

BOARD BULLETIN

Summary of Meeting 291, held at SRW's office at Colac Otway Performing Arts Cultural Centre, Colac on 5 September 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 Stuart Wigglesworth, Chief Financial Officer and Corporate Secretary

Mr Craig Parker, General Manager Customer Service

Mr Lincoln Eddy, Manager, Strategy and Performance





OUR OUTCOMES

At this meeting the Managing Director provided several important reports on SRW strategy and performance for board approval:

- 2016-17 Annual Report
- 2018 Price Submission

The Managing Director advised the board that the **2016-17 Annual Report** highlighted a range of achievements delivered by SRW during the 2016-17 year. Led by delivering our largest ever capital expenditure program, 2016-17 represented the start of the next phase of service modernisation at SRW. The board and management acknowledged the service improvements beginning to emerge from these modernisation programs.

In respect of the **2018 Price Submission**, the board was told that customer priorities included service levels, affordability, water security and water quality. With a diverse and changing customer base, the outcomes proposed by the price submission are focused on offering service in the way that best suits each customer group, while keeping prices as low as possible. The customer outcome statements that have guided development of the price submission are:

- SRW provides great customer service
- SRW's water supply system enables good practice irrigation
- SRW manages water resources well, maintaining a good balance between my needs as a water user and the sustainability of the resource
- SRW works with me to manage my water needs and entitlements
- SRW keeps prices as low as possible.

Management explained to the board that these customer outcomes are supported by targets that demonstrate significant service improvements over the price submission period.

The Price Submission will now be submitted to the Essential Services Commission (ESC), which will make its decision between March and June 2018.

Financial sustainability

The Chief Financial Officer updated the board on changes to the financial statements since the results were discussed with the Audit and Risk Policy Committee in mid-August 2017. He explained that the Victorian Auditor-General's Office (VAGO) had approved re-statement of impairment and write-off expenses and this change had improved the financial result by \$5.3m.

While the published result continues to report a loss for the year (\$8m), the Chief Financial Officer reiterated previous advice that a profit before statutory adjustments (\$3m) and a strong operating cash surplus (\$7m) demonstrates a sound financial model that continues to give management and the board assurance that SRW is financially sustainable and resilient.

OUR STRATEGIC FOCUS

Modernised service

The Managing Director reported the practical completion of the MID2030 1A project to the board. While there remains a small amount of works for channel tuning and integration of the new assets into existing systems, project works are now complete and the new assets are delivering improved service to customers and water savings. The \$32m project will deliver between 11.7 to 14.9GL of new water entitlements to customers in the Macalister Irrigation District.



Maffra Weir, part of the MID2030 1A works.

The board was also updated on the 2017 winter works program of MID2030 1B and WID modernisation projects. These works have occurred to plan, and are set to be completed within time, budget and scope.



MID2030 1B works.



WID Stage 1: Connecting the 5/1 to the new Main, near Mason's farm dam.

The board noted the recent events allowing SRW and its customers to acknowledge government contribution towards the irrigation modernisation program. The Minister for Water, Lisa Neville, visited the Macalister Irrigation District on 17 August to

announce the completion of the Phase 1A MID2030 modernisation program and the start of works in Phase 1B. She was joined by Member for Eastern Victoria, Harriet Shing, as well as farmers and local contractors involved in the projects.

On 28 August 2017, \$20m of Federal government funding for MID2030 1B was confirmed via signing of the funding agreement between the state and federal governments. The Deputy Prime Minister and Minister for Agriculture and Water



Lisa Neville and Harriet Shing with MTB staff.

Resources Barnaby Joyce attended an event held on a property within the project area, joined by the Minister for Infrastructure and Transport Darren Chester and State parliamentarians Member for Gippsland South, Danny O'Brien, Member for Gippsland East, Tim Bull and Member for Eastern Victoria, Melina Bath. SRW were represented by the Managing Director, board Chairman and project staff.

Both these events received good coverage in local media, including TV, radio and newspaper and on social media.



Darren Chester, Barnaby Joyce, SRW Chair Terry Burgi OAM, Danny O'Brien, Tim Bull and Melina Bath.

The board was also pleased to hear that the Macalister Customer Consultative Committee had endorsed the inclusion of a \$9.3m contribution in the 2018 Price Submission towards the next phase of irrigation modernisation in Macalister (MID 2030 Phase 2).

While much of the planning and business case work is yet to be finalised for MID2030 Phase 2, customer support for a contribution of this scale indicates the ongoing willingness of Macalister farmers to partner with SRW and the government to fulfil our irrigation modernisation objective.

ENABLING OUR STRATEGY

Smarter Technology

The board reviewed the recently approved Information Communication and Technology Strategy. The Managing Director explained how the ICT strategy integrates with, and acts as a critical tool to deliver, SRW's Corporate Strategic Plan. The board was pleased that recruitment activity is underway to meet the increasingly sophisticated requirements of a modern ICT system.

High Performance Culture

Management updated the board on several important staff events:

- The SRW Annual Staff Forum was held on 26 July 2017 with more than 100 staff in attendance. The focus of the day was Health and Wellbeing and Connections between staff. The day included presentations from the Australian Alcohol and Drug Foundation and Headspace plus updates from staff on major projects and the People Matter Survey.
- The extended leadership team of SRW attended its first biannual workshop for the year on 25 July 2017 in Dandenong. The program consisted of facilitated sessions on ways to better communicate for higher work performance.

Feedback has been extremely positive for both events.

The board was very pleased to hear that Amanda Castle, Program Analyst – Irrigation Modernisation, has been successful in being accepted into the Peter Cullen 'Women in Water' program for 2017.

MEETING WITH OUR COMMUNITY

Visiting our Assets

Unfortunately, extremely inclement weather forced the board to cancel both the stakeholder dinner in the evening and the board tour of the region, which was scheduled for the following day.

Heavy rains and strong winds had created dangerous conditions across the region. It was decided that there was a significant risk to the safety and wellbeing of guests, board members and other attendees, particularly in consideration of those who would have needed to travel long distances.



PRINCIPAL REPORTS CONSIDERED BY THE BOARD



The following reports were noted or approved by the board:

- Business performance dashboard
- Management report
- Annual financial statements
- MID outlet tariff reform
- 2018 price submission
- Dam Safety Management policy
- Financial Governance Policy
- Treasury Certificate of Compliance
- Instrument of Delegation
- ICT Strategy
- Financial Management Compliance
- Quarterly compliance report to government
- Macalister Customer Consultative Committee



NEXT MEETING

The next meeting of the board will be held on 31 October 2017 in Melbourne.

