

# Chairman's report

Thursday 24 December 2015



Murray Irrigation

The Board welcomed the new Directors John Bradford and Chris Brooks, at our Board meeting held on 21 December 2015 where a wide range of topics were discussed with a proactive and open approach.

## Board Committees

The Board agreed on a new sub-committee structure which will enable the Board to better govern the business. The sub-committees of the Board are now:

- Audit and Risk Management
- Customer Service
- Safety and Infrastructure
- Remuneration and Nominations.

## Safety

We all have obligations about safety within the workplace, on our customer's farms and within our community. The increased emphasis on safety has resulted in our LTIFR (Lost Time Injury Frequency Rate) dropping from 20 to 10 over the past six months (Target < 2). A lot of effort by both our work teams and our customers has contributed to this excellent result. It is important to us as a Board that all our employees return home safely at the end of each working day and our customers can operate their farm businesses with the safety of their families being paramount.

## Structure

Our new structure is currently being rolled out to ensure that our organisation meets the needs of our customers. We now have three key departments as follows:

- Customer Operations headed up by Scott Barlow,
- Engineering (Maintenance = Trevor Heise and Major Projects = Warren Jose)
- Corporate Services under Ross Mallett.

The new structure will streamline our operations, improve resource allocation and allow the company to take more cost out of the business. Both Finley and Wakool now have customer service re-installed at both of these locations.

This structure enhances the operational focus on customers and their needs.

## Profit and Loss

The business is still running at a positive EBITDA despite 40% less volume when compared to last year. The new Board and Management team has put in considerable effort to reduce costs and expenses in a low allocation trading environment.

## Major Projects

The business is building a strategy around the modernisation of our assets and infrastructure to ensure that we can meet the needs of customers in a challenging economic environment. It is important that our capital expenditure is aligned to the growth of irrigated agriculture in the region and supports the development of productive farm businesses which require appropriate technology to remain competitive.

The PIOP Project – which is a key program in our modernisation strategy - has gone through extensive review by both the Board and Management. We've previously reported that we have faced lower than expected levels of outlet and infrastructure retirement. It is critical that we install assets and infrastructure that are both affordable and meet the needs of our farm business customers.

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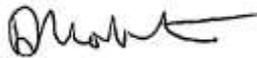
In the short term we will continue with installation of outlets where there has been an average farm use of >300 ML per year over 4 consecutive years – this is our best guide to ensure that there is no overcapitalisation of the business. The review of our outlet strategy will continue during the first quarter of calendar 2016 and at the same time a low-cost solution is being developed for the automation of outlets that have lower volume usage. The Board is committed to keeping our community informed about the status of our modernisation strategy.

## Looking forward

The company is working on a number of initiatives to improve the financial position of the business, to bring more water into the network and deliver more value to our members. We hope to bring more news about these projects in the New Year.

The Board remain committed to irrigated agriculture that underpins our community in the Murray Valley. We need to work together to build on our strengths and to ensure that investment, jobs and the future of our region is based on a secure, reliable and cost-effective water supply.

Overall, it's been a challenging year but we believe the company is better placed now to leverage off the hard work of the past twelve months. On behalf of the Board I wish you and your families a safe and happy Christmas break and we look forward to working with you to achieve an even better year in 2016.



**Mark Robertson**  
Chairman