

MCCC AGENDA

Meeting no. 191

10.00am, Tuesday 26 April 2022
SRW, Maffra

We acknowledge the Gunaikurnai people, Traditional Owners of this land on which we meet and we pay our respects to their Elders past and present.



**Southern
Rural Water**

Managing Water. Serving Communities.



Our Vision

Great value for customers and community through excellence in rural water management

Trademark Behaviours

- Always Safe
- United
- Ambitious
- Results Driven
- Customer First
- Innovative
- Respectful

1		PROGRAM	PRESENTER	TIME
		OPENING	CHAIR	10.00am
2		Welcome and apologies	CHAIR	
3		Declaration of conflicts of interest	CHAIR	
4		Confirmation of minutes	CHAIR	10.05am
5		Business arising from previous meetings	CHAIR	
		<u>FOR DISCUSSION</u>		
6		PRINCIPAL MATTERS		
	6.1	Chairperson's report	CHAIR	10.10am
	6.2	Significant issues or actions	CHAIR	
	6.3	Matters referred by the Board	BOARD MEMBER	10.15am
	6.4	Manager Water Supply update	MANAGER WATER SUPPLY	10.20am
	6.5	Winter works program	FOR NOTING	
	6.6	February MCCC Workshop wrap up	ALL	10.30am
		5 minute break		10.55am
	6.7	Pricing Submission	MANAGER STRATEGY AND BUSINESS PLANNING	11.00am
7		FOR NOTING	CHAIR	12.00pm
	7.1	Correspondence		
	7.2	Communications update		
	7.3	Feedback register		
8		GENERAL BUSINESS	ALL	
9		Next meeting		
10		Close		12.30pm

2. **WELCOME AND APOLOGIES; AGENDA LISTING**

3. **DECLARATION OF CONFLICTS OF INTEREST**

4. **CONFIRMATION OF MINUTES**

RECOMMENDATION

That the committee **approves** the minutes of the meeting held on **Tuesday 22 February 2022**.

REPORT

Draft minutes of the MCCC meeting held on Tuesday 22 February 2022, are included at 4.1.

4.1 CONFIRMATION OF MINUTES, MEETING 190

MACALISTER CUSTOMER CONSULTATIVE COMMITTEE

MINUTES OF MEETING 190 Held 10.00am Tuesday 22 February 2022 SRW, Maffra

PRESENT

Mrs Raelene Hanratty, Chair
Mr Benn Thexton, Deputy Chair
Mr Norm Drew
Mrs Jeannette Howie
Ms Kate Lamb
Mr Alan Clyne
Mr Brad White

SRW Representatives

Mr Cameron FitzGerald, Managing Director
Mr Hugh Christie, General Manager Service Delivery
Mr Simon Wilkinson, Manager Water Supply
Ms Taryn Price, Executive Assistant

APOLOGES

Ms Joanne Butterworth-Gray, SRW Board Chair
Mr Stephen Dwyer
Mr Malcom Sellen
Mr Graham Anderson, OAM
Mr Robert Webber

5. WELCOME AND APOLOGIES; AGENDA LISTING

The Chair opened the meeting by acknowledging the traditional owners of the land and waters of the MID.

6. DECLARATION OF CONFLICTS OF INTEREST

No conflicts of interest were declared.

7. CONFIRMATION OF MINUTES

The date on the minutes was agreed to be changed to reflect that they were recorded from the December 2021 meeting.

RECOMMENDATION

That the committee **approves** the minutes of the meeting held on **Tuesday 14 December 2021**.

Moved: Mr Norm Drew

Seconded: Mr Alan Clyne

8. WELCOME AND APOLOGIES; AGENDA LISTING

Apologies from Stephen Dwyer and Malcolm Sellen were noted.

9. BUSINESS ARISING FROM PREVIOUS MEETINGS

Meeting	Agenda Item #	Action	Action Officer	Status
Sept	7.5	SRW to work with Mr Clyne in the development of a workshop.	Wilkinson/Crawford/Clyne	Complete
Oct	6.3	The MCCC chair to develop a letter to be sent to the Minister, with Committee input, regarding Board appointments.	Hanratty	In progress – to be completed by the April 2022 meeting.

