

HUNTER WATER

STATEMENT OF CORPORATE INTENT

2022-2023



COMMERCIAL-IN-CONFIDENCE



ACKNOWLEDGEMENT OF COUNTRY

Hunter Water operates across the Traditional Country of the Awabakal, Darkinjung, Wonaruah, Worimi and Geawegal peoples. We recognise and respect their cultural heritage, beliefs and continuing relationship with the land, and acknowledge and pay respect to Elders past, present and future.

Mariin Kaling - All for Water
Saretta Fielding

Saretta

TABLE OF CONTENTS

04 SHAREHOLDER AGREEMENT

05 OBJECTIVES

06 BUSINESS OVERVIEW AND STRATEGIC SUMMARY

07 OPERATIONS AT A GLANCE AS AT JUNE 2022

08 STATEMENT OF EXPECTATIONS

10 FINANCIAL SUMMARY

11 TOWARDS 2024

14 PERFORMANCE TARGET SUMMARY

16 REPRESENTATION AND COMMITMENT STATEMENT

SHAREHOLDER AGREEMENT

The Statement of Corporate Intent (SCI) outlines the strategic direction and objectives from 2022-23 to 2024-25 for the Hunter Water Corporation.

The SCI sets out Hunter Water's financial and non-financial performance objectives. The SCI is reviewed annually. Commencement date 1 July 2022.

The Statement of Corporate Intent has been agreed between the Voting Shareholders and Hunter Water Corporation by:



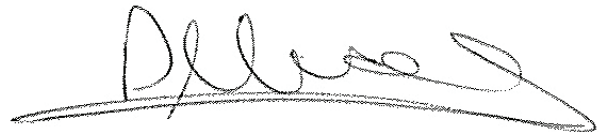
The Hon Matt Kean MP
Shareholder
Treasurer, and Minister for Energy



Greg Martin
Chair
Hunter Water Corporation



The Hon Damien Francis Tudehope MLC
Shareholder
Minister for Finance, and Minister for Employee Relations



Darren Cleary
Managing Director
Hunter Water Corporation

OBJECTIVES

Hunter Water Corporation is a commercial trading enterprise that is wholly owned by the NSW Government, and provides water, sewer and drainage services to the region within which it operates. Hunter Water is incorporated under the *Hunter Water Act 1991* and was the first government-owned enterprise to be proclaimed within Australia pursuant to the *State Owned Corporations Act 1989* (NSW) in 1992. Hunter Water has a Board of Directors appointed by the Governor of NSW on the recommendation of the Voting Shareholders in accordance with its Constitution. The Managing Director is appointed by the Governor of NSW upon the recommendation of the Portfolio Minister and is also appointed as a Director of the Corporation by the Voting Shareholders in accordance with Hunter Water's Constitution and the requirements of the *State Owned Corporations Act 1989*.

The principle objectives of Hunter Water, as described in the *State Owned Corporations Act 1989*, are:

- ▶ To be a successful business and, to this end:
 - ▶ to operate at least as efficiently as any comparable business, and
 - ▶ to maximise the net worth of the State's investment
- ▶ To exhibit a sense of social responsibility by having regard to the interests of the community in which it operates
- ▶ To conduct operations in compliance with the principles of ecologically sustainable development contained in section 6(2) of the *Protection of the Environment Administration Act 1991*
- ▶ To exhibit a sense of responsibility towards regional development and decentralisation in the way in which it operates

Hunter Water operates within a comprehensive regulatory framework.

Customer service obligations are governed by a Customer Contract set by the Independent Pricing and Regulatory Tribunal (IPART).

Customer service standards are specified within an Operating Licence set by IPART.

Wastewater system licences are set by the Environment Protection Authority (EPA).

Development Applications are administered in accordance with the *Hunter Water Act 1991* and the *Environmental Planning and Assessment Act 1979*.

Water access and management conditions are specified within licences issued by the Natural Resources Access Regulator.

Water quality is managed through a Memorandum of Understanding (MOU) with the Department of Health.

BUSINESS OVERVIEW

Hunter Water provides safe, reliable, high-quality drinking water to more than 600,000 people in homes and businesses across the Lower Hunter. We also provide wastewater, stormwater, trade wastewater, recycled water and raw water services.

