



Stephen Mills



David Stewart

## Joint report by Chairman and Managing Director

Three key themes emerged during the 2008/09 year.

These were – the relentless drought situation, rapid advancement of the irrigation system modernisation program and growing organisation capability and relationships to meet the challenges ahead.

The continuing drought affected all facets of G-MW's business and its customer base. 15 August marked the traditional start of the irrigation season and for the first time ever all regulated systems began with 0% opening allocations.

G-MW Board and staff supported communities and the environment in drought through a range of initiatives and good old fashioned hard work. From our ongoing liaison and contingency planning with neighbouring water corporations, catchment management authorities and government to our annual golf and bowls charity day where staff donated a day of their leave to participate, raising \$15,000 for Drought Assistance for local farmers, we endeavoured to make a difference wherever we could.

In recognition of the hardship caused by the drought and low allocations, G-MW regularly updated seasonal allocations and sought opportunities to maximise water availability while minimising losses.

G-MW Board and staff continued ongoing engagement and consultation with customers and their representative committees. This was a vital link to many of G-MW's achievements over the past 12 months.

Cooperation with all stakeholders has proven its value, with our combined efforts enabling the introduction of extreme drought response measures boosting allocations and reducing system losses to the lowest on record.

The massive program of modernising the northern Victorian irrigation infrastructure gathered pace dramatically and saw activity on a range of levels.

G-MW and the Northern Victoria Irrigation Renewal Project (NVIRP) established a formal relationship agreement and a number of G-MW employees were seconded to NVIRP to provide specific expertise. G-MW's FutureFlow Alliance continued its major irrigation infrastructure upgrade program.

Over the last two years some \$320 million was spent on modernising G-MW's irrigation infrastructure.

To compliment the physical system modernisation program, G-MW embarked on a major initiative to strengthen its organisation, business systems, processes and human capabilities. This involved the infusion of new capacity in a range of functional areas.

As well, a substantial amount of concentrated effort and energy was put into building relationships with stakeholder organisations and groups to ensure a mature and cooperative approach to the challenges facing G-MW.

In accordance with the *Financial Management Act 1994*, we are pleased to present the Report of Operations for G-MW for the year ending 30 June 2009.

