

BULLETIN

May 2016

A report of matters covered at Southern Rural Water's 3 May 2016 board meeting and associated events

The meeting was held at Southern Rural Water offices, 88 Johnson Street, Maffra

Present:	Mr Terry Burgi	Chairman
	Ms Diane James AM	Deputy Chairman
	Ms Naomi Benjamin	Director
	Ms Kate Calvert	Director
	Mr Michael Malouf	Director
	Ms Naomi Pye	Director
	Mr Clinton Rodda	Managing Director
	Mr Terry Swingler	Director
	Mr Stuart Wrigglesworth	Chief Financial Officer and Corporation Secretary

Apologies: Nil

State Government announces irrigation modernisation funding

As part of the 2016-17 Victorian State budget delivered on 26 April 2016, the Treasurer announced that modernisation works at all three irrigation districts managed by SRW will be jointly funded by the State Government.

"By investing now to upgrade our water infrastructure, we'll protect homes, businesses and jobs in the future."

Minister for Environment, Climate Change and Water Lisa Neville

While the business will continue to work hard to secure a Federal Government funding commitment so that these projects are completed in full, the State Government announcement allows these modernisation works to commence.

This significant milestone towards the fulfilment of the SRW strategy "Boosting southern Victoria's food, fibre and regional productivity through outstanding rural water management", was recognised by the board, management and customers throughout the events associated with the May 2016 board meeting.

Southern Rural Water Board of Directors tours the Macalister Irrigation District

The board took the chance to tour the Macalister Irrigation District. Members of the Macalister Customer Consultative Committee (MCCC), as well as several SRW staff, joined the tour.

The first part of the tour considered SRW flood operations and the impact of flood upon the community. The itinerary travelled through the Macalister river flood plain via Tinamba and Newry to Glenmaggie weir.

SRW staff explained how flood water can move into these residential and farming areas. Several MCCC members were able to relate their personal experience of flood, which emphasised to the board that the movement of flood waters is unpredictable from one flood to the next.

At Glenmaggie weir, the board were escorted onto the weir walkway by SRW staff and the operation of the flood gates was explained. Recent works to rehabilitate the crane, and improve access for ongoing maintenance, was also described to the board.

Mr Han Van Wees hosted morning tea at the dairy property that he manages. Mr Van Wees highlighted the importance of SRW's role in providing information to customers in times of flood. Flood waters can cover 90% of the property, so it is critical that Mr Van Wees receives timely information so that cattle and equipment can be moved to safety.

The route also allowed SRW staff and MCCC members to identify the changing nature of the district, in the way of new vegetable growing enterprises, and both planned and constructed irrigation modernisation infrastructure.

The partly constructed Southern Cowwarr balancing storage was the final stop of the tour. SRW engineering staff outlined progress to complete the storage, and board members were able to appreciate the scale of the works by viewing the site from the eastern embankment. SRW operational staff emphasised to the board that, in addition to water savings, the balancing storage will transform our service levels to downstream customers.



Mr Hans Van Wees explains the movement of flood water on the Macalister River floodplain



Mr Terry Burgi (Chairman) and Ms Diane James AM (Deputy Chairman) inspect Glenmaggie weir .



SRW board, CCC and staff inspect works at the Southern Cowwarr Balancing Storage

Southern Rural Water Board of Directors host dinner meeting

A dinner meeting with customers, staff and the board was held in Sale. Presentations were provided by SRW Managing Director, Mr Clinton Rodda and SRW Manager Water Supply East, Mr Terry Clapham.

Mr Rodda updated the meeting on progress towards modernisation of SRW services. The presentation outlined the very pleasing result that SRW is on track to modernise our irrigation districts without increasing prices beyond 10% over a 20 year period. Mr Rodda also outlined SRW's submission to State Government for the Water for Victoria discussion paper, and explained that SRW staff will continue to consult with government to highlight those matters that are important to our customers.