The chair provided an undertaking that the letter to the Minister regarding Board appointments will be sent prior to the next meeting.

10. PRINCIPAL MATTERS

6.1 CHAIRPERSON’S REPORT

- The Chair provided a report which included:
 - One call from a customer regarding issues with valves not shutting on farm. This issue has been resolved.
 - A Project Control Group meeting is scheduled for this Thursday 24 February, with Alan Clyne. The chair asked the committee for any issues that need to be raised. There is concern raised about the length of time being taken to award a construction contractor and move the project forward. Cameron FitzGerald advised that the project is moving forward; and that SRW is engaged in the final stages of commercial negotiations.
 - Cameron FitzGerald confirmed that there will be a public update issued to the irrigator community within the coming days.

6.2 SIGNIFICANT ISSUES OR ACTIONS

- There are no significant current issues or actions.

6.3 MATTERS REFERRED BY THE BOARD

Cameron FitzGerald advised that there are no Board matters to be referred to the committee. Cameron asked the committee if there were any specific items of focus to feed back to the Board, to which the committee had none at this meeting.

6.4 ALLOCATION MODEL REVIEW & WATER TRADING AND UTILISATION PROJECT

- Marissa Gwydir, Project Officer – Regulated Water Utilisation joined the meeting to discuss the projects.

The Committee discussed the following:

- The map is currently incomplete as it is only showing part of irrigation area.
 - It was noted that SRW will ensure the correct map is used.

- Ensure SRW assesses the problems diligently for a consolidated view
- SRW need to work on building trust and credibility within the community for trading in the MIA due to historic issues with engagement by third parties when seeking water.
- The legal issues on developing the trading platform
 - SRW confirmed that it will not be brokering the water sales on any platform created. The platform will be managed/hosted by a third-party for transparency and would be intended to provide a transaction platform only.
- Timeline of project.
 - SRW will have the platform formulated for next season, with consultation being undertaken with the MCCC and finalised by July/August 2022.
- Cost of project
 - The project is funded by DELWP for two years (investigation/trial phases). SRW will be considering who bears the ongoing costs once established. It was noted that under any circumstances SRW will not make profit from this.
- There is a Project Control Group for this project, with membership from SRW and DELWP, that ensures accountability to DELWP for their funding.
- DELWP will be looking broader as to where else this platform could be applied.
- There is concern that the government may want to trade water in the entire district without geographical limitations.
 - There will be rules about what can be traded and where, as there will be separation as to where water traders can operate.
- Will it be exclusive for the brokers of the area to use the platform?
 - There will always be the ability for people to make private agreements.

Matt Cook advised that the allocation model raised last year within this committee is currently being assessed within this project and that this links to bulk entitlements. There was discussion on the calculation and allocation of low reliability water shares in the current model. The method for allocation of low reliability water shares are proposed to be considered as part of the allocation model review project.

ACTION: A copy of the allocation presentation will be circulated to the committee along with the meeting documents.

6.5 SALINITY UPDATE

- A paper was included with the agenda for noting and discussion.

The Committee discussed the following:

- There is a need to monitor groundwater levels
- The CMA is currently assessing the bore monitoring system
 - The outcomes of the monitoring assessment will be tabled at the next MCCC meeting.
- A member queried what effect the spray irrigation systems and on-farm storages have on groundwater levels and salinity measurements.
 - SRW will consult with the CMA for information.

6.6 MANAGER WATER SUPPLY

- Simon Wilkinson, Manager Water Supply led discussions, including:
 - Allocation update
 - Flows well above 10-year average
 - System efficiency
 - December at 85% and January at 89%

6.7 PRICING SUBMISSION

- Cameron FitzGerald provided an update on the Pricing Submission. He advised that there will be a detailed proposal of what pricing will look like available in April and discussions will be held with this committee.

7 FOR NOTING

7.1 CORRESPONDENCE

- There was no correspondence.

7.2 FEEDBACK REGISTER (RELEVANT TO MID)

- The Committee noted the feedback.

