

CAPITAL WORKS COMMITTEE CHARTER

APRIL 2016

HUNTER WATER



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1 COMMITTEE NAME

The committee shall be known as the Capital Works Committee (the “Committee”).

2 PURPOSE

The Committee is a committee of the Board of Hunter Water Corporation created to assist the Board of Directors in fulfilling its responsibilities in relation to governance, composition and delivery performance of the capital works portfolio.

3 OBJECTIVES

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

- To assess the development of the capital portfolio and monitor its implementation.
- To review objectives, strategies and policies in relation to capital projects.
- To review and adopt the short and long term capital portfolio plans.
- To consider customer affordability and capital constraints.
- To consider the impact of short term capital portfolio plans on long term plans in terms of intergenerational equity
- Be satisfied that systems and processes are in place regarding governance and risk management.
- To review results of post completion reviews and long term benefit reviews.

4 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 Hunter Water.

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

5 DUTIES AND RESPONSIBILITIES

In order to fulfil its objectives, the Committee will:

- Provide a strategic overview of the longer term Capital Portfolio of Hunter Water up to 20 years out. This overview would include:
 - The major components of likely capital expenditure.
 - Prioritisation and balancing of projects and programs.
 - Evaluation of portfolio scenarios against affordability.

- The major determinants of that expenditure in particular the strategic issues such as the Environment Protection Authority (EPA), Hunter Water's Operating Licence and the Independent Pricing and Regulatory Tribunal (IPART).
- The criteria on which items of capital expenditure are assessed.
- Recommend to management required changes.
- Review the annual Capital Budgets and the ten year capital plan prior to presentation to the full Board.
- Review the governance approach applying to the capital portfolio.
- Review the process for evaluation of projects and programs within the capital portfolio.

This would include:

- Option evaluation criteria.
- Economic and financial evaluation approaches.
- Value engineering.
- Life cycle cost approaches.
- Monitor post-completion reviews of selected capital projects, assessing the effectiveness of their imposition and whether the advantages claimed for them are being realised.
- Consider Strategic issues as they relate to the capital works portfolio and to the broader business.

6 MEMBERSHIP, APPOINTMENT AND TERM

The Committee will consist of at least 3 non-executive Directors. The Chair and the term of appointment of each member shall be determined by the Board. The Committee may invite any other individuals to attend meetings of the Committee, as it considers appropriate. The Managing Director is a permanent member of the Committee.

7 CHAIRMAN

A Non-Executive Director will be appointed as Chairman of the Committee upon the recommendation of the Corporate Governance Committee.

8 SECRETARY

The Chief Operating Officer will be the Secretary of the Committee. The Secretary, in conjunction with the Chairman, 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.

9 MEETINGS

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

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- A Meeting to endorse the capital budget for the next financial year and to look at projected long term capital works expenditure (Price Path or SCI and 10 year time frames). This is the prelude to the endorsement of the next financial year budget by the full Board.
- A meeting to review the portfolio for the next financial year looking at procurement and risk.
- A Meeting 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 to assess strategic issues with respect to future capital works expenditure.

10 CONFLICT OF INTEREST

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

11 QUORUM

A quorum shall consist of 2 non-executive Director Committee Members.

12 ASSESSMENT

The Committee shall review performance against the Charter on an annual basis and report to the full Board.

13 REVIEW OF COMMITTEE CHARTER

The Committee will review this Charter on an annual basis and at such other times as it considers a review to be necessary or appropriate.

Approved:	26 May 2016	Board of Directors
Endorsed:	28 April 2016	Corporate Governance Committee
Last Reviewed:	February 2016	Capital Works Committee