

General Counsel – Legal Services

Consulting Spend Context

The forecast FY15 Q1 consulting spend in the Legal Team is for Right to Information (RTI) consulting services. Seqwater engages expert external resources to provide RTI advice. This expert capability is essential to Seqwater's ability to deal with RTI requests and RTI related matters and to ensure Seqwater's compliance with RTI Act obligations. As RTI workload is unpredictable Seqwater elects to address this need with cheaper external resources which can be engaged on an as required basis, instead of resourcing internally with permanent employees. The alternative to engaging a consultant is to use an external legal advisor at a significantly higher rate.

FY14 and FY15 Reconciliation

General Counsel - Legal Services	FY14A	FY15 Q1	Change
522207 - Consultancy - Others	-	136,000	136,000
Grand Total	-	136,000	136,000

The apparent increase in natural account 522207 - Consultancy - Others under Legal Services has occurred due to responsibility for RTI support formerly residing with the Governance, Risk and Compliance (GRC) Team. Responsibility for the RTI function was transferred to Legal Services as a result of a team restructure in H2 FY14. The GRC Team had two people who were able to assist with dealing with RTI applications – there are less available resources in the Legal Team to deal with RTI requests therefore the importance of this consultancy to Seqwater has increased. Note the Legal Team resourcing strategy enables part time non-FTE resources to be engaged as required at short notice during busy periods with multi-requests.

The two GRC Team resources were not re-hired at 1 July 2014 following the expiration of their non-FTE contracts, on the basis that the Legal Team would manage the requests. This is because ultimately, the delegation of authority regarding RTI and formal internal review of applications, if requested by an applicant lies with the General Counsel function. As the Legal Team has not expanded, (in fact one FTE is being removed) it is necessary to outsource most of the RTI preparation work and correspondence with applicants. It is necessary to retain this forecast until such time as the Class Action is completed, when this budget item can be reviewed in a strictly operational context, rather than the current litigious environment, which triggers the most RTI applications as a pre-cursor to formal discovery applications as part of the Class Action litigation process.

RTI consulting services are forecast to be \$86,000 of the \$136,000 FY15 forecast. Remaining expenditure in FY15 is allocated to:

- \$40,000 for Board expenses owing to a new Board member; and
- \$10,000 for new Board member training.

Funds transferred to Legal to meet costs of training new Board member, and implementing governance changes to the Board reporting and business meeting processes. This includes expenses relating to in-house training on managing Board information requests and official reviews.

FY15 Justification

The RTI Consultant is a capability that is essential to Seqwater's ability to comply with its statutory obligations under the RTI Act.

A number of the RTI requests are related to the Floods Class Action so available funding for this function needs to be preserved until this matter is resolved. In that context, there is also the risk that

a significant increase in expenditure will be required should the expert consultant be unavailable at any point to advise on RTI matters and assist in dealing with RTI applications (and hence a more expensive external legal advisor be required). The risk of higher costs has not been included in Seqwater's forecasts.

Post FY15 Forecast

There will be an ongoing requirement for Seqwater to use RTI consultancy services. The hearing date for the Floods Class Action is set down for June 2016 and it is expected that RTI applications related to this matter will continue to be received up to and quite possibly after that period. In preliminary FY16 budget development provision has been made for an amount of \$75,000 for RTI consulting, which is a reduction of \$11,000 on the FY15 Q1 forecast.