7.3 COMMUNICATIONS UPDATE

- The Committee noted the Communications report.

8 GENERAL BUSINESS

- Upgraded outlets through modernisation and pricing impact.
 - SRW advised that it is not charging landholders any differently at the moment. A member queried that people receiving pressurised water should be charged premium price.
 - It was acknowledged that there will be differences between farms with modernised and non-modernised systems and pricing will be discussed in April 2022 as part of the draft Pricing Submission.
- Corporate customer engagement.
 - Cameron FitzGerald advised that corporate customers are met with individually on an ad hoc basis to discuss their aspirations. It was agreed that there is an opportunity to review the MCCC membership, with a view to increasing membership of corporate farming interests, after the Pricing Submission is complete in September.
- MCCC new member induction.
 - A member queried if the expectations of being a committee member are well communicated when newer members join.
 - A member advised that the committee conduct needs to be reviewed if corporates are going to be involved.
 - Members are to endeavour to make the community more aware of their position and promote what the MCCC is about.

It was noted that an induction is needed for new members to the committee and a handbook to be made available to the wider community.

- SRW operations and structure discussion.
 - Cameron FitzGerald discussed the requests recently raised by a committee member. He provided a presentation outlining staffing allocations, staff survey results, improvements that have been implemented within the organisation, safety performance within the organisation, and his approach to leadership accountability.

- A member commented that the loss of key staff has seen a loss of knowledge; however noted that there are also benefits of changes through the introduction of new ideas.
- A member queried the relevance of the office in Ringwood and whether the office there is needed.

The committee agreed that there is an opportunity to enhance member conduct with clearer expectations set, and to reflect on how to best work together.

9 NEXT MEETING

The next meeting No. 191 of the Macalister Customer Consultative Committee is scheduled for 10.00 am on Tuesday 26 April 2022.

Meeting	Date
MCCC 191	Tuesday, 26 th April 2022
MCCC 192	Tuesday, 24 th May 2022
MCCC 193	Tuesday, 26 th July 2022
MCCC 194	Tuesday, 27 th September 2022
MCCC 195	Tuesday, 25 th October 2022
MCCC 196	Tuesday, 13 th December 2022

10 MEETING CLOSE

The meeting closed at 12.26pm

	July 2021	Sept 2021	Oct 2021	Dec 2021	Feb 2022	April 2022	May 2022	July 2022	Sept 2022	Oct 2022	Dec 2022
Raelene Hanratty	✓	✓	✓	✓	✓						
Graeme Anderson	✓	✓	✓	✓	Apol						
Stephen Dwyer	✓	✓	✓	✓	Apol						
Jeanette Howie	✓	✓	✓	✓	✓						
Norm Drew	✓	✓	✓	✓	✓						
Malcolm Sellen	Apol	✓	✓	✓	Apol						
Alan Clyne	✓	✓	✓	✓	✓						
Robert Webber	✓	✓	✓	Apol	Apol						
Kate Lamb	✓	✓	✓	✓	✓						
Brad White	Apol	✓	✓	✓	✓						
Benn Thexton	✓	✓	✓	✓	✓						

- ✓ Attended Meeting
- Apol Notification of apology
- Blank Did not attend

5. BUSINESS ARISING FROM PREVIOUS MEETINGS

Meeting	Agenda Item #	Action	Action Officer	Status
Sept	7.5	SRW to work with Mr Clyne in the development of a workshop.	Wilkinson/Crawford/Clyne	Complete
Oct	6.3	The MCCC chair to develop a letter to be sent to the Minister, with Committee input, regarding Board appointments.	Hanratty	Complete
Feb	6.4	A copy of the allocation presentation will be circulated to the committee along with the meeting documents.	Crawford	Complete

6. PRINCIPAL MATTERS

6.1 CHAIRPERSON’S REPORT

- The Chair will provide a report.

6.2 SIGNIFICANT ISSUES OR ACTIONS

- There are no significant current issues or actions.

6.3 MATTERS REFERRED BY THE BOARD

- The Board member present will update the Committee.