Our area of operations is 5,366km² and includes the local government areas of Cessnock, Dungog, Lake Macquarie, Maitland, Newcastle, Port Stephens and a small part of Singleton. The primary water sources owned and operated by Hunter Water are; Grahamstown Dam (182,305ML), Chichester Dam (18,356ML), Tomago Sandbeds (54,000ML) and Anna Bay Sandbeds (16,000ML).

Our proud roots go back to the 1880's when water was first delivered to Newcastle from a temporary pumping station on the Hunter River at Oakhampton via the Newcastle No.1 Reservoir. For 130 years we have worked with, and for, our communities to help deliver their aspirations, innovating to meet the changing needs of our growing region while protecting its health for future generations.

For our customers, community and our business, recent times have been challenging, from extended and severe drought, fires, floods and the COVID-19 pandemic. Throughout these challenges, our people have continued to deliver essential services to our customers, with remarkable resilience and passion for their role.

Our customers and community are at the heart of what we do. Being guided by what is valued by our community continues to build trust and confidence in Hunter Water, particularly in these times of uncertainty. We are evolving our services, particularly our digital services, in response to changing customer expectations. The values of our customers and community guide our long-term decision making and will continue to improve our service delivery to meet changing customer expectations.

The Lower Hunter Water Security Plan (LHWSP) is a whole of government approach to ensuring the region has a resilient and sustainable water supply. The plan has been based on the values of our community that have been understood from an extensive community engagement program. The LHWSP sets out the actions to ensure a sustainable and resilient water system, including water conservation programs, leakage reduction programs, increased recycling and source augmentations. The final plan was approved by NSW Cabinet in April 2022. The capital and operating investment required to deliver on the outcomes of the LHWSP have been included in this Statement of Corporate Intent.

Managing climate related risk is in the DNA of our business. We are investing to both mitigate climate change and adapt to a more variable climate. Delivery of our on-site solar program and our centralized biosolids facility (which will allow recovery of energy from the biosolids) will make a significant contribution towards our target of reaching net zero carbon emissions by 2035. We are actively assessing how a changing and more variable climate will affect our communities, our people and our assets and developing adaptive plans to respond to and mitigate the potential impacts of climate change.

We are increasing our investment in digital technology to better meet customer expectations, to more effectively manage risk and to operate more efficiently. There is an increasing focus on building our capability in managing cyber security risks as this becomes an increasing concern for all businesses.

We are investing in long-term assets where appropriate while retaining the flexibility to adapt to a changing future. Our asset and service strategies utilise adaptive pathway planning and appropriate adoption of innovative technology to manage uncertainty, meet customer expectations and improve value. Our investment decision making supports intergenerational equity, with future generations not unfairly burdened with the consequences of decisions made by us in the short term.

We have made significant improvements in reducing leakage from our water network, in the performance of our wastewater network and in our customer response and satisfaction. We have a strong track record of compliance with all Operating Licence system performance standards.

We will continue to create, nurture and sponsor meaningful partnerships with our customers, industry, our community and our stakeholders; building on conservation messaging and behaviour change initiatives under the banner of 'Love Water' to help our community understand its role in creating and sustaining our resilient water future. The values of our customers and community will guide our long-term decision making and will continue to improve our service delivery to meet evolving customer expectations.

We continue to invest in the capability and culture of our people to ensure we can meet the challenges ahead. The safety, health and well-being of our people remains our highest priority, with a relentless focus on safety in partnership with our contractors, major project delivery partners and community. We are committed to achieving a diverse organisation with a culture centred on our values of Leading, Learning, Trust, Wellbeing and Inclusion in all we do.

We are agile and ready to take on opportunities that may arise from regulatory reform, customer expectations and technology-driven disruption. Our response to the COVID-19 pandemic has seen us necessarily adapt, improve and innovate our business practices and strategic priorities to the challenges and opportunities presented. We will foster the resilience, innovation and adaptability shown by our workforce and partners in serving our community and supporting the productivity and prosperity of the economy.

Our 2022-23 Statement of Corporate Intent largely aligns with our 2020-24 pricing determination, issued by the Independent Pricing and Regulatory Tribunal (IPART) in June 2020, and reflects our vision for improved services, water efficiency, resilience and sustainability.

