

BOARD BULLETIN

Summary of Meeting 289, held in Melbourne on 7 June 2017



Boosting Southern Victoria's food, fibre and regional productivity through outstanding rural water management.

Present:

Mr Terry Burgi OAM, Chairman
Ms Diane James AM, Deputy Chairman
Ms Naomi Cleary, Director
Ms Kate Calvert, Director
Mr Michael Malouf, Director
Ms Naomi Pye, Director
Mr Terry Swingler, Director
Mr Clinton Rodda, Managing Director



In attendance:

Mr Paul Byrnes, General Manager Technical Services
Mr Stuart Wigglesworth, Chief Financial Officer
and Corporate Secretary





OUR OUTCOMES

Great service

SRW management was pleased to present the performance dashboard results to the board. The dashboard summarises SRW's performance against targets within the Corporate Plan, and the board commended management for delivering results in excess of all customer service targets.

More water in production

The board noted excellent water efficiency results recorded in the Macalister Irrigation District for 2016-17. Prior to modernisation works, water efficiency of 60-65% was usual performance. Management were delighted to advise the board that water efficiency of 80.7% was recorded for 2016-17, and emphasised to the board that results such as this underpin the additional water being made available for production from modernisation works.

Financial planning

The board approved the 2017-18 Corporate Plan and considered a number of matters related to the 2018-23 Price Submission.

Affordable prices

The board were pleased to understand that SRW continues to expect prices to remain within our target affordability limit of 0.5% real per annum.

Financial sustainability

As part of considering financial budgets within the 2017-18 Corporate Plan, the board approved the proposed borrowing limit of \$26M for 2017-18. The Chief Financial Officer confirmed to the board SRW's ongoing sound financial position:

- Debt at the end of June 2017 is expected to be \$22M, which is well within the current borrowing limit; and
- Increasing debt in 2017-18 to \$26.5M is consistent with our customers contribution to irrigation modernisation, and our proposed pricing will provide adequate cash flow to meet these new obligations.

The Chief Financial Officer updated the board that asset impairment costs resulting from the replacement of irrigation assets will increase expenditure in 2016-17 by \$12M. The Chief Financial Officer confirmed to the board that this cost does not impact SRW financial sustainability as it is a non-cash expense and does not affect SRW revenue.

ENABLING OUR STRATEGY



Managing risk

The board considered the 2016-17 Risk Review and 2016-17 Dam Safety report.

Health and wellbeing

As part of its annual review of risk management at SRW, the board reinforced that SRW has a very tolerance for employee and public safety risks. The board was pleased to hear that management will provide a special report to the board at the August 2017 meeting to describe how SRW's practices and processes match the board's very low tolerance to safety risks.

Dam safety

The board approved the 2016-17 Dam Safety report for submission to government, and was pleased to recognise that the dams managed by SRW continue to fall within the Limit of Tolerability set by the Australian National Committee on Large Dams.

Projects

The board approved capital expenditure of \$2.8M for upgrade works at Maffra weir. These works will replace parts coming to the end of their service life, as well as bring the operating deck up to date with modern safety and structural integrity standards.

Delivering capital works

The Managing Director advised the board that modernisation works are moving into important stages over the winter months, of:

- Project completion for the \$33M MID2030 1A project; and
- First stage of project works for:
 1. \$60M MID2030 1B;
 2. \$31M Werribee modernisation; and
 3. \$12M Bacchus Marsh re-configuration.



Pipes for stage 1 of the MID2030 1B project have arrived on site.

MEETING WITH OUR COMMUNITY



The board were very pleased that the Victorian Auditor-General, Mr Andrew Greaves, was able to meet with directors immediately prior to the board meeting. Mr Greaves explained that his approach to future audit work at SRW will be designed to enable both his statutory obligations to report to parliament upon the annual financial statements, as well as provide analysis of the data collected during the course of the audit work. The board look forward to using this analysis to reinforce sound financial and operational practices by benchmarking SRW performance against the water sector, and broader Victorian public service.

PRINCIPAL REPORTS CONSIDERED BY THE BOARD



The following reports were noted or approved by the board:

1. Business performance dashboard
2. Management report
3. Annual borrowing approval
4. Annual risk review
5. Dam safety report
6. 2017-18 Corporate Plan
7. Business case—Maffra Weir operating gear
8. 2018 price submission
9. Managing Director performance plan
10. Risk appetite reviews—Environmental Stewardship and Providing Great Service
11. Review of risk consequence—Health, Safety and Wellbeing
12. Impairment of assets—modernisation works.



NEXT MEETING

The next meeting of the board will be held on 2 August 2017 at the SRW Merrimu office.

