



**POWER AND WATER CORPORATION  
RETAIL LICENCE APPLICATION**

**TO**

**NORTHERN TERRITORY  
UTILITIES COMMISSION**

**MARCH 2005**

# **Licence Application Power and Water Corporation**

The information which follows is provided under the conditions set out in the Licensing Manual released by the Office of the Utilities Commission titled: "Licensing Manual: Licences to Conduct Operations in the Northern Territory Electricity Supply Industry, dated February 2001, version 1.1".

## **Contact Details**

6.5 - Contact Officer:

Jim Bamber

General Manager Retail (acting)

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6.6 - Power and Water Corporation's addresses are:

*Street Address:*

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18 – 20 Cavenagh Street  
Darwin, Northern Territory  
AUSTRALIA 0800

*Postal Address:*

GPO Box 1921  
Darwin, Northern Territory  
AUSTRALIA 0801

## **Licence type required**

6.7 - The Power and Water Corporation ("the Corporation") submits this application for a Electricity Retail Licence for the purposes of retailing electricity to contestable and non-contestable customers within the Northern Territory.

6.8 - The areas included in this retail licence application are:

### Regulated Network Areas

- Darwin (city, suburbs and surrounding rural areas);
- Katherine (township and surrounding rural areas);
- Tennant Creek (township and surrounding areas);and
- Alice Springs (township and surrounding areas).

### Non-Regulated Network Areas

- Daly River;
- Jabiru;
- Borroloola;
- Timber Creek;
- Daly Waters;
- Elliott;
- Newcastle Waters;
- Yulara;
- Ti Tree;
- Kings Canyon;
- Jabiru
- Nhulunbuy;
- Groote Eylandt; and
- Remote Indigenous Communities under the Indigenous Essential Services Program.

The Corporation's Retail business currently has offices at five locations to service its customers in the above areas:

- Darwin;
- Palmerston;
- Katherine;
- Tennant Creek;and
- Alice Springs.

Services can also be accessed through agents such as Australia Post Shops, Credit Unions, and the Westpac Bank. These independent businesses serve as agents for the Corporation in the provision of retail services.

To enable customers access to services in rural communities throughout the Northern Territory, the Corporation utilises agents such as 'community shops'

to retail its services. This is a long-standing successful arrangement, which is supplemented by site visits from Corporation staff.

6.9 – The Corporation is applying for a Retail Licence with a period of 10 years.

## **Licensee details**

6.10(a) – The Corporation is a Government Owned Corporation (GOC) established under the *Power and Water Corporation Act 2002* (GOC Act). The Corporation has permanent representation in Australia.

6.10(b) - Pursuant to section 50 (2)(c) of the GOC Act, the Corporation has all the powers of a natural person including the power to sue and be sued, among other powers.

6.10(c) – The Corporation is not currently under external administration as defined by the *Corporations Act 2001*, nor is it under a similar form of administration under any laws applicable to it. The Corporation is currently trading in the Northern Territory as a going concern.

6.10(d) – Not applicable to the Corporation.

6.10(e)- As a GOC the Corporation does not have a credit rating.

## **Related Corporations**

6.12 – The Corporation has three wholly-owned subsidiary companies. These companies are:

- *Darnor Pty Ltd* – controlled through a board of directors, Darnor Pty Ltd holds a 2½ percent equity in NT Gas Pty Ltd, the lessee operator of the Amadeus Basin to Darwin gas pipeline and a 2½ percent of the units in the Amadeus Gas Trust. Darnor Pty Ltd derives its income from gas sales to third party customers.
- *Gasgo Pty Ltd* – is controlled through a board of directors. Gasgo's primary role is to purchase gas from gas producers for resale.
- *Indigenous Essential Services (IES) Pty Ltd* – provides electricity generation, electricity sales and related services to Territorians living in Indigenous communities and town camps.

The Corporation's Board of Directors establish the annual performance and financial targets for all subsidiary companies.

## **Director, senior management and major shareholders**

6.13 - In accordance with the GOC Act, the Corporation has a single shareholder, the Northern Territory Government.