We are proud of our origins as New South Wales' first State Owned Corporation (SOC) and the pivotal role of our independent Board plays in driving for strong commercial performance; for a positive net contribution to the State Budget. Through this Statement of Corporate Intent, we will continue to harness operational efficiencies, deliver the great services that our customers expect, enable the region's growth and quality of life, as a valued partner in delivering the aspirations for our region.

OPERATIONS AT A GLANCE AS AT JUNE 2022

MEASURE	ACTUAL AS AT JUNE 2022
Population served	~600,000
Water connections	265,474
Wastewater connections	254,793
Water supplied	64,004 ML p.a.
Recycled water supplied	5,526 ML p.a.
Water network	5,220 km
Sewer network	5,311 km
Total storage	269,198 ML
Water pumping stations	99
Wastewater pumping stations	452
Water treatment plants	6
Wastewater treatment plants	19
Calls/online enquiries received by call centre	200,639 p.a.
Website visitors in last 12 months	362,077 p.a.



ALIGNING OUR BUSINESS WITH THE NSW GOVERNMENT'S STATEMENT OF EXPECTATIONS



Build trust with the community and stakeholders

- ▶ Customers and communities at the heart of all we do and being a valued contributor to our stakeholders are key strategic priorities in our [Corporate strategy \(Towards 2024\)](#) (see p.12 of this plan)
- ▶ Trust is one of our five corporate values
- ▶ Strong performance in reducing water leakage and water consumption builds social licence and performance targets are in place to further reduce water leakage and water consumption (See Key Performance Indicators on p.14 of this plan)
- ▶ Multiple channels to proactively communicate our performance, including publishing performance data on our website (see [Our-water](#) section of our website)
- ▶ Hunter Water is committed to the principle of open data, and actively working towards this outcome
- ▶ Hunter Water has robust assurance processes in place to support the efficient and effective delivery of investment programs including reporting on major projects (see [Major projects in your area](#) of our website).



Focus on environmental outcomes

- ▶ Sustainable, resilient and valued services is a key strategic priority in Towards 2024 strategy (see p.12 of this plan)
- ▶ Strategic objectives and targets in place to reduce impact on waterways, reduce wastewater overflows, increase circular economy, reduce water consumption and improve liveability outcomes (see p.12 of this plan)
- ▶ Target to reach net zero emissions by 2035 and 80% reduction by 2030
- ▶ Investing in renewable energy generation on our sites (see the [Renewable Energy Project](#) section of our website)
- ▶ [Sustainability Strategy](#) developed, with open and transparent reporting



Strive for excellence in customer service and experience

- ▶ Key strategic objectives and targets in place to improve customer experience, improve customer and community understanding and increase digital services for our customers (see p.12 of this plan)
- ▶ Voice of the Customer Program is driving a customer-centric organisation
- ▶ Open and transparent decision making that reflects our customer and community values, as demonstrated through in-depth engagement on key strategic programs (see the [community engagement](#) section of our website)
- ▶ Consistently ranked as the leading water utility, and a leading company across all sectors, in the nationally recognised Mystery Shopper SenseCX benchmark rankings



Align with Government's strategic planning

- ▶ The Lower Hunter Water Security Plan has been developed consistent with the principles and objectives set out in NSW Water Strategy (see [Lower Hunter Water Security Plan](#) section of the website)
- ▶ Continuing to work closely with DPE to support the implementation of the NSW Water Strategy and State Drought Plan
- ▶ Hunter Water works closely with stakeholders in the development of regional strategies, including the draft Hunter and Central Coast Regional Strategy



Deliver services safely

- ▶ The safety, health and wellbeing of our people and our community is our highest priority.
- ▶ Improving the safety, health and wellbeing of our people is a key strategic objective
- ▶ Performance targets for improving safety of our people are in place (see p.14 of this plan)



ALIGNING OUR BUSINESS WITH THE NSW GOVERNMENT'S STATEMENT OF EXPECTATIONS



Maintain high standards of public accountability & corporate governance

- ▶ Being a valued contributor to our stakeholders is a key strategic priority in Towards 2024 (see p.13 of this plan)
- ▶ Robust and comprehensive governance model (see the [Corporate Governance](#) section of our website)
- ▶ The [Code of Conduct](#) provides an ethical framework to govern and guide the decisions, conduct and behaviour of all who work for Hunter Water
- ▶ Disclosures made in a timely manner (as per our [Disclosure-Policy](#))
- ▶ Timely release of performance (Annual Report, National Performance Report see the [publications](#) section of the website)
- ▶ Timely & accurate response to GIPA and Standing Order requests and response to questions raised in parliament



