



**SNOWY HYDRO LIMITED**  
**STATEMENT OF EXPECTATIONS**  
**20 December 2024**

This Statement of Expectations is issued by the Shareholder Ministers of Snowy Hydro Limited ('SHL' or 'the Company') and outlines the Government's expectations of SHL. This statement may be updated by the Government, including to reflect future Government decisions and priorities.

**Purpose and Objectives**

SHL is a Government Business Enterprise (GBE) supporting Australia's transition to a renewable energy system particularly through the 'Snowy 2.0' expansion of pumped hydro in the Snowy Mountains Hydro-electric Scheme. This project is building national economic infrastructure with real and lasting benefits for Australia.

SHL's primary objective is to provide and enable reliable, secure, affordable, renewable and firming energy in Australia through:

- development, operation and maintenance of the Snowy Mountains Hydro-electric Scheme.
- construction, ownership and operation of other electricity generation and energy storage facilities.
- facilitation of decarbonisation of the National Electricity Market (NEM).

The Company also participates in wholesale and retail markets (including mass-market and commercial and industrial), as an integrated generator-retailer for the sale and purchase of electricity and gas, and markets for related contracts and services.

**Role and Responsibilities of SHL**

SHL is a wholly owned Commonwealth company, bound by the *Corporations Act 2001*, and the *Public Governance, Performance and Accountability Act 2013 (PGPA Act)*. The Company operates at arm's length from the Government. The Board of SHL has ultimate responsibility for the performance of the Company and is accountable to the Government as its sole shareholder.

SHL is a commercial entity expected to operate on a commercial basis, with flexibility and discretion in its operational and commercial decisions within the bounds of the legislative and governance framework. This includes policy parameters set through the National Energy Laws, the Snowy Water Licence and the Government's Competitive Neutrality Policy.

The Government expects SHL to promote and display high standards of operating performance, capital management, project implementation, integrity, transparency and professionalism in all of the Company's dealings.

The Government expects SHL to continue to operate as a leading participant in the NEM while delivering financial returns consistent with its commercial operations.

## Policy Objectives

SHL plays a critical role in the NEM and Australia's legislated commitment to reduce emissions to 43% below 2005 levels by 2030, and achieve net zero by 2050 including through the transition to 82% renewable generation by 2030. The Government expects SHL to operate its business in a responsible way to support energy industry decarbonisation, enhance energy reliability and security and support lower prices for consumers through increased renewable penetration and the promotion of competition in wholesale and retail energy markets.

In achieving its primary policy objectives, SHL is expected to continue to:

- observe the principles and obligations as set out in the Commonwealth Government Business Enterprises - Governance and Oversight Guidelines.
- provide socially and economically responsible employment conditions, while maintaining training and safety standards consistent with industry best practice.
- recognise environmental, social and sustainability responsibilities, including the health of the broader river system and downstream water needs pursuing good outcomes for all water users, within its regulatory and policy frameworks, while delivering on its commercial objectives and balancing the needs of the NEM.
- comply with all relevant water obligations, including the Snowy Water Licence and the *Water Act 2007*.

## Operations

In all its operations SHL is expected to continue to:

- take all appropriate actions to deliver major projects on time and on- budget in accordance with agreed parameters.
- keep the Government regularly informed on progress of major projects.
- work co-operatively with the Government, including in relation to transmission requirements.
- ensure its procurement processes are open, transparent, competitive and reflect value for money.
- implement a best practice approach to health and safety of all workers and the broader community, including contractors and visitors.
- actively promote a culture of diversity and inclusion with a focus on increasing opportunities for women and First Nations employment at all levels of the workforce, across all business operations.

## Community Engagement

In all its construction, developments, and operational activities, SHL is expected to foster best practice engagement with stakeholders who may have a genuine interest including relevant Commonwealth, state and local governments, unions, First Nations, and environment, community and business groups.

## Transparency, Integrity, Governance and Accountability

The Government expects SHL's Board to meet the highest standards of transparency, integrity, governance, and accountability for corporate and Government-owned entities. SHL should adopt, as far as practicable, the prevailing version of the '*ASX Corporate Governance Principles and Recommendations*'.

SHL's Board is fully accountable to Shareholder Ministers for:

- **the performance of SHL**, including (but not limited to) promoting: (1) the proper use and management of the economic resources for which the Board is responsible; (2) the achievement of the objects and/or purposes of the GBE; 3) a high standard of operating efficiency and effectiveness; and (4) financial sustainability.
- **internal governance of SHL**, including (but not limited to) establishing and maintaining: (1) an appropriate system of risk oversight and management; and (2) an appropriate system of internal controls.
- **setting strategic direction, organisational leadership and establishing and maintaining a culture** that meets the high standards expected by the public in relation to (but not limited to): (1) efficient, effective, economical and ethical expenditure of money; (2) proactive and open disclosure of information that is reasonably in the public interest; and (3) following best practice principles and guidelines that go beyond strict legal obligations (e.g. integrity, probity, value for money, adaptive management and environmental sustainability); (4) an engaged, results-oriented staff culture that minimises unplanned turnover; and (5) maintaining a remuneration structure consistent with the Performance Bonus Guidance issued by the Australian Public Service Commission with a clearly documented framework that balances reasonable reward for meeting clearly defined objectives, where achievement of any at-risk component is genuinely 'at risk', with public expectations for compensation.
- **ongoing compliance with external governance frameworks**, including (but not limited to): (1) any governance documents that operate between the Government, as shareholder, and SHL; (2) the Commonwealth GBE - Governance and Oversight Guidelines (GBE Guidelines); and (3) the PGPA Act Requirements, including Corporate Planning and associated Key Performance Indicators.
- **timely, accurate and transparent provision of information**, including (but not limited to): (1) the obligation to keep Shareholder Ministers informed; and (2) advance notice of, and the opportunity to review, significant public statements and media releases.

The Government expects SHL representatives appearing before the Parliament to have a detailed understanding of their duties per the Government Guidelines for Official Witnesses before Parliamentary Committees and Related Matters (Parliamentary Witness Guide).

Where SHL engages a third-party (e.g. a contractor), it must take into account the risks associated with that approach and impose on that party obligations in relation to the efficient, effective, economical and ethical expenditure of money.

Where SHL's Board delegates its power (or authorises an employee or third-party to exercise its power) it must be clearly documented and recorded.

The Board should have **access to a company secretary**, who reports to the Board (through the Chair) and is independent of company management and who Board members can raise matters with, confidentially and seek advice from, as a governance expert.

**Senator the Hon Katy Gallagher  
Minister for Finance**

**The Hon Chris Bowen MP  
Minister for Climate Change  
and Energy**