**Stephen Mills**  
Chairman

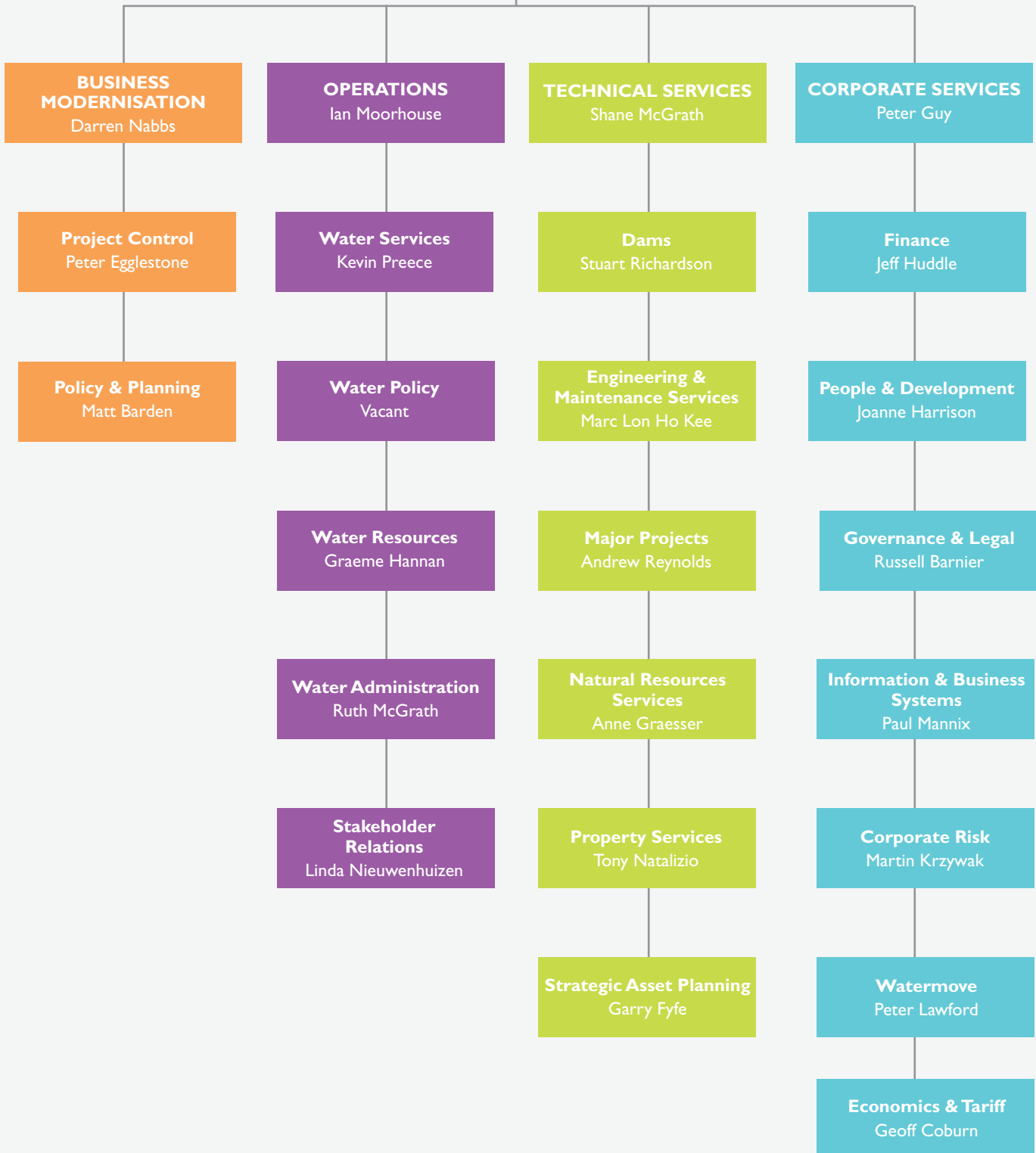
**David Stewart**  
Managing Director

# BOARD OF DIRECTORS

Stephen Mills (Chairman)

John Brooke OAM, Craig Cook, Peter Fitzgerald, Des Powell, Claire Penniceard, Catherine Scott, David Stewart

**MANAGING DIRECTOR  
DAVID STEWART**



# The Board

The Board of Goulburn-Murray Water consists of seven directors appointed by the Minister for Water under the Act and one director, the Managing Director, appointed by the other directors. **The current directors and their terms of appointment are as follows.**

## 1. Stephen Mills, Chairman FAICD

**Term of appointment: 1 October 2007 to 30 September 2011**

Stephen is a dairy farmer at Numurkah in Northern Victoria and also a director of Murray-Goulburn Co-operative Co Ltd, Australia's largest dairy processor.

Stephen is passionate about Australia's irrigation industry and the achievements of irrigators in making the irrigation industry a strong, vibrant and sustainable sector of the Australian economy.

Stephen was awarded the Centenary Medal for services to irrigation and he participated in the Prime Minister's 2020 Summit. In September 2008 Stephen retired as Chairman of Irrigation Australia Limited after 11 years as Chairman of IAL and its predecessor ANCID, the Australian National Committee on Irrigation and Drainage.

## 2. Craig Cook, Deputy Chairman B.Ec

**Term of appointment: 1 July 2004 to 30 September 2011**

Craig Cook is a management consultant to business and government. He is a director of the Rural Finance Corporation, a director of IM Medical and a deputy director of VicSuper Limited. Craig operates a beef cattle property and vineyard at Tallarook.

## 3. John Brooke OAM, Director B.Comm, B.Ed, FCPA, CA

**Term of appointment: 1 July 2004 to 30 September 2011**

John is an irrigation farmer near Pyramid Hill. He has extensive experience in local government, water resource management, business management and natural resource management. He is Chairman of Coliban Water and until 30 June 2009 a director of the North Central Catchment Management Authority.

## 4. Catherine Scott, Director B.Sc (Hons I), B.Comm, FAICD

**Term of appointment: 1 October 2007 to 30 September 2011**

Catherine operates a beef cattle property at Bylands near Kilmore. She has extensive experience in the finance/investment banking industry with a strong focus on infrastructure and agribusiness funding. She is a director of V-Line Passenger Pty Ltd and a former director of VicForests. Catherine is a director and Deputy Chair of Goulburn Valley Water.

## 5. Peter Fitzgerald, Director Advanced Dip.Ag, GAICD

**Term of appointment: 1 July 2004 to 30 June 2010**

Peter runs a dairy and beef operation at Tongala and Kotupna. He is a former Councillor for United Dairy Farmers of Victoria, a graduate of the Australian Rural Leadership Program and a graduate of the Australian Institute of Company Directors. From 1 July 2006 until 30 June 2009, Peter was a director of the Goulburn Broken Catchment Management Authority.