SRW's Eastern Irrigation Business Lifeblood program was outlined by Mr Clapham to the meeting. Just as a healthy internal circulation system is critical for good human health, the presentation identified that significant performance improvement can follow a renewed focus on the health of the irrigation channel system. Customers at the dinner reiterated that the funding and cultural shift driven by the Lifeblood project has improved outcomes on their properties.

Each presentation triggered further discussion whereby SRW directors and their guests were able to further query the status of these important topics.

Southern Rural Water Board of Directors meeting

2016-17 Corporate Plan

The board approved the 2016-17 Corporate Plan. The plan includes an additional \$104m of irrigation modernisation works following the State Government budget announcement. While the organisation is yet to secure a funding commitment from Federal Government, the board agreed with the Managing Director that the full program of works should be included in the corporate plan. As part of this decision, the board endorsed commencement of works in 2016-17, with the program as follows:

Modernisation project	2016-17 \$'000	2017-18 to 2019-20 \$'000	Total \$'000
Macalister: MID2030 1B	5,400	54,600	60,000
Werribee modernisation		31,320	31,320
Bacchus Marsh re-configuration	1,722	10,638	12,360
	7,122	96,558	103,680

The board separately approved 2016-17 tariffs and charges, and in doing so, recognised that our indicative price path for the next five years remains well within our 20 year target to keep price rises to no more than 0.5% real per annum.

Significant capital expenditure projects approved

A business case was approved by the board for the following significant projects –

Project	Description
MID2030 1A Reserve projects	The \$32 million MID2030 Phase 1A works are forecast to come in under budget by approximately \$5.0 million. The board had previously approved additional modernisation projects with a current forecast of \$3.6m. Additional high value modernisation projects to the value of \$1.4 million were approved by the board to fully expend program savings.
MID2030 1A Maffra Weir measurement	Funded as part of the initial reserve projects allowance, construction of a diversion channel and controlled inlet structure at Maffra weir was approved.
Werribee office re-development	SRW has negotiated with the State Government to acquire the crown land allotment used by the Werribee office. The approved acquisition of the land, and management will now consider options to improve office accommodation for Werribee staff

Supporting customers in drought

Werribee and Bacchus Marsh irrigators have faced drought conditions throughout 2015-16. The irrigation allocation for 2015-16 is 15%, and the outlook for 2016-17 is an opening allocation of 0%.

For Werribee customers, and with the assistance of Melbourne Water, SRW has offered customers additional recycled water volume. An extra 4GL of recycled water entitlement has been allocated to Werribee customers. While this will assist Werribee irrigators, as recycled water has relatively high salinity, an alternate source of high quality water to reduce salinity is required for dry years.

For Bacchus Marsh, 600ML of additional groundwater entitlement has been made available as a temporary allocation for this season and will be made available on a permanent basis from 2016/17.

With these significant problems in mind, SRW management is exploring further options to provide water security for the 2016/17 year.

Further reports

A number of additional reports were approved or noted by the board:

- Business Performance Dashboard
- Strategy Scorecard
- Management Report
- Quarterly Financial Statements
- Water for Victoria Submission
- Risk Presentation – Financial Management
- Wellington Community Salinity Committee Request for Removal of Delegation
- Instrument of Delegation
- Environmental Policy
- Southern Groundwater and Rivers Forum Appointment
- BMID Modernisation Stage 1 – Summary
- WBMCCC Process Recommendations
- Status report: Unregulated Water Sales
- Asset Revaluation
- Regulated vs Unregulated Revenue
- Chairman's Report
- Directors' Reports
- Board committee Reports
- Compliance, VCAT and Court Matters
- Significant Groundwater and Surfacewater Applications
- Board Administration, FOI, Documents Sealed, Correspondence
- Major Projects
- Seasonal Outlook - March 2016

Next meeting

The next meeting for the Board will be held on 8 June 2016 in Melbourne.