6.4 MANAGER WATER SUPPLY UPDATE

- Mr Simon Wilkinson, Manager Water Supply will lead discussions, including:
 - Glenmaggie release strategy
 - Allocation review
 - Water trading and utilisation project

6.5 WINTER WORKS PROGRAM

- A paper is included with the agenda for noting.

6.6 FEBRUARY MCCC WORKSHOP WRAP UP

- The Committee will be invited to share their feedback and insights from the February workshop.

6.7 PRICING SUBMISSION

- Mr Craig Smith, Manager Strategy and Business Planning will join the meeting to discuss the Pricing Submission.

7.0 FOR NOTING

7.1 CORRESPONDENCE

- Letter to The Honourable Lisa Neville MP, from the MCCC.

7.2 FEEDBACK REGISTER (RELEVANT TO MID)

- Nil since February meeting.

7.3 COMMUNICATIONS UPDATE

- There is no Communication update this meeting.

8.0 GENERAL BUSINESS

- Pecuniary interest – Norm Drew
- In camera sessions

9.0 NEXT MEETING

The next meeting No. 192 of the Macalister Customer Consultative Committee is scheduled for 10.00 am on Tuesday 24 May 2022.

Topics to be discussed include:

- Chairpersons report
- Customer Satisfaction Survey (subject to consultant completion)
- Manager Water Supply Update
- Modernisation project update
- Allocation model review
- Water trading and utilisation project
- Glenmaggie Winter release strategy

Meeting	Date
MCCC 192	Tuesday, 24 th May 2022
MCCC 193	Tuesday, 26 th July 2022
MCCC 194	Tuesday, 27 th September 2022
MCCC 195	Tuesday, 25 th October 2022
MCCC 196	Tuesday, 13 th December 2022

10.0 MEETING CLOSE

Item No: **6.5**
Subject: **Winter works for MID**
Action: **For noting**
Author: **Mr Peter Miller**
Responsible Executive: **Mr Hugh Christie**
Date: **13/04/2022**

PURPOSE

1. To inform the MCCC of the planned works over the 2022 winter period.

RECOMMENDATION: MCCC members to be aware of the winter works planned for Winter 2022.

BACKGROUND

2. The 21/22 season has seen record low deliveries to customers but has still caused some usual system faults. With these low water flows we have also been provided with some unusual maintenance and repair requirements mainly around weed growth and erosion.

REPORT

3. The works planned for Winter 2022 will include the following.
 - a. Tree clearing – trees that are growing close to the concrete flume on the Main Southern and trees on edge of Main Northern at Glenmaggie.
 - b. Access track rehabilitation.
 - c. Channel reconstruction on the eastern 11, ND15/1 Main Heart. This is due to erosion over time, and leaks caused by vermin, rabbits.
 - d. Desilting work through the system of approximately 5-10 km's.
 - e. Drainage system clean-up of debris and trees.
 - f. Regulator and outlet leak repairs caused by age and wear.
 - g. Carry over technical repairs and replacement of issues that could not be addressed with in the season
 - h. Carp erosion program, 800m on the Main Sale channel down stream of Montgomery Road, remove silt and rebuild channel banks, re-instate access track and fences.
4. **Link to strategy:** Reliable system, Customer value, Efficient Systems.



Price submission - MCCC update (Part A)

Craig Smith

Manager Strategy and Business Planning

Purpose

A. Provide background information on our Price Submission (this pack)

B. Provide pricing options (presented on the day)

Introduction



1. SRW prepares a price plan every 5 years.
2. It is known as a Price Submission.
3. The plan needs to be approved by the Essential Services Commission.
4. It must be developed in accordance with ESC guidelines.
5. SRW must lodge its submission with the ESC by 30 September 2022.
6. It will set our service standards and price path for the next five years (2023/4 – 2028/9).

