

Board Charter

1. Introduction

The Board of Directors of WaterNSW is committed to excellence in corporate governance.

This Charter builds on a number of relevant instruments which establish the Board's powers, structure, composition, operations and accountabilities, including the following:

- *Water NSW Act 2014*
- *State Owned Corporations Act 1989*
- Constitution of Water NSW (Constitution)

2. Powers of the Board

Under section 20L of the *State Owned Corporations Act 1989*, the Directors acting as a Board are to set the overall policy, strategy and direction of WaterNSW. All decisions relating to the operation of WaterNSW are to be made by or under the authority of the Board.

The NSW Government may direct the Board only in the special circumstances provided for under sections 20N, 20O, 20P and 21(7) of the *State-Owned Corporations Act 1989*. The Board is to comply with any such direction.

The Board may adopt the policies of the NSW Government that do not otherwise apply to WaterNSW, provided that such policies are relevant and beneficial to WaterNSW.

3. Functions of the Board

To exercise its powers, the Board is to meet regularly and its functions are to include:

- Overseeing WaterNSW's operational and financial performance and ensuring that WaterNSW maintains any operating licence granted under Division 4 of the *Water NSW Act 2014*.
- Setting WaterNSW's overall strategic direction, including adopting objectives, goals and high-level policies which consider the Shareholders' and Ministers' "Statement of Expectations".
- Overseeing implementation of WaterNSW's strategic objectives and its performance generally.
- Approving the Statement of Corporate Intent and the Corporate Plan.
- Approving and monitoring financial and other key performance reporting.
- Ensuring that WaterNSW has an appropriate risk management framework and setting the risk appetite within which the Board expects Management to operate.
- Ensuring that systems are in place to facilitate the effective monitoring and management of significant strategic and operational risks. Approving and reviewing internal controls and legal compliance.

- Approving major decisions, major capital expenditure and significant financial matters and, where appropriate, making recommendations to the Shareholder Ministers on such matters.
- Adopting budgets, regularly monitoring financial performance and reporting to the Shareholder Ministers.
Reviewing the policy, procedures and processes for meeting WaterNSW's obligations of continuous disclosure.
- In accordance with section 9 of the *Water NSW Act 2014*, after consultation with the Portfolio Minister and the Shareholder Ministers, (1) selecting and appointing a CEO; (2) fix the conditions of employment of the CEO; and (3) at its discretion, removing a person from the office of CEO. In accordance with section 9 of the *Water NSW Act 2014*, after consultation with the Shareholder Ministers, determining the remuneration to be paid to the CEO.
- Granting powers and authority to the CEO to conduct the day-to-day operations of WaterNSW, in accordance with the Board's general policies and specific directions.
- Regularly monitoring the CEO's performance.
- Supporting the CEO and ensuring that the CEO and senior management are adequately resourced to meet the Board's requirements of them.
- Ratifying the appointment and removal of senior executives who report to the CEO.
- Overseeing of Board Committees and considering the recommendations of those Committees.

4. Code of Conduct

The Board is to have a Code of Conduct appropriate for Directors with stewardship of a significant State Owned corporation responsible for important public functions.

The Code of Conduct is to be followed by all Directors.

5. Conduct of Board meetings

The Constitution sets out the manner in which the Board is to conduct its business.

In the usual course, decisions of the Board are to be made by consensus of all Directors present at a properly convened Board meeting. If consensus is not reached, a vote is to be taken in accordance with Article 5.9(c) of the Constitution.

The Board is to exercise its powers by making formal resolutions. Resolutions are effective immediately upon being made by the Board, unless stated otherwise at the time of making a resolution, (for example, it may be stated that a resolution is to take effect from a future date or upon the occurrence of a particular event).

The Board is to confirm the minutes of its meetings. The confirmed minutes are to be kept safe as an official record of the Board's resolutions.

6. Committees

The Board may establish Committees under Article 5.12 of the Constitution.

The Board must establish at least an Audit Committee and any other Committees as it sees fit. Each Committee is to have (1) a charter; and (2) membership consisting of at least one non-executive Director. The CEO is an *ex officio* member of all Board Committees.

The Board is to review its Committee structures (including role, function, charter and membership), at least every two years.

7. Board performance

The Board is to assess its performance, including the performance of its Committees, at least every year.

8. Independent advice

At the discretion of the Chair, a Director may obtain independent professional advice at the expense of WaterNSW, if such advice is considered necessary for the Director to effectively discharge his/her directorial duties.

9. Access to Management and facilities

Where a Director sees a need for a detailed briefing or assistance to understand a technical issue, he/she may request the CEO for access to appropriate WaterNSW officers or to inspect any WaterNSW asset or facility. Such a request will not be unreasonably denied.

The reasonable travel expenses for a Director to attend a WaterNSW site to meet with officers and/or to inspect facilities will be met by WaterNSW, with the prior approval of the Chair.