Ensure the Government's investment of its capital is used efficiently

- ▶ A capital structure that supports an investment grade stand-alone credit rating while providing an appropriate return on the Government's equity investment
- ▶ Strategic objective in place to improve efficiency and effectiveness of services (see p.13 of this plan)
- ▶ Financial performance metrics include targets on profitability, and the delivery of capital and operating efficiencies (see p.14 of this plan)
- ▶ Strong focus on continuous improvement and innovation
- ▶ Significant investment in digital technology
- ▶ One of the lowest operating costs per property for Australian water utilities in the National Performance Report



Minimise cost of living pressures

- ▶ Prices independently determined by the Independent Pricing and Regulatory Tribunal (IPART)
- ▶ Payment assistance and support for customers facing financial difficulties (see [Payment Support](#) section of the website)
- ▶ NSW Government provides a pensioner rebate to eligible customers on their water bills (see [Payment Support](#) section of the website)
- ▶ Programs for households and businesses to help them save water and reduce their water bill
- ▶ Partnering with EWON, local councils and other utilities to deliver 'Bring Your Bills' Days.
- ▶ Partnership with Land and Housing Corporation to deliver water efficiency upgrades to 1,200 social housing households



Ensure robust procurement and employment practices that support the economic and social outcomes of the state

- ▶ Our [Supplier Partnership Principles](#) outline our expectations of supply partners in supporting our service delivery to customers. They include six partnership objectives: regional, social, environmental and economic prosperity; ethical practices; safety, health and wellbeing; value for money; simplified business; and innovation
- ▶ At Hunter Water we are committed to contributing to the national reconciliation movement by building strong relationships with Aboriginal and Torres Strait Islander peoples throughout the Lower Hunter. Our [Reconciliation Action Plan](#) includes actions to increase our engagement with Aboriginal and Torres Strait Islander enterprises.
- ▶ Supporting and promoting inclusion and diversity are essential to ensure we perform as best we can. Our [Inclusion and Diversity Strategy](#) includes actions to build partnerships with our contractors to promote inclusion and diversity initiatives, and employment from diversity groups
- ▶ Hunter Water meets the gender diversity target for SOC Boards to increase women in leadership positions across NSW. 50% of our Non-executive Directors and 50% of Executive positions are filled by women.



FINANCIAL SUMMARY

ANNUAL FINANCIAL PERFORMANCE TARGETS (NOMINAL \$)	UNITS	2022-23 SCI	2023-24 FORECAST	2024-25 FORECAST
Total revenue	\$m	392.0	407.7	412.4
Operating expenses	\$m	164.8	164.5	170.7
Total expenses	\$m	328.1	343.7	374.8
Earnings before interest, tax, depreciation and amortisation (EBITDA)	\$m	222.4	238.3	236.7
Earnings before interest and taxes	\$m	129.5	139.9	129.8
Net profit before income tax expense	\$m	63.8	63.9	37.6
Net profit after income tax expense	\$m	46.3	46.3	27.9
Target dividend payout ratio	%	70	70	70
Dividend payable	\$m	31.3	31.3	18.4
Return on average assets	%	3.8	3.9	3.4
Return on average equity	%	3.6	3.4	2.0
Capital expenditure	\$m	195.8	216.4	282.6
Net Debt	\$m	1,799.6	1,946.1	2,160.7
Credit rating	rating	BBB	BBB	BBB

FINANCIAL PERFORMANCE TARGETS

Revenue forecasts are based on IPART's Price Determination, updated for current consumption and connection estimates.

Net profit remains stable across the first two years of the forecast period but reduces in year three largely due to a combination of the one-year extension to the current price determination period and increasing borrowing costs. IPART have extended the current price determination by one year from 2023-24 to 2024-25 and are currently proposing there will be no price changes for the 2024-25 financial year.

The SCI Budget targets were approved by the Board.

DIVIDEND POLICY

Dividends for the 2022-23 financial year will be provided on the basis of a dividend payout ratio target of 70% of distributable net profit after tax (NPAT). The Shareholders' approval of the dividend to be declared is subject to the Voting Shareholders' consideration of the Board's recommended dividend for 2022-23, prior to 30 June 2023.

