

# The Board's Strategic Directions 2016-2020

---

Summary - June 2016



PowerWater

---

## Contents

1. Power and Water – Strategic Directions 2020	4
2. A message from the Chair	5
3. Building our success	6
4. Our Strategic Direction 2020	7
4.1 Vision	7
4.2 Guiding principles	7
4.3 Key strategies	8
4.4 Business Transformation Program	9

---

# 1. Power and Water – Strategic Directions

Power and Water's vision is to be a best practice, commercially focused and customer centric multi-utility respected by the community for its contribution to the NT economy and its pursuit of the long-term interests of consumers.

The Board's Strategic Directions paper reflects Power and Water's need to evolve to remain a viable and relevant service provider for our customers and be a best practice multi-utility.

The rapid changes happening in the utility industry, rising customer and community expectations and reform that is occurring nationally across all areas of our business reinforce our obligation to be a flexible, responsive, professional and a sustainable Corporation.

The Board has committed to tackling the gaps revealed in the Corporation's business systems and processes and to building the foundations for sustainable improvements in the Corporation's financial and operating performance by 2020.

Our expectation is that performance benchmarks and reporting will become 'business as usual', and that:

- Our 'back office' corporate services will be lean, contemporary, digital, scalable and efficient.
- Financial sustainability, operating excellence and robust governance and risk management systems are a prerequisite.
- Staff engagement and effective management will be needed for Power and Water to be an 'employer of choice'.
- Engagement with customers, community and stakeholders is clear and consistent with our vision, mission and values.

To achieve this we will be guided by our five principles of change:

1. We have a commercially sustainable business
2. We are as good as our peers
3. We embrace a 'no surprises' culture
4. We have the right people and the right culture
5. We seek insight into external perspectives and respond positively

---

The Board has committed to tackling the gaps revealed in the Corporation's business systems and processes and to building the foundations for sustainable improvements in the Corporation's financial and operating performance by 2020.

---

## 2. A message from the Chair

The Power and Water Corporation Board has completed a re-assessment of the corporate strategies required over the next three to five years. This re-assessment was in response to the planning, controls and accountability shortfalls increasingly evident within the Corporation since structural separation in mid-2014, including during the external audit of the Corporation's 2014-15 annual financial statements.

As a result, the Board has committed to tackling both the gaps revealed in the Corporation's business systems and processes and to building the foundations for sustainable improvements in the Corporation's financial and operating performance. The Board will do so in ways that ensure improved financial transparency and see greater benefits for the Corporation's customers, its shareholder and the people of the Northern Territory.

This commitment is captured in the Board's Strategic Directions paper. The Strategic Directions paper details the corporate strategies endorsed by the Board through to 2020.

The mandate of a board of directors is to develop corporate strategies and policies designed to translate a corporation's mission into measurable objectives and goals. Board responsibilities contrast with those of management. Management's role, within the parameters set by the Board, is to determine and oversee the execution of the Board's strategies and policies to ensure objectives and goals are achieved.

The Board has also initiated a Business Transformation Program to provide greater assurance that the Board's strategic goals will be delivered. Under the Business Transformation Program, we will refocus our approach to customers, stakeholders, business management, asset management, internal service provision and importantly our people and capability.

As well as guiding management, the Strategic Directions paper details the corporate strategies endorsed by the Board through to 2020, for the information of all stakeholders.



**Alan Tregilgas**  
**Chair, Board of Directors**  
**May 2016**

---

The Board has also initiated a Business Transformation Program to provide greater assurance that the Board's strategic goals will be delivered.

---

## 3. Building our success

The Power and Water Corporation Board of Directors recognise that changes since structural separation in 2014 have highlighted a number of financial, governance and operating performance issues, the correction of which is a Board responsibility.

The Board identifies the Corporation as having higher costs and generally lower performance results than industry peers. Our unique Northern Territory environment brings challenging factors that undoubtedly contribute to higher input costs, however, these factors are not the sole reason for the Corporation's under-performance and higher cost base.

Looking ahead, Power and Water is facing a range of emerging internal and external factors that will challenge the Corporation's ability to become a best practice, commercially focused and customer centric multi-utility respected by the community for its contribution to the NT economy and its pursuit of the long-term interests of consumers.

Responsibility for addressing these issues rests with the Power and Water Board and Executive Leadership Team. The Board and management now in place have committed to addressing these issues systematically and sustainably.

There is a need to act now. We must evolve to remain a viable and relevant service provider for our customers.

We have an obligation to be a flexible, responsive, professional and a sustainable organisation. We owe that to ourselves, our customers, the government and the Northern Territory community.