The Corporations Managing Director is Mr Kim Wood. Mr Wood's professional experience is outlined under section 6.17(b) of this application.

The retail senior management team is:

- General Manager Retail (acting) – Jim Bamber
- Billing Manager – Nicki May
- NT Customer Service Manager (acting) – Nicola Taulelei
- Revenue Protection Manager – Sue Collins

The Corporation employs staff in accordance with the *Public Sector Employment and Management Act*. Staff conduct is governed by *the Northern Territory Public Sector Principles and Code of Conduct*. Any staff member breaching their statutory or legal obligations would be dealt with according to the Corporation's disciplinary procedures.

## **Nature of industry participation**

### **Power and Water's Activities**

6.14 – The Corporation and its predecessors has a long and proven history in electricity generation, network transmission and distribution, system control and retail in the Northern Territory.

The Corporation currently holds a Retail Licence for the supply of electricity to non-contestable customers and competes in the contestable electricity market.

Additionally, the Corporation holds a 25-year licence for the supply of water and sewerage services in the Northern Territory.

The Corporation operates a number of business units as outlined in the organisational chart at Attachment A. The following outlines the activities carried out by each Corporation business unit.

The Corporation's Technology Services unit provides technical expertise to all Corporation business units and external customers. It is also the custodian of the Corporation's communications business and co-ordinates the Corporation's entrepreneurial business activities, such as off-shore opportunities.

The Corporation's Remote Operations unit provides services to IES Pty Ltd to support its "fee for service arrangements" with the Department of Community

Development Sports and Cultural Affairs for the supply of utility services in Indigenous communities throughout the Northern Territory. The Corporation's Remote Operations business unit also provides ancillary additional services in remote centres throughout the Northern Territory.

The Corporation operates a Business Services unit which provides the following services: regulatory affairs and economic analysis, corporate communications, fleet management, office services, stakeholder relations, Board liaison, facilities management, legal, quality, risk, OH&S, corporate governance, business development and strategic planning and business advice to all business units.

Human Resource support is provided to all business units through the Human Resource Unit.

Additionally, the Financial Services unit provides support to the Board, Managing Director, General Managers and staff regarding the finances of the Corporation and individual business units.

As mentioned above, the Corporation also has three subsidiary companies. Darnor Pty Ltd and Gasgo Pty Ltd participate in the gas sector, with IES Pty Ltd participating in the remote utility service sector.

## **Power and Water's Long Term Commitment**

The Corporation is committed to long term business success in the Northern Territory. The Corporation's Mission Statement is: to deliver power, water and sewerage services to the people of the Northern Territory in a competitive, efficient, reliable and environmentally sustainable manner.

Underpinning this mission statement is the Corporation's Values:

### *Safety is Paramount*

The Corporation will protect the safety of its people, customers and the community. 'Zero Harm' is the Corporation's safety goal.

### *Our People*

The Corporation values its people and encourages them to achieve their potential.

### *Growth*

The Corporation's business will grow by fostering a performance-driven culture.

### *Our Customers*

The Corporation strives for total customer satisfaction with its services.

### *Integrity*

The Corporation is honest, consistent and fair in dealings with customers, suppliers and its people.

### *The Natural Environment*

The Corporation will protect the natural environment by meeting its mandated environmental obligations and minimising the impacts of its operations.

6.15 - The following are the Corporation's strategies and action plans as outlined in the Statement of Corporate Intent 2004/05 agreed between the Power and Water Board and the NT Government as Shareholder:

## ***Customers and the Community***

### **1. Customer Management**

The Corporation will serve its customers by:

- treating our customers fairly;
- communicating regularly with customers;
- implementing a comprehensive service response program; and
- providing appropriate levels of service at efficient prices.

### **2. Being Socially Responsible**

The Corporation will participate in the community by:

- encouraging Indigenous employment within Power and Water;
- supporting Territory-based businesses and community groups in line with Corporation policy and within the frameworks of NT Government policies;
- developing close ties with Charles Darwin University for training; and
- research and participating in a broad-based annual sponsorship program across the Territory.