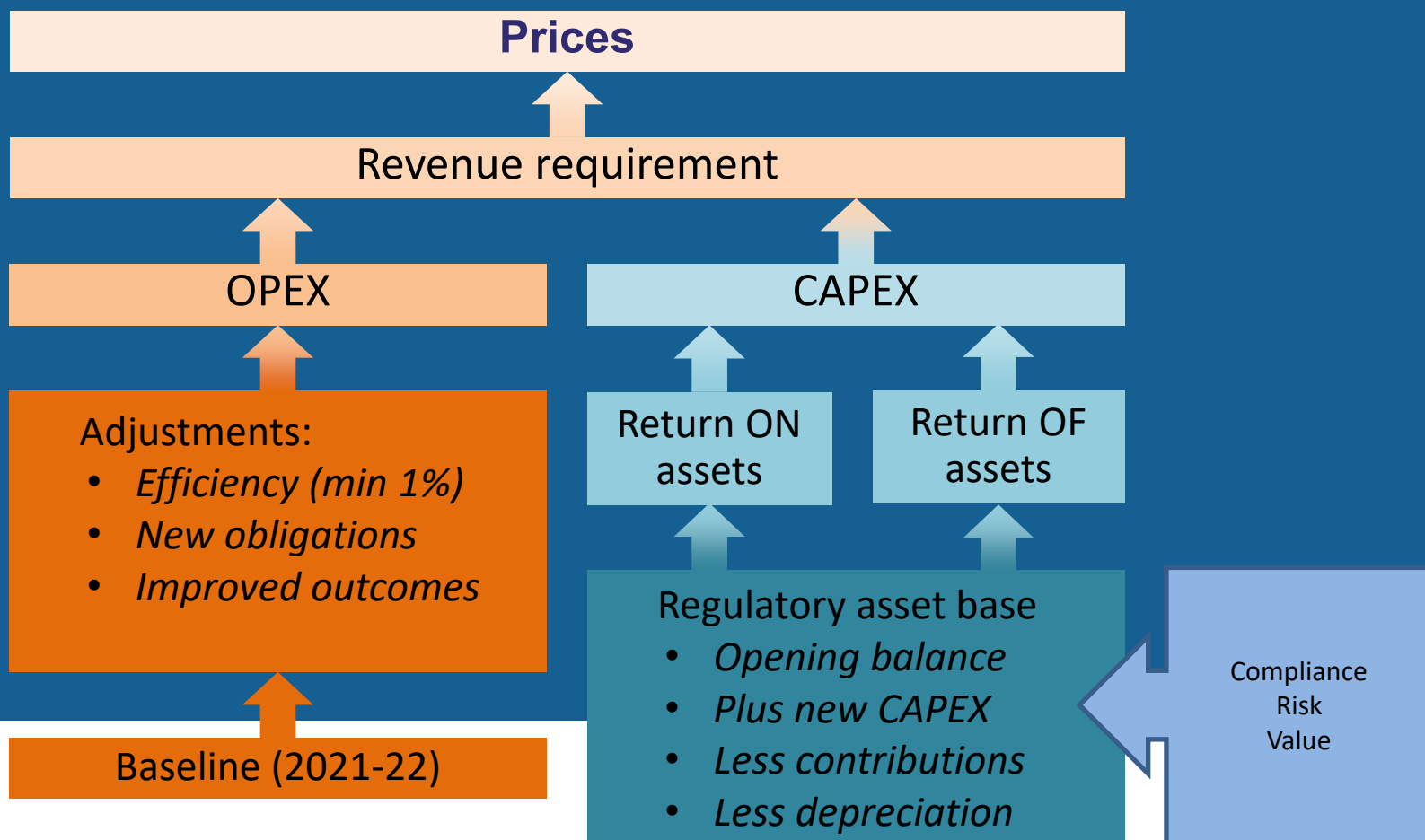


How are submissions assessed?



1. The ESC will assess our submission against the PREMO model
 - P = How did we perform in our previous Pricing Submission period?
 - R = Have we identified and responded to risks appropriately?
 - E = Have we engaged early, broadly and deeply?
 - M = Is there management accountability?
 - O = Do outcomes link to customer expectations and align to forecasts
2. The ESC will seek public comments on:
 - SRW's Price Submissions
 - The ESC's initial assessment of our price submission

How do we build our Price Submission?