## 6. Des Powell, Director

**Term of appointment: 1 July 2004 to 30 June 2010**

Des is a business consultant to industries such as transport, logistics, forestry and water. He is Deputy Chairman of the Port of Melbourne Corporation, a Director of Barwon Water and a part time Commissioner of the State Services Authority.

## 7. Claire Penniceard, Director B.A (Hons), M Ed

**Term of appointment: 1 October 2007 to 30 June 2010**

Claire is the owner of The Pig Pen Pty Ltd, a significant business at Euroa that grows out pigs on contract to service specialist export markets, notably Japan and Singapore.

The enterprise showcases exemplary environmental, animal welfare and production outcomes, is a multiple national award winner and has a national reputation for excellence in the Australian pork industry.

Claire is presently a member of several Ministerial Committees including the Ministerial Women in Primary Industries Advisory Panel, the Ministerial Animal Welfare Advisory Committee and the Ministerial Swine Industry Projects Advisory Committee.



1. Stephen Mills, Chairman



2. Craig Cook, Deputy Chairman



3. John Brooke

**8. David Stewart, Managing Director**  
BE (Hons), CPEng, FIEAust, GAICD

**Term of appointment: 14 May 2008 to 30 June 2011**

David has more than 25 years experience in water resource investigation, design and management projects throughout Australia and overseas. He is a fellow of the Institution of Engineers Australia, a Chartered Professional Engineer and a graduate and Member of the Australian Institute of Company Directors. He is Chairman of the Australian National Committee on Large Dams (ANCOLD) and a past Chairman of the Goulburn Valley Group, Institution of Engineers, Australia. He is a Graduate of Fairley Leadership Program 1999. In May 2009, David was chosen from amongst his peers by Engineers Australia as being among Australia's top 100 influential engineers.

**9. Russell Barnier B.Juris LL.B FCIS**

**General Counsel and Corporate Secretary**

Russell Barnier was appointed to his first company secretary position at National Australia Bank and has occupied several positions as Legal Counsel and Corporate Secretary since then, the most recent being 10 years in the public health sector with Melbourne Health. Russell has had a long involvement with Chartered Secretaries Australia and has held the roles of National President and International President of the parent body, the Institute of Chartered Secretaries and Administrators (UK). Russell is a governance professional who has published articles on the subject and for several years presented to students of the Graduate Diploma of Applied Corporate Governance.



**4. Catherine Scott**



**7. Claire Penniceard**



**5. Peter Fitzgerald**



**8. David Stewart**



**6. Des Powell**



**9. Russell Barnier, General Counsel and Corporate Secretary**

## Responsibility of the Board

The responsibility of the Board is established by section 96(4) of the Act, where it states that the board of a water Corporation is responsible for the strategic planning of the Corporation and the management of the affairs of the Corporation.

To govern its actions, the board has adopted a Board Charter which sets out its role and function and provides, amongst other things, for the conduct of directors, declarations of interest, meetings and matters reserved for the board

## Board Meetings

The directors contribute to the governance of the Corporation collectively as a board through attendance at meetings, of which there are 11 scheduled for each calendar year. Each meeting lasts approximately five hours and several are held in regional locations within the G-MW service region.

It is usual when board meetings are held outside Tatura for the directors to meet with local business leaders and customer groups to gain a better understanding of water services and demand, local business needs and the affect of the drought on local farms. Often the board invite senior bureaucrats from government departments such as the Department of Sustainability and Environment and the Department of Primary Industries to talk to the board the evening prior to an off-site board meeting.

The directors have on occasion, between board meetings, passed resolutions by circulation, which is provided for in section 122(A) of the Act.

In addition to board meetings, individual contributions to the governance of the Corporation occur through participation in or chairmanship of the various committees of the board. Directors also give their time to attend significant functions and ministerial events across the catchment area.

Because the delivery of irrigation water to northern Victoria is undergoing significant change through modernisation, directors are encouraged to undertake site visits in order to view firsthand the activities and services provided by the Corporation.



## Board Committees

Individual directors lending their expertise to the operations of advisory committees of the board assist the board to carry out its function. The board has established several advisory committees. During the year, the following board committees comprised the directors listed and carried out the function described –

### • Financial and Management Audit Committee (FMAC)

**Members:** John Brooke OAM (Chairman)  
Peter Fitzgerald  
Catherine Scott

The function of the Financial and Management Audit Committee is to oversee the internal and external audit program, review annual financial statements and associated checklists, and monitor financial, management and accounting responsibilities and advise the Board.

