



Capital Works

Purpose

The Board Capital Works Committee (“CWC” or “the Committee”) is a Committee of the Board of Hunter Water Corporation created to assist the Board in providing direction to, and the monitoring of, the capital works and research and development programs.

Objectives

In fulfilling its purpose, the Committee’s objectives are:

1. That the capital program delivers outcomes to meet customer and environmental standards.
2. That project objectives are achieved.
3. That awareness and assessment of any emerging technology, practice or procedure is addressed and incorporated into the appropriate decision-making processes.

Duties and Responsibilities

In order to fulfil its objectives, the Committee will:

- Provide a strategic overview of the longer term Capital Program of Hunter Water Corporation (HWC) up to 20 years out. This overview will include:
 - The major components of likely capital expenditure.
 - The major determinants of that expenditure - in particular the strategic issues such as growth, the Department of Climate Change (DECC), HWC’s Operating Licence and the Independent Pricing And Regulatory Tribunal (IPART).
 - The criteria on which items of capital expenditure are assessed.
- Consider the annual Capital Budgets prior to their presentation to the full Board.
- Monitor progress with major items of capital works as they are undertaken.
- Monitor post-completion reviews of capital projects, assessing the effectiveness of their imposition and whether the advantages claimed for them are being realised.
- Consider Strategic/Research and Development issues as they relate to the capital works program and to the broader business.

Membership of the Committee

The Committee will consist of at least 3 Non-Executive Directors. One of the Non-Executive Directors will be appointed Chair of the Committee. The Chair and the term of appointment of each Member shall be determined by the Corporate Governance Committee. The Committee may invite any other individuals to attend meetings of the Committee, as it considers appropriate. The Managing Director,

the General Managers System Strategy and Sustainability and the General Manager Infrastructure Development are permanent Members of the Committee.

Meetings

To give effect to the duties and responsibilities, a minimum of 3 meetings, as detailed below, would be necessary per year:-

- A Meeting in February to endorse the capital budget for the next financial year and to look at projected long term capital works expenditure (Price Path or 5 year and 20 year time frames). This is the prelude to the endorsement of the next financial year budget by the full Board in March.
- A Meeting in August to review actual expenditure on capital works in the previous financial year. The agenda may also include post-completion reviews, completion reports and progress reports as appropriate.
- A Meeting in October to assess strategic issues with respect to future capital works expenditure. The agenda also includes research and development, as well as a review of an emerging technology matrix which looks at how new technology is applied across the organisation.
- Other Meetings could be set by the Chair as necessary.

A Secretary will be appointed by the Committee from the Executive Team or a representative of the Executive Team. The Secretary, in conjunction with the Chair, will be responsible for determining the agenda and distributing the business papers to the Committee Members prior to each Meeting. The Secretary will also be responsible for keeping the Minutes of the Committee and circulating these to Committee Members and other interested parties. The Secretary may be supported in these duties by other management personnel. The Committee Charter shall be reviewed annually and updated as required.

Quorum

A quorum shall consist of 2 Non-Executive Director Committee Members.

Authority

In carrying out its duties the Committee shall have the authority to discuss directly with management, internal auditors or consultants any issue within its remit and to request reports, explanations and information on any of the activities or procedures of the Corporation.

The Committee is authorised by the Board to obtain outside legal or other professional advice if it considers this necessary at the cost of the Corporation.

Conflict of Interest

Committee Members must declare their interest, whether perceived, pecuniary or otherwise, in the exercise of their duties.

Approved by the Board Capital Works Committee and by the Board of Hunter Water Corporation on 25 June 2009.