

## Strategy, Risk and Governance

### Consulting Spend Context

The Strategy, Risk and Governance (SRG) team formed as a result of merging the previous Strategy and Governance, Risk and Compliance team. Compliance costs are included in the General Counsel (Legal Group) forecasts. Continued optimisation of SRG consultancy spend has identified reductions in FY15 from the FY15 Q1 forecast which also extend into FY16 and beyond.

### FY14 and FY15 Reconciliation

With the merger/demerger of Teams consulting costs need to be adjusted to present a like-for-like comparison. In FY14 natural account 522238 - Consultancy - Strategy Planning was held under the Brand team, with actual expenditure of \$290,962. Transfer of this activity to the SRG Team is the dominant driver of the reduction in the Brand team FY15 Q1 total consulting expenditure forecast from \$503k in FY14 (actual) to \$115k in FY15 Q1.

Additionally natural account 522365 Consultancy – Legal Advice relates to the previous structure and was for management of Right to Information requests which is now accounted for by General Counsel (Legal Group) and addressed in the narrative for that Team.

<b>General Counsel - Governance Risk and Compliance</b>	<b>FY14A</b>	<b>FY15 Q1</b>	<b>Change</b>
522207 - Consultancy – Others	217,551	400,000	182,449
522238 - Consultancy - Strategy Planning	-	276,000	276,000
522365 - Consultancy - Legal Advice	36,672	60,000	23,328
<b>Total</b>	<b>254,223</b>	<b>736,000</b>	<b>481,777</b>
522238 - Consultancy - Strategy Planning (Brand in FY14)	290,962	-	-
522365 - Consultancy - Legal Advice (transferred to GC)	-	(60,000)	(60,000)
<b>Total (like-for-like-basis)</b>	<b>545,185</b>	<b>676,000</b>	<b>130,815</b>

Consultancy – Strategy Planning (natural account 522238 - \$276k in FY15 Q1) relates to establishment of the Enterprise Portfolio office (specific skills and knowledge was required to establish the processes and systems of the Portfolio office). Establishment costs are one-off; however a lower level of ongoing investment in Enterprise Portfolio Management (\$200k pa) is required to embed this functionality across the business.

The majority of the consultancy spend relate to the establishment of different management systems that are mandated under various obligations. These include:

- Enterprise Risk Management framework
- Enterprise Compliance management framework
- Fraud and corruption management
- Governance – policy and procedure framework

Through the establishment of such frameworks and the Enterprise Portfolio office, the consultancy spend will reduce as the processes transition from implementation to ongoing management.

### FY15 Justification

Consultancy – Strategy Planning: This consultancy spend has been allocated to the establishment and management of the Enterprise Portfolio office within the SRG team. A complete overview of this initiative is attached within the Strategic Initiative one pager (ie Portfolio Governance spreadsheet, \$320k comprising \$276k establishment and \$44k ongoing management).

Consultancy - Others (\$336k in FY15 Q1): This spend has been partially allocated to the development and implementation of an Enterprise Risk Management Framework. Two different consultancies have been used – PWC and an individual contractor who is an expert in Risk Management. A complete overview of this initiative is attached within the Strategic Initiative one pager.

Further allocation of the Consultancy - Others natural account has been placed against the development, implementation and ongoing support of the Seqwater compliance framework and to the development and implementation of a Strategic communications program.

#### **Post FY15 Forecast**

A reduction in the SRG Team (General Counsel – Governance, Risk and Compliance in Table 3 in the main memorandum) total consultancy forecast of \$200k to \$476k is forecast for FY16. Costs are forecast to remain at this level (in real terms) thereafter. Note this is ~\$70k less than FY14 actual expenditure.