### ***Our Staff***

### **3. Safety Management**

The Corporation will manage safety responsibilities by:

- committing to a zero harm workplace;
- undertaking AS4801 Occupational Health and Safety Management systems accreditation;
- ensuring adequate supervision of workers and contractors; and
- undertaking a comprehensive safety training and culture change program.

#### **4. Employee Management**

The Corporation will manage employees by:

- treating our employees fairly;
- ensuring that every employee has a job description, performance appraisal and a training development plan;
- implementing an "Action Needed"/staff feedback program; and
- managing employee crisis situations.

#### **5. Providing Leadership**

The Corporation will develop leaders by:

- encouraging all managers to gain a management qualification; and
- providing opportunities for ongoing management skill development.

#### **6. Organisational Development**

The Corporation will develop the organisation by:

- implementing a flat management structure;
- providing a single senior management contact in each town/centre;
- de-centralising the Executive Management team; and
- establishing formal relationships with several Australian utilities to access expertise.

### ***The Business***

#### **7. Asset Management**

The Corporation will manage its assets by:

- developing rolling 1,3 and 10 year asset management plans;
- building and maintaining suitable plant and equipment;
- improving physical security of Power and water facilities and assets; and
- developing a comprehensive facilities management plan.

#### **8. Financial Management**

The Corporation will manage finances by:

- achieving Statement of Corporate Intent financial targets;
- ensuring that appropriate financial policies and procedures are in place;
- developing strategies to improve financial performance; and
- ensuring that it complies with all necessary Accounting standards.

#### **9. Business Development**

The Corporation is developing Power and Water's business by:

- securing a reliable supplier of gas post 2009 at the best possible price;
- implementing new services which leverage off existing infrastructure and facilities;
- using existing competencies in new markets; and
- actively seeking partnerships to share risk in new business ventures.

## **10. Increase Efficiency**

The Corporation will increase efficiency by:

- seeking ways to minimise costs and improve operational outcomes;
- improving debtor management;
- ensuring timely implementation of audit recommendations; and
- undertaking ISO9001 Quality Management Systems accreditation.

## **11. Environmental Management**

The Corporation will manage its impact on the environment by:

- complying with legal and statutory obligations;
- undertake ISO14001 Environmental Management Systems accreditation; and
- continuing the Annual Environmental Excellence Awards.

## ***Accountability***

## **12. Stakeholder Management**

The Corporation will manage its stakeholders by:

- developing closer relationships with electronic and print media in the Territory;
- developing a consultative relationship with unions representing Power and Water employees; and
- developing stronger ties with the Territory business community.

## **13. Crisis Management**

The Corporation will manage crisis situations by:

- implementing a risk-management regime to meet the ISO9001 standard;
- developing and implementing crisis response plans; and
- developing a crisis communications strategy.

## **14. Performance Management**

The Corporation will measure performance by:

- reporting Statement of Corporate Intent targets;
- regular reporting of progress against the capital investment and repairs and maintenance programs; and
- developing and regularly reporting Key Performance Indicators.

## **Technical capacity**

6.17(a) - The Corporation has served the Northern Territory as a retailer of electricity since 1 July 2002. The Corporation's predecessor the Power and Water Authority had provided electricity retail services since 1987 and prior to that the Northern Territory Electricity Commission had provided electricity retail services since self-government in 1978.

The Corporation is a member of the Electricity Supply Association of Australia (ESAA). As an active member, the Corporation continues to participate in benchmarking studies and other related studies carried out by ESAA.

### **Directors**

6.17(b) - A summary of the Corporations Non-executive Directors and Executive Director is as follows:

#### *Mr Neil Philip – Chairman*

Mr Philip has been the Chairman since the establishment of the Corporation on 1 July 2002. Mr Philip, a former senior partner of law firm Clayton Utz, Darwin is also Chairman of Nexus Energy Limited, a Melbourne based public listed company.

Mr Philip has been involved as a legal adviser to private sector and public sector organisations in many of the recent largest and most complex commercial, development and infrastructure transactions to occur in the Northern Territory across a range of industry sectors.