Our plan

Timeline



We are here

Engagement

1. Engagement is an essential element of our Price Submission

- Established an online communications platform – engagement hub,
- Survey,
- Consultative committees,
- Established a Customer Reference Group,
- Released newsletters, fact sheets etc.



Pricing Submission 2023-28

Great value for customers & communities








Timeline

SEP
2021

OCT-JAN
2021-22

FEB-MAY
2022

JUN-AUG
2022

SEP
2022

Consultation commences

Gather customer insights to develop value enhancing initiatives and scenarios

Test and listen to customer feedback on various scenarios and initiatives

Have your say on the draft plan

Consultation closes and plan submitted to ESC

What is PS2023?

Every five years we must submit a plan to the Essential Services Commission outlining our service levels, infrastructure investments and the prices we charge.

As we plan our Pricing Submission for 2023 to 2028 (PS2023), we want to ensure everyone in our region has a chance to have a say about the services they need and the value they expect from us.

Delivering value

Water is vital for our region's prosperity. How we price water determines the services we provide and projects we undertake to ensure the sustainability and quality of our supply. Although we have maintained prices since 2016, this is no longer sustainable. We need to balance the price and services we provide, so your involvement is central to our Pricing Submission and we want to hear from you.

How we will engage with you

We will be working closely with our established Customer Committees as well as a specially formed Customer Working Group throughout the process. We have also established an online engagement hub where you can:

- find out more about PS 2023
- register your interest and keep up to date
- participate in surveys
- attend an event
- ask a question or leave a comment
- hear what others are saying

Visit the hub at www.srw.engagementhub.com.au

About Us



\$1.4b assets

3 We serve Irrigation Districts

Blackburn Heath Irrigation District, Werribee Irrigation District, Macalister Irrigation District

We supply...

- Over 700 GL of water entitlements
- To over 12,000 Rural customers and businesses for use in food and fibre production, electricity generation and raw water for treatment by 5 urban water corporations to supply towns and cities.

We manage...

- 7 Storages 480 GL of storage capacity
- 8 Diversion weirs

1300 159 510
PS2023@srw.com.au
srw.engagementhub.com.au

Have your say & find out more



What have we heard so far?

1. 194 survey responses.
2. Most respondents rely on access to water for income.
3. Different customer groups have different views on service and price.
4. Key issues are:
 - access to water – reliability.
 - climate change - water security.
 - Profitability - paying a reasonable price for water, and
 - customer service...

Southern Rural Water
Great value for customers & communities

Pricing Submission 2023-28
Customer & Community Survey

Thank you to our customers and community for telling us why water is important to you.

About the survey
In late 2021 we invited our customers and community members to help us understand their water needs now and in the future. We listened to:

- customers and members of our Customer Consultative Committees
- industry groups
- the wider community
- our other stakeholders

You might have received an SMS, seen an invitation on our website or social media to complete an online survey. In total 194 people responded and this feedback is just one of the ways we are engaging to inform our Pricing Submission (PSS2023).

What matters to you?
You told us water is important for your livelihood, especially irrigation district customers, with 79% depending on their irrigation water supply for some of their income.

Nearly everyone expects to be operating their properties in five years and a third anticipate needing more water.

However access to water is a key challenge, as are climate change, profitability and the affordability of water.

Your priorities for us
The most important issues for our customers are ensuring fair and reasonable prices and access to water.

Many customers think we are doing a good job providing customer service and communicating with you.

Others said we need to reduce costs to customers and better manage their water supply and access.

On balance, while a reliable water supply is important, irrigation district customers told us to focus on keeping the price as low as possible, while other customers value a reliable supply over price.

