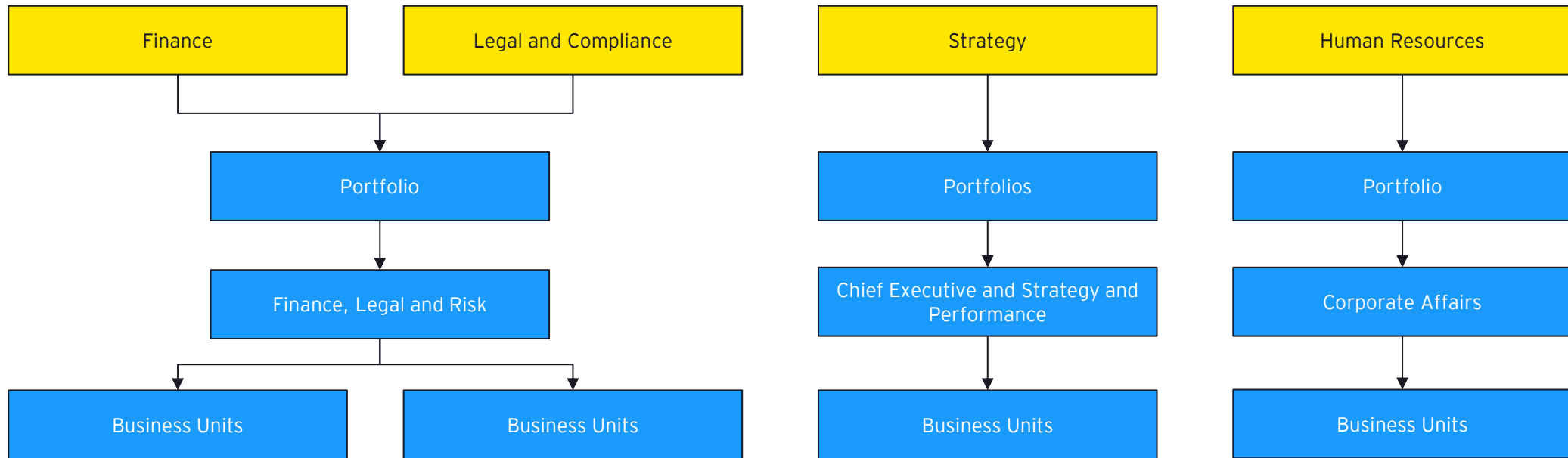
Business Unit

Business units are the functional groupings within the portfolio that help identify who has primary responsibility for the delivery of the project. WaterNSW has approximately 240 unique business units which are unique to individual portfolios.

A breakdown of these can be found on pages 30-33.

Glossary

The flow diagram below illustrates how corporate functions have been defined by Portfolio and Business Units.



- Financial Control
- Group Procurement
- Financial Planning, Analysis & Commercial

- (use H901) Legal Governance
- Risk and Compliance
- Finance Legal and Risk Leadership and Support

- All corresponding Business Units within the Chief Executive and Strategy and Performance Portfolio