TOWARDS 2024 DELIVERING THE ASPIRATIONS FOR OUR REGION

Towards 2024 sets our direction and positions us to be more resilient, responsive and adaptable to the heightened uncertainty created by COVID-19, climate change, population growth, digital technology and changing customer and community expectations.

Our purpose is to improve and enable the quality of life for our communities. As an essential service provider, we have a critical role to play in supporting daily life. We are a major contributor to enabling our region's growth, economic prosperity, health and liveability.

Our people are key to delivering this vision and purpose, and do so with safety their first priority, supported by a values based culture where the principles of Leading, Learning, Trust, Inclusion and Wellbeing underpin everything we do.

Our plan has four strategic priority areas to focus our work over the coming years. Importantly, it includes outcomes and objectives through which we can measure our success, but is flexible in its approach to allow us to incorporate technological advances, new ways of working, external influences and customer and community feedback.



CUSTOMERS AND COMMUNITIES AT THE HEART OF ALL WE DO

OUTCOMES:

- ▶ We will build on our already strong performance with our community, enabling better community and customer outcomes and increased advocacy.
- ▶ We will improve customer ease, success, sentiment and satisfaction by delivering services that meet their expectations.
- ▶ We will improve understanding of customer and community expectations by turning data into insights and actions.
- ▶ We will optimise digital platforms to improve customer experience and deliver efficient services.

OBJECTIVES:



**Increase
community
trust**



**Improve
customer
experience**



**Improve
customer and
community
understanding**



**Improve
community
focus**



**Increase
digital
services**

DELIVERING SUSTAINABLE, RESILIENT AND VALUED SERVICES

OUTCOMES:

- ▶ We will maintain the safety of drinking water. We will improve the wellbeing of our community by providing liveable, green spaces.
- ▶ We will reduce the impact of dry and wet weather wastewater overflows on our customers and the environment. We will reduce the impact of water cycle disruption and pollution on the waterways in our area of operations.
- ▶ We will reduce the volume of potable water consumed by residential and commercial customers and by Hunter Water and reduce leakage. We will increase the proportion of water, organics, nutrients and other materials that are reused for beneficial purposes, reduce carbon emissions and regenerate natural systems for improved liveability.
- ▶ We will use new technologies and data analytics to predict and reduce wastewater overflows, real water losses and consumption. We will improve the delivery success of adaptable long term plans to service our customers and the environment through future thinking.

OBJECTIVES:



**Maintain
safety
of drinking
water**



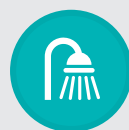
**Improve
community
liveability**



**Reduce
wastewater
overflows**



**Reduce
impact on
waterways**



**Reduce
potable water
consumption**



**Improve
circular
economy**



**Increase
smart
systems**



**Improve
future
thinking**

BUILDING A HIGH PERFORMING AND RESILIENT ORGANISATION

OUTCOMES:

- ▶ We will ensure that our people are free from harm and injury, both physical and psychological.
- ▶ We will enable efficient and effective new ways of working by improving current processes, and establishing agile supporting pathways for prioritising and progressing meaningful initiatives.
- ▶ Our organisation and its people will be resilient, trusted, inclusive, everyone leads, learns and shares learnings and the wellbeing of our people and the people we serve is the number one priority.
- ▶ We will improve our capability to turn data into insights for improved decision-making. We will improve the organisation's capability and capacity to deliver and adopt technology that enables faster value delivery.
- ▶ We will deliver a workplace masterplan for effective and efficient work, in all locations.
- ▶ We will improve the quality and affordability of our services now and into the future.

OBJECTIVES:



Improve safety, health and wellbeing



Improve new ways of working



Improve values-based culture



Increase data insights



Improve the delivery and adoption of technology



Improve effectiveness of workplaces



Improve efficiency and effectiveness of services

BEING A VALUED CONTRIBUTOR TO OUR STAKEHOLDERS

OUTCOMES:

- ▶ We will increase our role in shaping the reform agenda to deliver value for our customers, communities and shareholder.
- ▶ We will increase our capability to contribute and respond to opportunities.

OBJECTIVES:



Increase stakeholder value



Increase role in shaping reform



Increase capability to contribute

PERFORMANCE TARGET SUMMARY

CORPORATE SCORECARD 2022-23

The Corporate Scorecard specifies the key performance indicators used to measure and assess the performance of the business. The Scorecard includes a balance of both financial and non-financial metrics, set to drive short-term performance and also lay the foundation for long-term success.

