

BOARD BULLETIN

Summary of meeting 293, held at Monash Conference Centre, Melbourne on 31 October 2017



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

Present:

Ms Diane James AM
Ms Naomi Cleary
Mr Angus Hume
Ms Peta Maddy
Mr Michael Malouf
Ms Naomi Pye
Mr Terry Swingler
Mr Clinton Rodda

Chairman
Director
Director
Director
Director
Director
Director
Managing Director



Apology:

Ms Kate Calvert

Director



In attendance:

Mr Stuart Wrigglesworth

Chief Financial Officer
and Corporate Secretary

Mr Craig Parker

General Manager
Customer Service

Mr Lincoln Eddy

Manager, Strategy and
Performance

SECOND MEETING OF THE NEW SRW BOARD



Diane James AM, Chairman

This board meeting represents the first in-person meeting of the Southern Rural Water Board of Directors since the State Government announced director appointments in September 2017.

The Chairman welcomed all to the meeting, and especially the new directors of SRW, Ms Peta Maddy and Mr Angus Hume.

A short biography for each director is attached to this bulletin.

While this is the first opportunity for the board to meet together since the State government announced director appointments in September 2017, directors have become acquainted with each other via induction processes as well as out-of-session decisions regarding board committee appointments. These appointments are shown as part of the attached biography

The board congratulated the Chairman on her appointment, and acknowledged the outstanding service to SRW by the former director and chairman, Mr Terry Burgi OAM.



OUR OUTCOMES

At this meeting the Managing Director presented the Strategy Scorecard report for the period to 30 September 2017.

This information enables the board to assess and guide SRW's progress towards the strategic vision of 'Boosting Southern Victoria's food, fibre and regional productivity through outstanding rural water management'.

As part of this discussion, the board considered a number of matters, including:

Great service

The board was pleased that customer service outcomes have continued to exceed the targets set in Water Plan 3 (five years to June 2018). However, application processing time frames have been impacted by the recent Water Register outage. As the State Government has now restored full functionality for the Water Register, management is confident that our performance will return to target.

Affordable prices

Management presented to the board price paths across an extended 10-year planning period. This information is drawn from our recent price submission, which illustrates that prices at the end of the 10 year period will be under our pricing goal (no more than a 10% real increase over 2013 prices).

Financial sustainability

The Chief Financial Officer was pleased to update the board on recent advice from the Victorian Auditor-General's Office (VAGO) that the upcoming parliamentary report from VAGO will consider all financial indicators before making an assessment of financial sustainability risk. Early indication from VAGO is that, given the circumstances that apply to SRW, we will not be described as a financial sustainability risk.

The board acknowledged the work by directors and management to achieve this result, as well as the Auditor-General's willingness to listen to SRW's concerns regarding the previous method of assessment.

Separately within the agenda, the Chief Financial Officer presented the financial results for the first three months of 2017-18. The board was pleased that these financial results remain consistent with budget.

OUR STRATEGIC FOCUS



Modernised service

The Managing Director reported that 2017 winter irrigation modernisation works have occurred to plan, with projects being completed on time, to the full scope and at cost or lower than budget. This was an excellent result given the short turnaround time for planning of these works.



Maffra Weir, part of the MID2030 1A works.

Planning is now well underway for 2018 winter works in Macalister, Werribee and Bacchus Marsh Irrigation Districts.

In the case of Macalister Irrigation District modernisation, the Managing Director was able to outline several significant matters from the MID2030 1B team:

- Customer agreements are almost finalised for 2018 winter works.

Throughout this negotiation process the MID2030 team has been impressed with the cooperative spirit shown by customers, as well as their preparation for the discussion and willingness to consider options. Feedback from customers uncovered better alignment options that have resulted in a lower base cost for SRW while meeting the water supply needs of customers. The board commended this outstanding result by our project team and customers in the Southern-Tinamba zone.

- The board approved a proposal to accelerate project outcomes and deliver the MID2030 1B pipeline stages in consecutive years. The Managing Director emphasised that this proposal, which benefits SRW by reducing project financial uncertainty, has been generated from the project team's capacity and mindset to seek opportunities that optimise project outcomes.