Where do we need to improve?
Reduce costs to customers
"Differentiate between private and public irrigation investments and maybe only charge where a service is actually provided"

Water supply access and management
"Better access to my MID water entitlement during dry periods. I often have to wait too long to achieve a confirmed order"

Communication
"Poor communication between office/field staff"

Maintenance
"Clean the trees falling in the river to stop the carnage when it floods"

Advocate for irrigators
"I would like to see SRW fighting for the farmer and the people using the water"

Simplify regulations
"Make regulations simple and practical in order to sustainably increase irrigation area"

"Simplify transfer within aquifers"

Key priorities
We asked customers what were the most important aspects of our service that we should focus on. Your top four were:

1. Ensuring fees and charges are fair and reasonable
2. Ensuring a reliable water supply for irrigators
3. Responsibly managing the region's water resources
4. Maintaining and improving infrastructure

Price/service tradeoff
We asked customers to allocate their preferences amongst two of their highest priorities - low fees and highly reliable water supply.

Customer Group	Highly Reliable Supply	Price as low as possible
Other Customers	51%	24%
Irrigation Customers	26%	49%

What we do well
Communication
"Always contactable"
"Provide access to water"
"Excellent timely water delivery"
Helpful customer service
"SRW's proactive field officers work with you to resolve problems, suggest options"
Manage water use
"They manage our aquifer well"
No improvements needed
"You people are amazing"

Proposed customer outcomes

1. From the engagement, we have developed the following service outcomes:



FAIR &
REASONABLE
PRICING



GREAT
CUSTOMER
SERVICE



RELIABLE
WATER
SUPPLY



SUSTAINABLE
WATER



VALUED
COMMUNITY
MEMBER



Other activities

1. In the background we have also developed and refined:
 - Our 25 year capital plan – what it will cost to maintain our assets and deliver our capital program
 - Our financial model to test and run different scenarios
 - Collated and assessed results and feedback from all customer engagements, stakeholder discussions
 - Workshopped future regulatory requirements, compliance activities and initiatives with SRW staff
 - Considered outcomes from the SRW Board strategy workshop



Where are we at?



Quantifying options
Modelling price outcomes
Board considers outcomes – March 29
Consult CRG & CCCs – April
Community engagement – April / May



Macalister Price pathways

1. We operate efficiently and tightly control our costs.
2. We have separate price model for each part of the business: there are no cross-subsidies.
3. Through modernisation we have been investing in the profitability of our customers now and into the future.
4. Our costs are increasing.
5. We require sustainable revenue streams to repay our borrowings..
6. Some price increases are envisaged.
7. BUT, we have an opportunity to minimize these through a series of interventions aimed at reducing ongoing costs and raising additional revenues.
8. These options will be discussed at our meeting.





Thank you

To The Honourable Lisa Neville MP
Minister For Water

Raelene Hanratty
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March 29, 2022

Dear Minister Neville,

The Southern Rural Water (SRW) Board appointed Macalister Customer Consultative Committee (MCCC) believes it is extremely important to have a representative from the Eastern Irrigation Area, more specifically the Macalister Irrigation Area (MIA), as a Director on the Board of SRW.

Historically there has been Board member representation from this area, often multiple members, however that has not been the case since October 2015. The MCCC have felt a greater disconnect from the Board in that time.

As you are aware SRW are undertaking major upgrades to infrastructure and water delivery in the capital works program known as MID2030. During this time of major disruption to the impacted farmers and their businesses the MCCC have raised concerns with Management and the Board representative who attends their meetings, that a greater awareness of the district at Board level would be beneficial to both the Directors and their ability to make informed governance decisions, as well as to the major stakeholders of SRW; the water share holders and those farm businesses as mentioned. This has been a long-standing discussion.

The Victorian Government's Board Skills Matrix Guidelines notes that one of the key considerations for cohorts includes 'lived experience' and another as 'people living in rural and regional communities'. It does not seem that this criteria is being considered during recent appointments.

On behalf of the MIA water share holders, the MCCC request clarity of the SRW Board Election Policy and suggests an amendment that the Guidelines for the Skills Matrix include a water share holder representative from the MIA, which would thus satisfy the Victorian Government Guidelines as well as correct the anomaly of the current and recent Board make up that does not, and has not, included irrigator experience.

An alternative suggestion would be to create a position to be identified as a Special Director with expressions of interest from suitably qualified MIA applicants.

The MCCC, through the Chair, would be happy to discuss this request further with you at your convenience.

Yours sincerely,

Raelene Hanratty
MCCC Chair