- Corporate Affairs Leadership and Support

Source: 1 (b) Rural Opex and Capex Data FY18-25 – as at 6.11.2025.xlsx

Business Units Mappings

Direct Expenditure - Business Units

Operations - Business Units	Operations - Business Units	Operations - Business Units	Operations - Business Units
(use M701) Broken Hill Pipeline	Water Monitoring	Business Improvement	(use D8DC) Hydrometrics South East
Regional Ops - South East	Asset Engineering	Project Delivery Sydney	Water Systems Operations South
Regional Ops - Upper North	Dam Safety and Engineering	(use M701) (Use M701) Major Projects	(use M3MN) CLOSED Asset Capability Asset planning
Regional Ops - Central North	SCADA Maintenance Services	Water Monitoring Assets	Asset Maintenance and Services SCADA
Asset Delivery	Asset Planning	(use D602) CLOSED Spatial Modelling	(use N101) Asset Strategy
Assets (Built Infra)	Renewable Energy	Major Projects	Water Systems Operations Greater Sydney
Regional Ops - South West	Property (Operations) and Fleet	(use B602) Asset Maintenance and Services Water Metering	(use D8DA) Hydrometrics South West
Operations Asset Planning	Regional Project Delivery - Sydney	Project Delivery Water security	(use D8DB) Hydrometrics North West
Regional Ops - Sydney North	Regional Ops - Sydney South	Government Projects Interface Delivery	(use D8DE) Hydrometrics Central West
WPD - South	Asset Capability	Performance and Support team	(use M1ME) Central Maintenance services
Technical Services (South)	Regional Operations - Sydney	(use M701) Burrangong to Avon Tunnel	(use M1MD) Asset Maintenance and Services Greater Sydney
WPD - North	Government Projects	(use M1MG) Asset Maintenance and Services Engineering	(use M1MC) Asset Maintenance and Services South
Assets Leadership and Support	Regional Project Delivery - North	(use M2MJ) Geospatial Technology and Services	(use M1MB) Asset Maintenance and Services North
Asset Insurance Works	Project Engineering	System Operations Leadership and Support	Dam Safety Services
Technical Services (North)	(use D501) Land and Catchment Management	Water Quality Services	Reliability Analytics
Water Quality and Operational Modelling	Catchment Assets	(use D902) Rural Water Quality Monitoring	(use B602) CLOSED Asset Maintenance and Services Water Meter
Digital Enablement (Strategy & Transformation)	Construction Services	(use M3MM) Asset Capability Asset systems and information	(Use D902) Corporate Strategy & Water Reform Leadership
Environmental & Cultural Water	Interface Management	(use M402) Major Projects	Government Projects Interface
WPD - Sydney	Performance and Support	(use M3MO) Asset Engineering and Dam Safety Civil design	Water Modelling
Water Planning and Delivery	Dam Engineering Delivery	Programs and Performance	(use D8DD) Hydrometrics Central Coast
(use M901) CLOSED Asset Solutions and Delivery Leadership an	Data and Insights	(use D902) Do Not Use - Water and Catchment Protection Leader	(use M2MI) Asset Engineering and Dam Safety Surveillance
Technical Services (Sydney)	Operations Leadership and Support	Water Information Services	Water Systems Operations North
Regional Operations - South	Catchment	(use M3MO) Asset Engineering and Dam Safety Mechanical design	(use M402) Asset Capability Reliability engineering
Asset Planning and Delivery	Water Monitoring South West	(use S7SB) Operational Safety	(use B6BF or B6BD) Central Field Services
Water Systems Operations	Not allocated	(use M202) Electricians and controls	(use D802) Hydrometrics
Operations PMO	Water Monitoring Central West	(use M102) Water Supply Infrastructure	Safety and Incidents (Corp Service)
Project Delivery Rural	Water Monitoring Northern	(use M2MJ) Asset Engineering and Dam Safety Drafting	Asset Systems and Information
Asset Maintenance and Services	Dam Safety	(use M2MJ) CLOSED Asset Engineering and Dam Safety Survey se	(use C902) System Operations Leadership and Support
Central Maintenance Services	Water Operations Central	(use M2MH) Asset Engineering and Dam Safety systems and trai	
Regional Operations - North	Water Monitoring South East	(use M102) Asset Engineering and Dam Safety	
Regional Contracts	Engineering Maintenance Services	(use M302) CLOSED Asset Capability	
South Maintenance Services	Greater Sydney Maintenance Services	Water Systems Operations Planning and Development	
North Maintenance Services	Water Monitoring Greater Metro	(use D8DB) Hydrometrics North East	