The following members of staff also regularly attend meetings of the Committee –

David Stewart (Managing Director)  
Peter Guy (General Manager Corporate Services)  
Jeff Huddle (Manager Finance)

On 1 July 2009 the board appointed an Independent member of the committee. Ms Linda Veronese has extensive experience in the banking and finance sector and will contribute significantly to the operations of the Committee.

### • Risk and Compliance Committee (RaCC)

**Members:** Des Powell (Chairman)  
Catherine Scott  
Peter Fitzgerald  
Claire Penniceard

The function of the Risk and Compliance Committee is to support the board in fulfilling its corporate governance responsibilities in relation to risk management and compliance. Specifically, the Committee will advise the Board and make recommendations in areas which include the following:

- a) risk review, strategy, policy and processes
- b) occupational health & safety
- c) operational risk management
- d) environmental management
- e) insurance
- f) the risk framework for the storage and delivery of irrigation water, and
- g) compliance.

The following members of staff also regularly attend meetings of the Committee –

David Stewart (Managing Director)  
Peter Guy (General Manager Corporate Services)  
Martin Krzywak (Manager Corporate Risk)

2008/09 WSC Member Dudley Bryant, G-MW Chairman Stephen Mills and Murray Valley Chair Heather du Vallon.



G-MW's Lew Humphreys talks with Waaia customer Danny Bergman about his sub-surface irrigated lucerne crop.

### • Remuneration Committee (Rem)

**Members:** Craig Cook (Chairman)  
John Brooke OAM  
Stephen Mills

The function of the Remuneration Committee is to oversee management remuneration policy, monitor management remuneration and advise the board in relation to management remuneration responsibilities including the individual remuneration packages for senior executives.

The following members of staff also regularly attend meetings of the Committee –

David Stewart (Managing Director)  
Russell Barnier (General Counsel & Corporate Secretary)  
Joanne Harrison (Executive Manager People & Development)

### • NVIRP Coordination Committee (Co-ord)

**Members:** Craig Cook (joint Chairman)  
Catherine Scott (joint Chairman)

The function of the NVIRP Coordination Committee is to advise the board on procedures which will facilitate the coordination and effective communication of governance, policy and strategic matters relating to the Northern Victorian Irrigation Renewal Project's plans for modernisation of northern Victoria's irrigation system and to provide feedback from meetings of the joint NVIRP/G-MW Board Coordination Committee (joint board committee) to the Board and to senior management of G-MW.

Also in regular attendance at meetings of this Committee –

David Stewart, Managing Director  
Darren Nabbs, General Manager Business Modernisation

**The Chairs of each Committee each give a verbal report to the board on major issues dealt with and the minutes of each Committee meeting are provided to all directors with their board papers.**

### • G-MW Customer Committees

Customer Committees such as Water Services Committees, Catchment Committees and Reference Committees are G-MW's primary source of customer advice and feedback. Committee representatives are appointed to provide debate and informed

discussion in critical areas such as pricing, service standards and asset management. Pursuant to section 122(C) of the Act, the board has created Water Service Committees to provide advice and assistance to the board on service and customer related issues. Water Service Committees are comprised of customers chosen through a community nomination procedure and appointed by the board. The board and management value the input and advice of the Committees, which are often consulted and views sought on operational matters prior to implementation. Management, and directors on a rotation basis, attend meetings of the Water Services Committees.

### Attendance at meetings

The following chart gives an indication of the attendance by directors at scheduled Board and committee meetings.

Director	Total number of scheduled meetings / number attended				
	Board	FMAC	RaCC	Rem	Co-ord
Stephen Mills	11 / 11	4 / 5	2 / 2	4 / 4	
Craig Cook	10 / 11			4 / 4	12 / 12
Catherine Scott	9 / 11	5 / 5	2 / 2		11 / 12
Des Powell	10 / 11	2 / 3	2 / 2		
John Brooke OAM	11 / 11	5 / 5		4 / 4	
Claire Penniceard	11 / 11	3 / 3	2 / 2		
Peter Fitzgerald	11 / 11	5 / 5			
David Stewart	11 / 11	5 / 5	2 / 2	4 / 4	11 / 12

#### Notes:

The Chairman and Managing Director attend meetings of FMAC and RaCC as a visitor, and the Managing Director also attends Remuneration Committee as a visitor.

