

Aurora Energy
Final 2018-19 Statement of Corporate Intent

July 2018



Statement of Corporate Intent

1 Company Overview

Aurora Energy is a State-owned Company established in 1998 under the *Electricity Companies Act 1997*. Aurora Energy's two shareholders are the Minister for Energy and the Treasurer.

Aurora Energy provides electricity and gas retail services to more than 279,000 customers throughout mainland Tasmania. As part of its retail offering, Aurora Energy offers a range of electricity and gas products tailored to the needs of customers through tariffs, market contracts and payment options.

The principal objectives of the Company as outlined in the *Electricity Companies Act 1997* and the Constitution's Memorandum of Association are to:

- operate its activities in accordance with sound commercial practice; and
- maximise its sustainable return to its shareholders.

Aurora Energy pays dividends to the Shareholders which are used by the Government for the benefit of the Tasmanian community.

2 Shareholders' Statement of Expectations

Aurora Energy's strategic direction for 2018-19 and beyond has been developed on the basis of a set of underlying business imperatives, outlined in the Members' Statement of Expectations.

These are to:

- a) focus on its core business, the delivery of electricity retail services on mainland Tasmania;
- b) operate its activities in accordance with sound commercial practice;
- c) maximise its sustainable return to shareholders;
- d) operate as an efficient entity providing services in a cost effective manner and target an underlying cost to serve below the regulatory allowance for a regulated retailer in the Tasmanian market;
- e) prudently manage the risks of operating in a competitive retail market in the State;
- f) maintain flexibility for a potential future divestment of the business; and
- g) maintain a customer-centric focus and efficiently deliver the State's electricity concessions on behalf of the Government.

3 Aurora Energy's Strategic Direction

Aurora Energy's strategic vision, '**Tasmanians' energy experience reimagined**' reflects that the energy experience it provides its Tasmanian customers is paramount to its success as a stand-alone energy retail business. In delivering this vision, Aurora Energy will engage closely with Tasmanians and leverage customer insights to provide its customers with the experience, products and services, value and choice they expect.

This vision is supported by Aurora Energy's purpose, '**To proactively deliver practical energy choices for all Tasmanians**'.

Underpinning Aurora Energy's vision and purpose are four strategic themes:

- *Customer Experience*: providing an exceptional holistic experience that aligns with the expectations and values of our customers;
- *Innovative*: investing in our people and partners to enable innovation, ensuring our people experience drives our customer experience;
- *Adaptive*: taking an adaptive mindset to our operating model, systems and processes to support the transformation of our customer experience; and
- *New Value*: identifying and realising new growth areas to create a balanced and sustainable portfolio beyond the traditional model of energy consumption.

Aurora Energy's strategy for 2018-19 is summarised below on the 'Strategy on a Page'.

4 Key Performance Measures

To monitor progress against the strategic vision and objectives outlined above, Aurora Energy has developed a new set of key financial and non-financial performance measures and associated targets for 2018-19 and estimates for 2019-20 to 2021-22.

Strategic Theme	KPI	Performance Measure	2018-19	2019-20	2020-21	2021-22
Customer Experience	Customer Loyalty	Customer satisfaction and loyalty score ¹	+36	+39	+42	+45
	Customer Retention	Total share of Tasmanian consumption	Within forecast	Within forecast	Within forecast	Within forecast
	Brand Health	Brand Health Indicator at target	At target	At target	At target	At target
Adaptive	Financial: Profitability	Annual profit after tax target	\$18.2M	\$16.4M	\$16.7M	\$16.9M
		Return on equity	19.9%	17.7%	17.9%	17.7%
		Annual returns to Government (\$M per year – Accruals)	\$24.3M	\$23.6M	\$22.0M	\$22.1M
	Financial: Operating Cost Efficiency	Regulated Cost to Serve per Customer	Within allowance	Within allowance	Within allowance	Within allowance
	Strategic Delivery: Major Projects	Major Project (>\$2M) Performance – % on track	80%	80%	80%	80%
	Compliance	Maximum Type 1 Non Compliance events related to NECF	0	0	0	0
Innovative	Employee Safety	Medically-Treated Injury Frequency Rate	0	0	0	0
	Employee Engagement	Employee engagement score at target	65%	67.5%	70%	72.5%
	Employee Culture	Improvement in constructive styles	N/A	Improve by 5%	N/A	Improve by 5%

Note:

- Existing metric will be extended to all channels.