#### *Dr Micheal Vertigan AC – Deputy Chairman*

Dr Vertigan has been the Deputy Chairman since the establishment of the Corporation. Dr Vertigan held the position of Secretary of the Department of Treasury and Finance in Victoria from 1993 to 1998 and was closely involved with the electricity industry and Government reforms during that time. Dr Vertigan also held the position of Secretary of the Department of Treasury and Finance in Tasmania from 1989 to 1993. He is currently the Chancellor of the University of Tasmania and a director of a number of companies in the energy and finance and investment industries. Dr Vertigan was awarded a Companion of the order of Australia in the 2004 Australia Day honours list.

#### *Dr Michael Sargent AM*

Dr Sargent has been a non-executive director since the establishment of the Corporation. Dr Sargent was the Chief Executive Officer of ACTEW Corporation during its transition from a statutory authority to a Corporation between 1991 and 1997. More recently he was Chief Executive officer of Transfield Energy. Dr Sargent is currently the co-Chair of the Australian

Electric Energy Industry Export Council, and has 35 years of engineering experience in Australian utilities. He was made a Member of the Order of Australia in 1993.

*Mrs Judith King*

Judith King has been a non-executive Director of the Corporation since its establishment. She has extensive board experience in both private and public sectors and is currently the Chair of Information City Australia, AUSeMED, and a director of Federation Square Management. She is Deputy Chair of the Victorian Commission for Gambling Regulation. She was formally a director of Melbourne Water Corporation and Citipower Ltd and closely involved in the restructuring and reform of those utilities. She is a Council Member of Swinburne University of Technology and an Adjunct Professor. In January 2003 she was awarded an Australian Centenary Medal.

*Mr Kim Wood – Managing Director*

Mr Wood took up the position of Managing Director with the Corporation on 1 August 2002. Mr Wood was the inaugural Managing Director of City West Water from 1995 to 1998 and Managing Director of Sydney-based GEC-Plessey in the early 1990's. He also led Victorian electricity transmission business GPU PowerNet from 1998 to 1999. Before taking up the Managing Director's position at Power and Water he was Chief Executive of a listed dot com business. Mr Wood holds a Masters of Business Administration, is a Chartered Professional Engineer and is a Fellow of the Institution of Engineers, Australia.

## **Senior Retail Staff**

6.17 (b) - A summary of the Corporation's Retail Senior management is as follows:

*Jim Bamber - General Manager of Retail (Acting)*

Jim Bamber has worked within the Corporation since 1999 in the role of Chief Information Officer. Jim was an integral member of the Retail Management System (RMS) Steering Committee, which managed the implementation of the Corporation's new customer billing and information system. This 18-month project provided Jim with a strong insight into the Retail operations of the Corporation. Jim has been asked to act in the role, pending recruitment action. Jim's qualifications include a Bachelor of Science – Computer Science and a Graduate Diploma in International Management.

### *Nicki May - Billing Manager*

Nicki May has worked within the Corporation for nineteen years. Her roles during this time have included experience working in various billing, front counter, call centre, meter reading and credit control positions. Nicki worked on the recent RMS implementation project. Nicki has held the following positions: OIC Field Services Darwin (included overseeing meter reading and recovery activities in Darwin), Assistant Manager Retail Darwin, Retail Projects Officer (included compiling benchmarking statistics for 1996 PACE Benchmarking Project). Nicki is currently the NT Billing Manager.

### *Nicola Taulelei - (acting) NT Customer Service Manager*

Nicola Taulelei has worked within the Corporation for over two years. Nicola started with the Corporation as a Customers Service Coordinator and is currently acting in the role of NT Customer Service Manager. Nicola's role involves managing service quality for all customers, the development of strategies to improve customer satisfaction and customer relationship management and retention. Prior to joining the Corporation Nicola worked as a Lending and Credit Control Manager with the NT Credit Union for thirteen years. Nicola's qualifications include a Certificate 111 in Business, Certificate 111 Financial Services and a Diploma in Front Line Management

### *Sue Collins - Revenue Protection Manager*

Sue Collins has worked in the utilities industry for twenty-five years. She was employed for fifteen years at AGL as a Meter Reader, Field Inspector and Western Sydney Customer Accounting Manager. Sue has ten years experience at the Corporation as: Customer Services Officer, OIC Field Services, Manager & Assistant Manager Darwin Customer Services, Retail Management System Business Change Manager and currently as Revenue Protection Manager. Sue recently completed an Internal Auditor course to qualify her in Quality Safety and Risk management throughout the Corporation.