Framed in the themes of our Towards 2024 Strategy: Customers and communities at the heart of all we do; Delivering sustainable, resilient and valued services; Building a high performing and resilient organisation; and Being a valued contributor to our stakeholders; the Corporate Scorecard is designed to appropriately reflect the organisation's current strategic focus areas, ESG and sustainability outcomes and Statement of Expectations.

Targets are set to drive continuous performance improvement and as a mechanism to foster a culture of learning, innovation and growth. Performance against the Corporate Scorecard is reported to the Board on a monthly basis and to our Shareholder on a quarterly basis.

The Corporate Scorecard for 2022-23 is provided in the table below.

CORPORATE SCORECARD		HUNTER WATER		love water	
Alignment with Towards 2024 objective		Goal	KPI	Target 22-23	
CUSTOMERS AND COMMUNITIES AT OUR HEART	Increase community trust	To increase trust in Hunter Water as stewards of our water system	Corporate reputation score (scale 1-10)	7.2	
	Improve customer experience	To improve our customers' experience when they engage with Hunter Water	Customer experience score (scale 1-10)	8.3	
RESILIENT, SUSTAINABLE AND VALUED SERVICES	Improve community focus	To get the basics right always for our customers and community through the delivery of resilient, sustainable and valued services	Service index - customer and environment (%)	80	
	Reduce water leakage from our system	Reduce water lost from Hunter Water's supply system to make the most of what we've got	Reduction in non-revenue water (GL/annum)	0.3	
HIGH PERFORMING AND RESILIENT ORGANISATION	Improve safety, health and wellbeing	To look after our people through culture centred safety leadership	TRIFR	5.5	
			Safety interactions and impact index	10	
	Improve values-based culture	To shape a values-based culture to enable our strategy	Organisational culture (%)	80	
VALUED CONTRIBUTOR TO OUR STAKEHOLDERS	Business plan and SCI commitments met	To ensure Hunter Water is a successful, commercially focused business that delivers on its Shareholder commitments	Profitability (EBITDA)	Budget	
			Efficiency measure (%)	>2	
	Towards 2024	To be a valued partner in delivering the aspirations for our region	Progress of strategic objectives (%)	80	

The following section provides an overview of the key performance indicators.

INCREASE COMMUNITY TRUST

Community trust in Hunter Water enables our social licence to operate; credibility and acceptance of our messaging and is demonstrated by advocacy for our decisions and our work. Corporate reputation is a proxy of the community's trust in Hunter Water as stewards of our water system. Each month Hunter Water conducts a telephone survey of 400 customers across the Lower Hunter. A series of five questions relating to how customers rate Hunter Water on reputation, satisfaction and behaviour change is measured on a scale of 1-10. The target for this metric is a rolling 12-month average, which requires consistently high performance throughout the year.

IMPROVE CUSTOMER EXPERIENCE

Improving customer experience is key to 'Customers and Community at the Heart' focus area. The customer experience measure is based on surveys completed by customers following contact with Hunter Water. Touchpoints include contact centre, development services, customer care (complaints) and planned and unplanned outages. For each customer contact, these surveys measure ease (how easy was the interaction), sentiment (how did the interaction make the customer feel), success factors (did the customer achieve what they wanted) and overall satisfaction. The results are aggregated to provide an overall score for customer experience each month.

IMPROVE COMMUNITY FOCUS

Hunter Water must get the basics right, always, through the delivery of efficient, resilient, sustainable and valued services. This layered measure includes the highest priority operational, service and environmental measures where the organisation wants to drive positive change. It combines compliance with Operating Licence targets across water pressure, water continuity and dry weather wastewater overflows; and priority improvement measures across water quality, environmental incidents, customer response and rectification and wastewater overflows.

REDUCE LEAKAGE FROM OUR SYSTEM

'Looking after what we've got' was a key theme from our community throughout the development of the Lower Hunter Water Security Plan. Hunter Water has made strong progress in reducing non-revenue water over the past four years. Continuing to perform well in non-revenue water reduction is an important aspect of maintaining our social licence, particularly as we commence rolling out proposed actions in the LHWSP. The target reflects the good progress made to date on reducing non-revenue water and the diminishing returns in driving to excellence in non-revenue water management.