The Board has charged management with transforming our business under the Business Transformation Program. This program will refocus our approach to customers, stakeholders, business management, asset management, internal service provision and, importantly, our people and capability.

The Strategy and Transformation business unit has been established and will act as the custodians for the Business Transformation Program.

Together, we are going to transform Power and Water. We will become a corporation that delivers best practice services in a way that is sustainable and does not cost our customers, the government or the taxpayer any more than is necessary.

Your involvement will be critical in helping us to create a more flexible, more dynamic and more responsive organisation that will not only be better positioned to meet the evolving needs of our customers, but also to deliver outstanding career opportunities and development.

---

This program will refocus our approach to customers, stakeholders, business management, asset management, internal service provision and, importantly, our people and capability.

## 4. Our Strategic Direction 2020

### 4.1 Vision

Our renewed vision captures Power and Water’s transformation journey, both for staff and external stakeholders, setting a renewed focus on achieving the Corporation’s goals.

**Vision:** To be a best practice, commercially focused and customer-centric multi-utility respected by the community for its contribution to the NT economy and its pursuit of the long-term interests of consumers.

### 4.2 Guiding principles

To achieve our vision, we will be guided by five principles of change outlined in Table 4.1 below:

Guiding principles of change	This means ...
a) We have a commercially sustainable business	We have financially sustainable, predictable and transparent outcomes which are supported by effective risk, compliance and project governance processes. We have confidence in the reporting of financial and operating performance.
b) We are as good as our peers	We have contemporary and reliable services with benchmark-driven targets, equitable pricing and a proactive commercial focus. Our approach is customer centric.
c) We embrace a ‘no surprises’ culture	We ensure that safety and risk management are an integral part of the way we operate.
d) We have the right people and the right culture	We emphasise the wellbeing of our people with a positive, proactive culture which embodies accountability, trust, leadership and delivering on promises.
e) We seek insight into external perspectives and respond positively	We are aware of our external footprint and consider future industry trends. We engage effectively with stakeholders and seek to understand our customer needs – and respond accordingly.

Table 4.1

Our renewed vision captures Power and Water’s transformation journey, both for staff and external stakeholders, setting a renewed focus on achieving the Corporation’s goals.

### 4.3 Key strategies

Six key strategies will set us on the path to becoming a best practice, commercially focused and customer centric multi-utility respected by the community.

Strategy	This means ...
1. Customer focus	Embedding a customer focus in the way we deliver all our services. Customer focus must include internal service delivery.
2. Commercial sustainability	Instilling high-level financial discipline, so that benchmark cost-to-serve and key financial targets are progressively achieved over five years.
3. Whole-of-corporation governance and risk management	Embedding governance and risk management processes into our culture so that we are confident in the integrity of our operations. Ensuring our whole-of-corporation (corporate) functional capabilities are aligned to business needs. This includes our cost to serve, service quality and corporate input costs being comparable to our peers and our corporate capability helping the business adapt to future industry change.
4. Line-of-business governance and operation	Embedding line-of-business accountabilities and multi-utility operations into our governance and management arrangements. Ensuring each line of business develops its own business strategy against which its efficiency and effectiveness can be measured, and compared with benchmarks from similar corporations.
5. Safety	Aiming for zero harm. Ensuring our people go home safely at the end of each day.
6. People and culture	Ensuring the capability of our people and the culture that we live contribute meaningfully to our success.

Table 4.2

---

#### **4.4 Business Transformation Program**

The Board has initiated a Business Transformation Program to ensure the Board's goals and outcomes will be achieved. This transformation program is going to be a very different process from the sort of activity previously undertaken. It needs to be successfully built into the foundations of our Corporation for improved transparency, accountability and performance.

The Program involves proactive actions to identify operations and governance improvement opportunities, and to achieve financial sustainability. The Business Transformation Program will be led and championed by a core group of Power and Water people in the Strategy and Transformation business unit, headed up by Djuna Pollard.

The Program will be supported by the establishment of the Project Management Office (PMO) to act as the Business Transformation Program custodian.

The PMO's first objective will be to facilitate priority projects, as identified during Power and Water's 2014-15 annual financial statement external audit, as well as commencing additional business transformation solutions to meet both short and long term Board goals.

The Board recognises that external support and expertise is important to ensure Program success. External specialists will provide additional thought leadership, support and resources during the establishment phase.

---

This transformation program is going to be a very different process from the sort of activity previously undertaken. It needs to be successfully built into the foundations of our Corporation for improved transparency, accountability and performance.