ENABLING OUR STRATEGY

Smarter Technology

The Chief Information Officer, Mr Michael Piko, outlined how secure access to information is managed, with particular focus on board information. Mr Piko has been part of the business for six months and explained to the board how he has changed some processes and has emphasised to staff the importance of confidentiality and security within the IT environment. Mr Piko commented on the team's willingness to strengthen practices to support this focus, and more generally, how pleased he has been with the capability of staff within the IT team. He also outlined that work is progressing on the team restructure so that the IT team can meet the objectives of the recently launched ITC strategy.

Mr Piko explained that the IT team has several significant projects underway. These include applications to improve customer access to data and transactions, along with upgrades to finance, payroll, billing and document management systems. The team is also investigating a revised asset management system. ITC skills have the capacity to significantly improve the efficiency and quality of SRW services and Mr Piko is looking forward to the challenge of using his team to deliver the Smarter Technology strategic objective for SRW.

High Performance Culture

The board discussed recent work by the organisation to review and validate our approach towards safety risks, and reflected upon the importance of a strong safety mindset to underpin the High Performance Culture objective. The board commended management's proposed review of existing safety processes and impressed upon management that safety risks must be eliminated or reduced wherever practicable. The board approved further work to ensure that SRW continues to meet safety obligations.

Informed Asset Management

The board was pleased that management is progressing Improved Asset Management by the upcoming appointment of a consultant to assess our asset management processes against the Asset Management Accountability Framework introduced by State Government. This assessment will provide an independent benchmark and provide a basis to guide asset management improvement priorities. When coupled with other work to review and upgrade our asset management system and our ongoing drive to keep capital expenditure costs affordable, management advised the board that these projects will underpin our work and practices that optimise the SRW asset base.



PRINCIPAL REPORTS CONSIDERED BY THE BOARD

The following reports were noted or approved by the board:

1. Business performance dashboard
2. Strategy scorecard
3. Management report
4. MID2030 Phase 1B – accelerated project delivery
5. Internal audit plan
6. Quarterly finance report
7. OHS risk review
8. Board policy review process
9. Policy review – Corporation Seal
10. Policy review – Water trading by directors, employees and related parties
11. Policy review - Fraud
12. Policy review - Governance
13. Board performance assessment
14. Quarterly capital expenditure report
15. Quarterly compliance report
16. Macalister Customer Consultative Committee
17. Werribee Bacchus Marsh Customer Consultative Committee
18. Southern Groundwater and Rivers Forum



NEXT MEETING

The next meeting of the board will be held on 6 December 2017 in Melbourne.