10. Access to information and records

Each Director has the benefit of a Deed of Access, giving them a right to access WaterNSW records created during the term of their appointment.

Directors have full and free access to all Board records (including but not limited to minutes, papers, agendas, tabled documents, and presentations) created during the term of their appointment. This entitlement is to continue after a person ceases to be a Director.

11. Director development

At the discretion of the Chair, WaterNSW may contribute to the cost of education or training which is relevant to the expertise for which an individual Director was appointed to the Board or which is otherwise relevant to their Directorship.

12. Responsibility to employees

The Board recognises and values the knowledge, skills and abilities of WaterNSW's employees. The Board's responsibilities to WaterNSW's employees are to include:

- Giving primacy to workplace health and safety in the Board's considerations of business;
- Exhibiting and encouraging ethical behaviour;
- Monitoring compliance with relevant employment laws and fair work and conditions.

13. Responsibility to customers and the community

The Board is responsible to WaterNSW's customers and the wider community through the performance by WaterNSW of its statutory functions under section 7 of the *Water NSW Act 2014*. In this respect, the Board's responsibilities are to include:

- Being aware of and responsive to customer and community concerns.
- Acting honestly and in the public interest.
- Performing its functions competently and efficiently.
- Pursuing the principal objectives under section 6(1) of the *Water NSW Act 2014*.
- Pursuing the other objectives under section 6(2) of the *Water NSW Act 2014*.

14. Responsibility to the Shareholder Ministers

The Board is responsible to WaterNSW's Shareholder Ministers through the *State Owned Corporations Act 1989*, the *Water NSW Act 2014*, and the Constitution. In this respect, the Board's responsibilities are to include:

- Consulting in good faith with the Shareholder Ministers for the annual preparation of the Statement of Corporate Intent, under section 21 *State Owned Corporations Act 1989*.
- Seeking the prior written approval of the Shareholder Ministers for the acquisition or disposal by WaterNSW of any interest in a private corporation or subsidiary, under section 20W of the *State Owned Corporations Act 1989*.
- Seeking the prior written approval of the Shareholder Ministers for the acquisition or disposal by WaterNSW of prescribed interests in assets or investments, under section 20X of the *State Owned Corporations Act 1989*.
- Seeking the prior written approval of the Shareholder Ministers for the disposal of the main undertakings, as prescribed, of WaterNSW, under section 20Y of the *State Owned Corporations Act 1989*.
- Providing information to the Shareholder Ministers when requested under section 29(1) of *State Owned Corporations Act 1989*.
- Consulting with the Shareholder Ministers on the appointment, removal, remuneration and terms of employment of the CEO, in accordance with section 9 of the *Water NSW Act 2014*.
- Quarterly reporting to the Shareholder Ministers on WaterNSW's financial and operational performance.
- Preparing annually the Financial Statements and the Annual Report of WaterNSW.
- Responsibly governing WaterNSW so as to protect and enhance shareholder value, for the benefit of New South Wales.
- Promptly informing the Shareholder Ministers of any matters which have or are likely to have a significant impact on the operations or financial position of WaterNSW (i.e. continuous disclosure).
- Conducting the above matters and the "shareholder-relationship" generally through the Shareholder Ministers' representatives in the NSW Treasury.

15. Responsibility to the Portfolio Minister

The Board is responsible to WaterNSW's Portfolio Minister under the *Water NSW Act 2014*. The Board's responsibilities to the Portfolio Minister are to include:

- Responsibly governing WaterNSW (1) in accordance with and to maintain any operating licence granted under Division 4 of the *Water NSW Act 2014*; and (2) to protect and enhance public confidence in WaterNSW.
- Consulting with the Portfolio Minister on the appointment, removal, remuneration and terms of employment of the CEO, in accordance with section 9 of the *Water NSW Act 2014*.
- Promptly informing the Portfolio Minister of any matters which have or are likely to have a significant impact on customers, the community, employees, contractors, the environment, or the operations of WaterNSW.
- Providing information to the Portfolio Minister to respond to Parliament or as otherwise requested under section 29(2) of the *State Owned Corporations Act 1989*.

16. Responsibility to regulators

The Board is to monitor and manage WaterNSW's regulatory compliance.

17. Board composition

Under section 8 of the *Water NSW Act 2014*, the Board is to consist of no fewer than 3 and no more than 8 directors, including the CEO. Appointments to the Board are made by the Shareholder Ministers.

The Board is to exercise a “nominations” function, either by the full Board or through a Board Committee. This function will include the proper consideration of the skills and expertise mix required in the Board’s composition so as to enable WaterNSW to meet its statutory objectives.

The Board is to make recommendations to the Shareholder Ministers and the Portfolio Minister for appointments and re-appointments to the Board, by reference to candidates identified as having suitable skills and/or expertise to fulfil composition requirements identified by the Board.

18. Review of Board Charter

The Board is to review this Charter annually, to ensure it remains consistent with WaterNSW’s objectives and best-practice corporate governance.