

Board report

Friday 20 November 2015



Murray Irrigation

This Board report covers Murray Irrigation Limited's Directors meeting and Annual General Meeting held on Thursday 19 November 2015.

Meeting of the Board of Directors

The Board congratulated Chief Executive Officer, Michael Renehan and the Management Team for taking steps to reduce operational costs by over \$1million in the first quarter of the financial year.

Directors reviewed the forward budget for the current financial year based on the lower water allocations and the reduced delivery forecast and examined options to further reduce costs in light of the current delivery expectations.

The Board received presentations on the review implementation of the Private Irrigation Infrastructure Operators Program (PIIOP) including revised thresholds for outlet installations and upgrades. The purpose of the PIIOP review is to ensure the program is completed in a way that optimises value for Murray Irrigation prioritising higher use outlets while we investigate cost effective outcomes for lower use outlets that still deliver the service that our customers need.

Annual General Meeting

The Annual General Meeting was held at 7pm on Thursday 19 November at the Deniliquin RSL and was attended by over 40 shareholders.

Shareholders voted unanimously to support the cancellation of shares in accordance with the special resolution proposed in the Notice of Meeting.

Chair's Report

Bruce Simpson told the meeting the Board recognises that Murray Irrigation has to be financially sustainable while providing an efficient service to farm businesses and is working to strengthen the Company's performance while ensuring that the operation and values of the Board reflect the Governance Policy and Code of Conduct of the Company.

Over the last 12 months, the Board has ramped up the pace of change, appointing new CEO Michael Renehan and working with him to improve transparency, reduce costs and start the process of cultural change to become an outward-looking, customer oriented and commercially driven business.

CEO Report

Murray Irrigation recorded an operating loss at both EBIT and EBITDA in the 2014/15 financial year but the Company still maintains a healthy balance sheet with zero debt. The Company has implemented a program to reduce costs, re-engage with customers and improve the transparency in reporting.

The Company has developed short and long term objectives to move towards financial sustainability. Over the next 12 months the company will continue to review and reduce costs, review our pricing structure and look at ways to maximise volume into and through our system.

Longer-term we will concentrate on safety and financial stability while improving asset management and project delivery. Importantly we want to be a Company that attracts and retains the best staff that are customer focussed.

Transition of Chair

Following the Annual General Meeting, Murray Irrigation's Board of Directors held the bi-annual election of Chairman and Deputy Chairman in accordance with the Company's governance guidelines. There were two nominations for Chair, Bruce Simpson and Mark Robertson; however, Mr Simpson declined the nomination saying he had achieved what he wanted to achieve as Chair and it was timely to have a transition to Mr Robertson who remains committed to the change process that the Company has commenced.

Mr Simpson was then nominated for Deputy Chair and elected unopposed.

Both Mr Robertson and Mr Simpson welcomed newly elected directors Chris Brooks and John Bradford to the Board and thanked outgoing Directors Michael Hughes, Roger Reynoldson and Robyn Clubb.

Attachment: Media Release: *Smooth transition best for future*