IMPROVE OUR SAFETY, HEALTH & WELLBEING

Keeping our people safe remains our highest priority. We have maintained a concerted effort to address Safety, Health and Wellbeing performance in partnership with our people, our contractors and major project delivery partners. To make a step change in our safety culture we must drive the importance and 'presence' of safety in everything we do and to embed a safety culture centred on interdependency, visible and felt leadership, positive worker engagement and our organisational values. There is evidence throughout high hazard industries that well designed and implemented safety interaction programs reduce safety incidents. We have set targets for all leaders to undertake regular safety interactions, as a lead indicator of safety performance, to supplement the Total Reportable Injury Frequency Rate (TRIFR).

IMPROVE VALUES-BASED CULTURE

Our Corporate Values are one of the most important expressions of our culture and provide us with guidance on how we are to behave and how we make decisions, individually, as a team and as an organisation. The Organisational Culture score is sourced from the bi-annual culture pulse survey which asks our people, employees and contractors, whether the behaviours they see and the decisions we make are consistent with living the five Values of Trust, Leading, Learning, Wellbeing and Inclusion.

BUSINESS PLAN AND SCI COMMITMENTS MET

Financial performance will be measured through a profitability metric (EBITDA) and a focus on efficiency and effectiveness. While the profitability measure is set to drive shorter-term operational performance, the focus on efficiency lays the foundation for longer-term financial sustainability. The target for profitability has been set in line with our Business Plan and SCI commitment to our Shareholder.

PROGRESS TOWARDS 2024 STRATEGY

A new KPI 'Towards 2024' has been introduced to incorporate a more strategic view of Hunter Water's performance; in particular, progress against the Towards 2024 Strategy. This composite measure will reflect the percentage of strategic objectives and risk actions on track in 2022-23. Towards 2024 is an ambitious strategy, both in scope and the stretch targets that we endeavour to deliver. The Strategy includes a strong focus, including targets, for water conservation. Trade-offs between strategic objectives are likely to arise as we learn more.

REPRESENTATION AND COMMITMENT STATEMENT

The Board of Hunter Water Corporation confirms that:

- a. Key Performance Indicators within the 2022-23 SCI are based on and supported by Hunter Water's Business plan.
- b. The Voting Shareholders will be provided with financial and other information, including information on major capital expenditure projects, on a quarterly basis to assess the performance against commitments in this SCI and to assess the value of the Shareholders' investment in the business.
- c. Asset maintenance policies and processes are adequate and appropriate to manage and control risks associated with physical assets.
- d. All known 'key risks' and 'major emerging contingent liabilities' which could materially impact the current and future results of Hunter Water for the coming year have been disclosed.
- e. Internal audit and risk management practices are consistent with standards recommended for Australian Securities Exchange (ASX) listed companies and where appropriate, Hunter Water has applied any additional requirements that are set out in *Internal Audit and Risk Management Policy for the General Government Sector (TPP20-03) for the NSW Public Sector*.
- f. The Managing Director has an employment contract and performance agreement. The employment contract is appraised annually with the next appraisal scheduled for July 2023. The contract expires on 28 April 2024.

Hunter Water Corporation adheres to *Commercial Policy Framework* policies, as listed in *State Owned Corporations: Applicable TPPs under the Commercial Policy Framework*.

Hunter Water Corporation complies with NSW Treasury accounting circulars and policies applicable for SOCs.

Hunter Water Corporation agrees to provide information during the year to Treasury, as the representative of the Voting Shareholders, as specified in the State Owned Corporation Reporting Obligation Requirements.

Hunter Water Corporation will continue to comply with the requirements of the NSW Public Sector Wages Policy, introduced in 2011 and as amended.

Hunter Water Corporation will apply with the requirements of:

- a. New South Wales Industrial Relations Guidelines: Building and Construction Procurement July 2013 (updated September 2017).



Call

1300 657 657, weekdays 8am-5pm
1300 657 000, 24 hours, seven days
Translation service: 13 14 50

Head Office

36 Honeysuckle Drive
Newcastle NSW 2300

Email

enquiries@hunterwater.com.au

Mail

Hunter Water
PO Box 5171
HRMC NSW 2310

Connect

hunterwater.com.au