Name	Biography	Board Committee member	Customer Committee member
Diane James AM CHAIRMAN	Ms James AM has a background in business ownership, and currently works in leadership development. She recently retired as Chairman of the Bellarine Bayside Committee of Management and is a former Chairman of the Victorian Coastal Council, a role she held for over a decade. She is a director of Karingal St Laurence and former director of Barwon Water. Ms James AM is an accredited executive coach, a fellow of the Australian Institute of Company directors, and has a Graduate Certificate in Innovation and Entrepreneurship. In 2011, she was awarded a Member of the Order of Australia. She is currently Chairman of the Order of Australia Victoria Branch and is a member of the Great Ocean Road Task Force. She was appointed to the board on 1 October 2015.	Asset Governance Committee Remuneration Committee (Chairman) Committee (Chairman) Asset Governance	
Kate Calvert	Ms Calvert has extensive experience in natural resource management and has previously held various roles in Landcare. Her family run a sheep and cropping enterprise in Western Victoria. Ms Calvert has a Master of Science (Environmental Management) and a graduate Diploma of Education. She is a graduate of the Australian Institute of Company Directors. Ms Calvert was appointed to the board on 1 October 2015.	Audit, Risk and Governance Committee Remuneration Committee	
Naomi Cleary	Ms Cleary has extensive experience in the property sector. She is the former Chief Financial Officer of the Elmstone Property Group, and a current director of SANB Valhalla a property investment vehicle. Ms Cleary is a director of Sport Climbing Australia. She holds a Bachelor of Business Studies and is a graduate of the Australian Institute of Company Directors. Ms Cleary was appointed to the board on 1 October 2015.	Audit, Risk and Governance Committee Werribee office site redevelopment (Chairman)	Werribee Bacchus Marsh Customer Consultative Committee
Angus Hume	Mr Hume holds qualifications in education and company directorship. He has recently been Chairman of the Victorian Catchment Management Council, Co-chairman of the Gippsland Lakes Coordinating Committee and Chair of the West Gippsland Catchment Management Authority (WGCMA). Mr Hume has a strong understanding of natural resource management through his experience with the Department of Primary Industries and as a past CEO of WGCMA. He is also a past board member of the East Gippsland Catchment Management Authority.	Asset Governance Committee	Macalister Customer Consultative Committee
Peta Maddy	Ms Maddy has a background in water engineering and management including her current role as an associate at the consulting firm Aither. She is a past President of the Victorian branch of the Australian Water Association and comes to SRW from Grampians Wimmera Mallee Water where she was director for the past two years and chaired its Water Resources Committee. She is Chairman of the inter-departmental reference group for the Victorian Rural Drainage Strategy and is currently a member of the Victorian Catchment Management Council. Ms Maddy has a Bachelor of Chemical Engineering, a Bachelor of Science (Pharmacology and Toxicology) and is a graduate of the Australian Institute of Company Directors.	Asset Governance Committee Remuneration Committee	
Michael Malouf	Mr Malouf is the director of Malouf Management Services Pty Ltd and is a sessional member at Planning Panels Victoria. During his career, he has held CEO positions at Melbourne, Geelong and Wyndham City Councils, was the CEO of the Carlton Football Club, held executive roles for Pratt Holdings and more recently was the Managing Director at Barwon Water. Mr Malouf is a director at Western Victoria Primary Health Network. He has a Master of Business Administration, Bachelor of Civil Engineering and is a Fellow of the Australian Institute of Company Directors, the Institute of Engineers and the IPAA. He was appointed to the board on 1 October 2015.	Asset Governance Committee (Chairman) Audit, Risk and Governance Committee Remuneration Committee Werribee office site redevelopment	

Name	Biography	Board Committee member	Customer Committee member
Naomi Pye	Ms Pye is a dairy farmer at Bessiebelle. She is a director of the Gardiner Dairy Foundation (appointed 2016) and was a director of the Glenelg Hopkins Catchment Management Authority (2006 – 2011) and has previously held board and committee roles with the Victorian Farmers Federation (1999 – 2007), WestVic Dairy Project Steering Committee (2000 – 2006) and Australian Dairy Farmers (2005 – 2006). Prior to her appointment to the board of Southern Rural Water, she was a member of the Southern Groundwater and Rivers Forum, a customer consultative committee of SRW. Ms Pye has a Diploma of Teaching and an Advanced Diploma of Agriculture; she is a graduate of the Australian Institute of Company Directors. Ms Pye was appointed to the board on 1 October 2011.	Audit, Risk and Governance Committee	Southern Groundwater and Rivers Forum
Terry Swingler	Mr Swingler has vast experience in the water industry having held senior roles as Yarra Valley Water's General Manager Finance and Company Secretary (1995-2012) and Corporate Secretary with Melbourne Water (1986-1995). He has also been a Director of Equipsuper Pty Ltd (2012-2016) and the Victorian Government's nominated Director on the Joint Government Enterprise Ltd (trading as Water for Rivers) (2012- 2015). Mr Swingler has a Diploma of Business (Accounting) and is a Fellow of CPA Australia, Governance Institute of Australia and the Australian Institute of Company Directors. Mr Swingler was appointed to the board on 1 October 2013.	Audit, Risk and Governance Committee (Chairman) Remuneration Committee	
Clinton Rodda	Mr Rodda joined Southern Rural Water in 2005 after spending 17 years in the utilities sector and 10 years in management consulting. He has previously held senior management roles with Energy Brix and Eastern Area Power Grid, and has worked nationally and internationally as a consultant. He holds a Bachelor of Business, a Master of Business Administration, and a Diploma in Ontological Coaching and is a member of the Australian Institute of Company Directors. Mr Rodda was appointed Managing Director on 4 July 2009 and reappointed in March 2014 for a further five years effective from July 2014.		

