

Chairman's report

Friday 20 March 2015



Murray Irrigation

This is the Chairman's report, following a meeting of the Murray Irrigation Board of Directors yesterday.

Water efficiency allocation

The Board yesterday agreed to make a water efficiency allocation of two percent (2%) of permanent delivery entitlements, excluding Class A (Town Water Supply) and domestic supply agreement customers. The decision follows a water availability review, during which the Board considered the requirement of conveyance allocation to finish the season in light of positive delivery efficiency performance.

I am confident the efficiency allocation will be welcomed by customers.

Progression of change

The Board continues to be impressed with the progression of the change process that interim CEO Stephen Gumley is leading. The engagement of Dr Gumley as interim CEO was a deliberate decision to bring fresh eyes to your company in preparation for the new CEO.

The progression of the change process incorporates Dr Gumley's Six Point Plan, which he outlined at last year's Annual General Meeting. The Six Point Plan was designed to prepare Murray Irrigation for the future. It includes:

1. Improving our safety culture.
2. Ensuring decision making is based on facts and data, not emotion.
3. Progressive irrigation engineering needing increasing investment in technology, research and development, intellectual property and information technology.
4. Invest in skills as technology intensity increases.
5. Manage projects and seasonal business by schedule.
6. Stakeholder unity when working outside the region.

As part of the progression of the change process, the Board is now looking at a new financial modelling approach. Yesterday's Board meeting included a detailed presentation on the new approach, allowing the Board to have a long-term perspective on the financial performance of the company.

MILCast

The Board received its first report from recently appointed MILCast Business Manager, Peter De Vreede, yesterday. Peter provided an excellent report and your Directors are positive about the way MILCast is developing as a standalone business.

Murray-Darling Basin Plan

The Board considered the recent announcement of Environment Minister, Greg Hunt to introduce legislation to cap Commonwealth water buyback at 1,500GL and determined to continue to encourage the Senate, including cross bench Senators, to support this legislation in the Parliament. The company sees this legislation as necessary to minimise the impact across the community of non-strategic buyback and provide some certainty that any further water recovery must be achieved through offsets or investment in our region. Murray Irrigation is focussing our advocacy efforts on achieving better management of the water portfolio and the SDL adjustment mechanism with a view to reducing the amount of productive water to be recovered.

Southern Riverina Irrigators

Murray Irrigation acknowledges the progress of the Southern Riverina Irrigators' (SRI) reform process. SRI have approved a membership structure to progress the reform process. We encourage SRI Chairman John Bradford and his team to continue to work towards the goal of having a more effective grower representative body for the region.

Landholder Association meetings

Local Landholder Associations are holding their meetings next week. Murray Irrigation will be presenting at all three meetings. Deniboota and Wakool Landholder Association meetings will be held Wednesday 25 March, with the Denimein Landholder Association meeting being held on Thursday 26 March. For full details, see last Tuesday's *Talking Water*.

Bruce Simpson, Chairman