Source: 1 (b) Rural Opex and Capex Data FY18-25 – as at 6.11.2025.xlsx

Non-Direct – Corporate Expenditure – Business Units

Finance, Legal and Risk - Business Units	Customer Services - Business units	Corporate Affairs - Business Units	Chief Executive - Business Units
(use Q101) Legal Services Leadership and Support	Customer Operations	Customer and Industry Relationships	Chief Executive Officer Leadership and Support
(use B6BH) Customer Operations Process Improvement	Customer Services Leadership and Support	Strategic Communications	Chief Executive Officer
(use H901) Corporate Systems and Regulatory Strategy Leaders	Customer Service Centre	Media	
Renewable Energy Program & Water NSW Infrastructure	Revenue, Billing and Credit	Stakeholder Engagement	
(use H901) Legal Governance Risk and Comms Leadership and Su	Systems and reporting	Corporate Affairs Leadership and Support	
Risk and Compliance	Water Trade Reporting	Government Relations & Media	
Finance Legal and Risk Leadership and Support	Customer Experience	First Nations Programs & Engagement	
		(use H901) Legal Governance Risk and Comms Leadership and Su	
Corporate Property & Services	Customer Propositions and Insights	Customer and Industry Relationships	
Financial Control	Non-urban Metering Program	Revenue Billing & Credit	
Group Procurement	South Water Regulation		
General Counsel	Customer Assessments and Approvals		
Financial Planning, Analysis & Commercial	Customer Service		
Risk Compliance & Audit	Digital Customer Enablement		
	Assessments and Approvals Process Improvements		
	North Water Regulation		
	Licensing Operations		
	Revenue Billing & Credit		
	Enablement & Assurance		
	Northern Field Services		
	Southern Field Services		

Source: 1 (b) Rural Opex and Capex Data FY18-25 – as at 6.11.2025.xlsx

Non-Direct – Indirect Expenditure – Business Units

Strategy and Performance - Business Units

Regulating Strategy
 (use D902) Do Not Use - Water and Catchment Protection Leader
 System Resilience Strategy
 Strategy and Performance Leadership and Support
 Economic Regulation
 Environment & Catchment Protection (Land & Water Ops)
 Research and Innovation
 Flood & Assets Resilience Modelling
 Water Quality Risk & Strategy
 Integrated Water Resources
 Operating Strategy
 Analytics & Modelling Infrastructure
 (Use D902) Corporate Strategy & Water Reform Leadership
 Operational Safety
 (use N501) CLOSED Communications and Community Engagement
 Water Information Services
 (use G801) SCADA Infrastructure
 (use G01D) Data Analytics Operations
 Environmental Services
 Water Modelling and advice

Safety People and Culture - Business Units

Safety People and Culture Leadership and Support
 Capability & OD
 Safety People & Programs
 (Use S901) Transformation Change
 Employee Experience
 (use S901) Program Management Office
 (use S901) People, Capability and Transformation Leadership a
 SPC Operations
 (use S702) Health Safety and Environment

Source: 1 (b) Rural Opex and Capex Data FY18-25 – as at 6.11.2025.xlsx

Non-Direct – Combined Indirect and Corporate Expenditure – Digital Portfolio

Business Unit - Digital	Cost Allocation
Enterprise Technology	Corporate
Strategy Architecture and Governance	Corporate
Corporate Systems SPC Squad	Corporate
(use G401) ICT systems and applications	Corporate
(use G801) SCADA Infrastructure	Corporate
Ecosystem & Relationships	Corporate
Architecture Squad	Corporate
Program Management Office	Corporate
Continuous Improvement	Corporate
Water Operational Analytics Squad	Corporate
BPA squad	Corporate
Cyber Security	Corporate
Cloud Squad	Corporate
WOW Squad	Corporate
Digital Leadership and Support	Corporate
Network Squad	Corporate
Collaboration Squad	Corporate
Customer Systems Squad	Corporate
Data & Analytics Engineering Squad	Corporate
Digital DTO Delivery	Corporate
Front End Squad	Corporate
Data Analytics Operations	Corporate
Strategy & Architecture	Corporate
Corporate Systems & Analytics Coe	Corporate
Corporate Systems FLR Squad	Corporate
Tech Squad	Corporate
Customer & Systems Operations	Corporate
Digital Transformation Office	Corporate
PMO Squad	Corporate
Corporate Strategy	Corporate
Transformation Program and Process Re-Engineering	Corporate
Digital Commercial (Strategy & Transformation)	Corporate
(use G01D) Hydrometric and Water Data Services	Indirect
(use G01D) Water Monitoring Asset and Data Management	Indirect
Dam Guard & Safety Squad	Indirect
Water Data Monitoring System Squad	Indirect
Asset & Field Services Squad	Indirect
SCADA & Control System Squad	Indirect
Water & Asset systems	Indirect

Source: 1 (b) Rural Opex and Capex Data FY18-25 – as at 6.11.2025.xlsx

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