Committee meetings are attended by the Managing Director, who is not a formally appointed member of a Board Committee.

The total number of scheduled meetings refers to those meetings scheduled during the term of appointment of the relevant member to that Committee.



Back Row L–R: Terry Francis (NVIRP Director), Craig Cook (G-MW Deputy Chairman), Des Powell (G-MW Director), Barry Steggall (NVIRP Director), Miranda Douglas-Crane (NVIRP Director), Geoff Akers (NVIRP Director), Peter Fitzgerald (G-MW Director), Darren Nabbs (G-MW Manager – Business Modernisation), John Brooke (G-MW Director), David Stewart (G-MW Managing Director), Murray Smith (CEO NVIRP), Peter McCamish (NVIRP Director), Neil Brennan (NVIRP Director)

Front Row L–R: Catherine Scott (G-MW Director), Richard Guy (NVIRP Chair), Minister for Water Tim Holding, Stephen Mills (G-MW Chairman) and Claire Penniceard (G-MW Director)

## Delegation of functions

The Act provides the authority under which a Water Corporation may delegate its powers. This has been done under section 122(B) of the Act by a document under the corporate seal dated 13 February 2008.

## Directors as customers

G-MW directors Stephen Mills, Peter Fitzgerald, Claire Penniceard, Craig Cook and John Brooke are customers of the Corporation, enjoying the same terms and conditions as those applying to all G-MW customers in receipt of the similar services. It is a board policy that directors declare their interest as customers when information which may affect water pricing or delivery is discussed and decided upon by the board. The directors will either absent themselves during such discussions or warrant that they will not buy or sell water shares prior to such information becoming publicly available. It is also the board's policy to disclose water entitlements in the annual report and to post on the G-MW website when directors trade or intend to trade in water shares.

As at 30 June 2009, the following directors had the water entitlement listed against their name –

<b>Stephen Mills</b>	828.1 ML Murray HRWS 378.1 ML Murray LRWS 180 ML Drainage Diversion Agreement
<b>Craig Cook</b>	3 ML Catchment Dam
<b>John Brooke OAM</b>	385.4 ML Goulburn HRWS 176.6 ML Goulburn LRWS
<b>Peter Fitzgerald</b>	858.9 ML Goulburn HRWS 340 ML Goulburn LRWS 208.8 ML Drainage Diversion Agreement 381 ML Groundwater Licence 17 ML Catchment Dam 2 ML Private Right (Groundwater)
<b>Claire Penniceard</b>	40 ML Groundwater Licence

## Transparency and customer interaction

The board is keen to enhance customers' knowledge of the operations of the Corporation and as part of this process the decisions made at each meeting of the Board are provided in summary form on the G-MW website. A governance section for the website is currently being prepared which will include such governance documents as the Board Charter and Charters for Committees of the Board (including Water Services Committees (WSC) Charter and the Code of Conduct for committee members), water trading policy for Directors, Gifts and Donations Policy and others.

In addition to the summaries of deliberations at each meeting, the directors feel that the board provides extensive information and contact opportunities, such as the following, to our customers –

- Customers are involved in twelve WSCs whereby over 100 WSC elected members represent customers, to the point where there is approximately one WSC representative for every 330 customers
- Management, the Managing Director and the Chairman meet regularly with the WSC's and attend their meetings
- The board regularly holds Business Partner dinners throughout the catchment area, whereby major industrial customers, irrigator groups, local and Victorian Government officers discuss consumer use and supply issues with directors in an informal environment
- G-MW releases regular customer newsletters, fortnightly allocation announcements and, in the prevailing climate, drought newsletters,
- Staff take every opportunity to promote reference to G-MW's website where we aim to achieve a high level of communication, particularly on those matters of immediate interest such as water resource availability and outlooks, allocation announcements and advice aiming to assist in responding to drought
- A detailed yet simple mechanism has been adopted through our website to handle customer complaints and inquiries.

## Governance Initiatives

The Board has supported various governance initiatives which will be progressed over the next 12 months. These include –

- Reviewing and restructuring the internal Policies and Procedures Framework
- Developing a G-MW Sponsorship Strategy based on the sharing of knowledge and expertise
- Revising declarations and water trading procedure for Directors and staff
- Promoting transparency in governance, including development of a Governance section on the G-MW website
- Reviewing performance assessment procedures for Board Committees, including Water Services Committees
- Developing improved communication lines for receiving and considering advice from G-MW Water Services Committees by the Board