## **Retail Staff**

The Corporation Retail employs 56 staff in the following functions:

- customer service;
- billing;
- revenue protection;
- major customers; and
- new products

6.17(c) – The Corporation implemented a \$9.64M Retail Management System (RMS) in August 2004. This system will provide the Corporation with enhanced technical capacity to better service its customers.

The newly implemented RMS has the capacity to support Ringfencing Code compliance.

## **Business Support**

6.17(d) – The Corporation’s Retail business unit is supported by the following internal business units under Service Level Agreements as required by the Accounting and Cost Allocation Procedures under the Ring-fencing Code:

- Business Services;
- Technology Services;
- Financial Services;
- Human Resources;
- Water Services;
- Networks;
- System Control
- Generation; and
- Remote operations.

Additionally the following services are sourced from qualified and technically competent external service providers under contract arrangements in accordance with the NT Government Procurement Guidelines:

- recruitment – Department of Corporate and Information Services;
- statement printing – Lanes Laser Printers Pty Ltd (Adelaide);
- Retail Management System support – Talgentra;
- reconnection and disconnection of customer’s meters and related meter reading activities:
  - Darwin - Entech Pty Ltd trading as Prime Power;
  - Adelaide River and Batchelor – T&G Gardening;
  - Katherine - RSG Sandblasting;
  - Tennant Creek – T&G Contracting;
  - Alice Springs – Field Force Services;
  - Yulara – Voyages;
  - Various agents in remote and indigenous communities;
- security services for cash collection and delivery to bank:
  - Darwin and Palmerston – Armaguard;
  - Katherine– Chubb Security;
  - Tennant Creek- Armaguard;
  - Alice Springs – Shane Ride Security;
- agent for processing bill payments: - Australia Post and Westpac Bank.
- banking facilities – Westpac Bank.

## **Financial viability**

6.18 - Attachment B contains three years of audited reports, published in the Annual Reports for 2001/02, 2002/03 and 2003/04.

In accordance with its corporate strategies the Corporation manages its finances by:

- achieving SCI financial targets;
- ensuring that appropriate financial policies and procedures are in place;
- developing strategies to improve financial performance; and
- ensuring that it complies with all necessary Accounting standards.

The Corporation's Board of Directors is responsible to the NT Government for the financial performance of the Corporation.

The Corporation's loan arrangements are managed through Treasury Corporation. The Corporation banks with the Westpac Bank.

## **Cross-ownership and Ringfencing**

6.19 (a) - All services and resources provided between Corporation Business Units are done so on the basis of agreed Service Level Agreements. Under the agreements, services are provided in a structured manner that conforms with current ring-fencing standards.

6.19 (b) - The Corporation as a whole produces consolidated financial statements that have been externally audited. These statements are published in the Corporations Annual Report, which is tabled in the Legislative Assembly and made publicly available.

6.19 (c) - The Corporation has been operating in accordance with the Ringfencing Code and associated procedures since their inception in June 2002. Staff has been made aware of the Ringfencing Code requirements through workshops carried out in 2002 and new staff are made aware of the requirements with their induction process. A copy of the information handling and accounting and cost allocation procedures is available on the Corporations Intranet.

Additionally, the Corporation's General Ledger has been constructed to ringfence regulated monopoly activities.

## **Licence conditions**

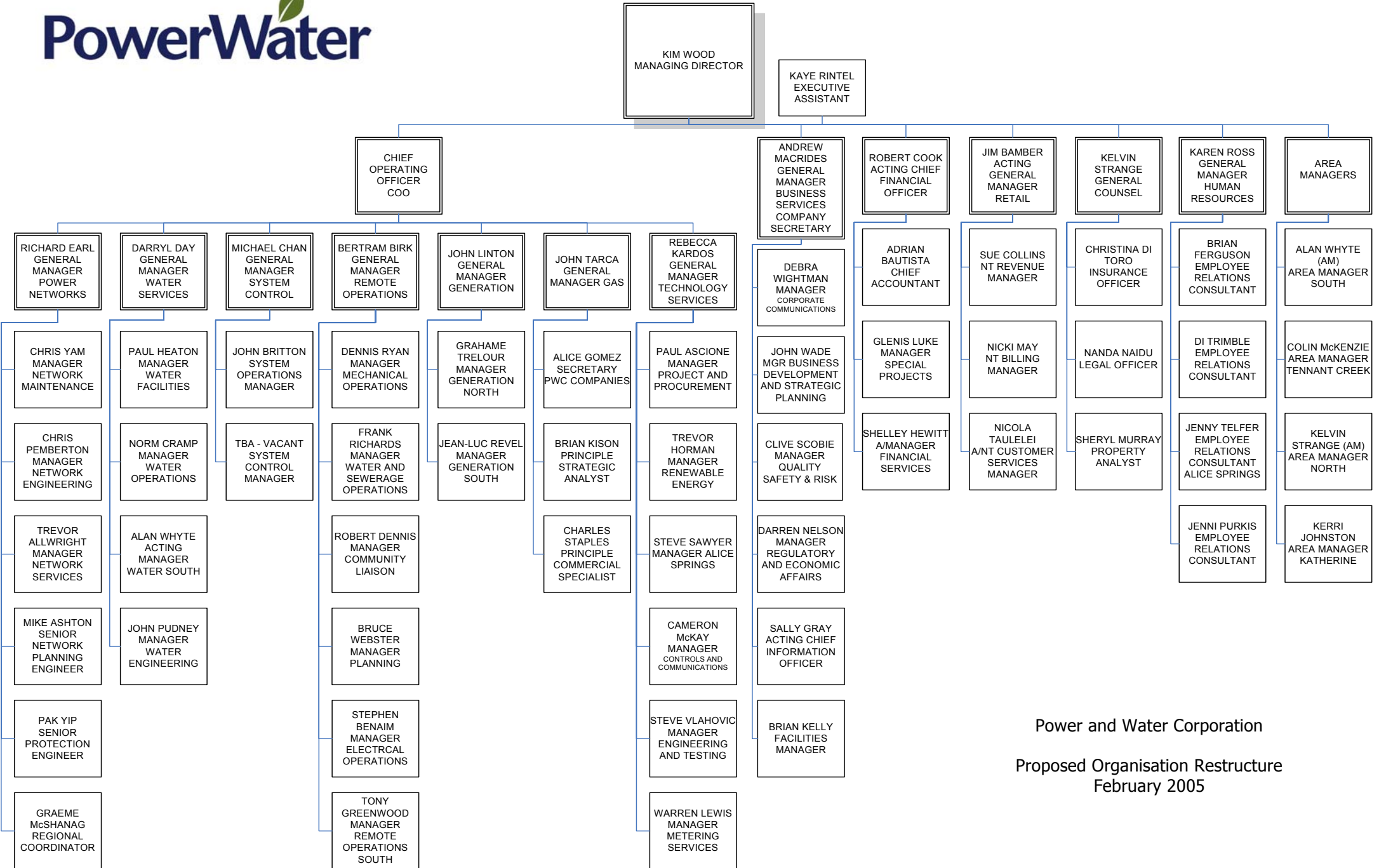
6.20 - The Corporation is not seeking any new or altered licence conditions with this application.

## **Exceptions**

6.21 - The Corporation is not seeking any exemptions from the requirements of Part 3 of the *Electricity Reform Act* with this application.

## **Commercially sensitive information**

6.22 - There is no commercially sensitive information contained in this application.



Power and Water Corporation  
Proposed Organisation Restructure  
February 2005



## **Attachment B**