



Summary Information Sheet

Board Meeting 172

Held in Numurkah on Wednesday 10 June 2009

A summary of information and deliberations

Stephen Mills
Chairman

Craig Cook
Deputy Chairman

Catherine Scott
Director

Peter Fitzgerald
Director

Claire Penniceard
Director

Des Powell
Director

John Brooke OAM
Director

David Stewart
Managing Director

Russell Barnier
Corporate Secretary

For queries regarding this information sheet, please contact Russell Barnier, Corporate Secretary, on telephone 5833 5769 or email russellb@g-mwater.com.au

Welcome

The Chairman welcomed all in attendance to the meeting, which commenced following a Board tour of modernisation installations in the area and morning tea with the members of the Murray Valley WSC.

Minutes

The minutes of meeting 171 and 171A were confirmed.

Governance Report

Conflicts of Interest

The Chairman sought details of any conflict Directors may have with items on the agenda or generally.

The Board noted that personal issues between one Director and members of a Water Services Committee had been resolved.

Strategy - Managing Director's Introductory Presentation

From the presentation, the following was noted –

- the three principal elements of G-MW's business improvement plan, which management will expand upon and present to the Board, are
 - Governance
 - Modernisation Strategy, and
 - Organisational Improvement
- There is an impression of Government and others that the backbone is fully functional when much is, in fact, adversely affected by arrowhead proliferation, bank subsidence and silting
- A small amount of Government funding from Stage 1 has gone to backbone sectors which incur high seepage rates, however arrowhead growth affects flow rate rather than seepage
- It is becoming evident that G-MW needs to define the Backbone in terms of
 - How long it is
 - What standard it is,
 - What is its water delivery volume,
 - The extent and number of assets connected to it, and
 - What it will look like post NVIRP.

Federal Buyback

The Board considered the paper and agreed that target buyback has to be integrated with Stage 2 of the Modernisation Project. DSE has asked G-MW to manage the administration component of the buyback process while NVIRP will continue the role of spokesman to irrigators and the wider community.

Syndicates

The Board discussed the paper on Syndicates. While understanding Irrigators' desire for independence, it was acknowledged that this may need reviewing by those irrigators not connected directly to the backbone. Two possible scenarios were presented – one where the syndicate owns the water and the members share the delivery works, and the other where the syndicate owns the infrastructure and the irrigators own the water. While there are a number of syndicates already taking water from G-MW, the Board does not yet have a position on the preferred syndicate model. Several possible scenarios were discussed, with management being requested to provide policies for decision to the next meeting of the Board.

Metering Principles

The Board noted that the NVIRP Business Case requires the adoption of metering principles by both NVIRP and G-MW. The Board considered the metering principles presented in the accompanying paper and noted that these had been endorsed by the NVIRP board. It was noted that the adoption of metering principles was a G-MW management decision and the Board then confirmed its agreement to the principles adopted by management. It was further noted that the adoption of the principles did not prevent G-MW working to achieve customer benefits such as metering cost reductions.

Whole of Life

Following last month's presentation, the Board was advised that external review has not raised any major cost issues with respect to cost assessments relating to the modernisation project. The Board then encouraged management to discuss G-MW's business modernisation drivers with DSE on the basis of how they might best be achieved.

Service Point Fees

The Board noted several issues in relation to setting the service point fee. They included –

- The consultation process
- The effect of pricing on rationalisation
- The priority of ongoing sustainability for customers
- The impact of incentives on rationalisation
- NVIRP's views.

During a break, the Board's proposal on service point fees was referred to NVIRP and acknowledged.

The Board then agreed that the service point fee will be \$200 for each meter, with other fees agreed as per the accompanying schedule. Management was instructed to resubmit the 2009/10 price-revenue mix to the Essential Services Commission.

G-MW Business Model

The Board received a paper on G-MW's future business model which raised the following areas for consideration –

- Service / cost trade offs
- Decision-making framework for procurement and contracting
- Principles for future pricing
- Aligning short term restructure of business decisions with the longer term business model

The Board then considered what might comprise the G-MW future business model in terms of retaining or divesting business activities and the cost implications of doing so (current cost and return compared with costs of divestment and loss of activity).

Draft WSC Charter & Code of Conduct

The Board approved in principle the draft WSC Charter and Code of Conduct and noted the consultation process with Water Services Committees prior to formal approval of the documents. The Board approved paragraph 12.1 of the Charter (dealing with the appointment of WSC Chairs) and noted its prior approval of WSC role and functions as advisory committees.

Governance Report

Board Program Planner

The following was noted with respect to the Board planner –

- Preparations for next month's meeting at Eildon were progressing. The visit will include a tour of the facility and an informal meeting with business partners and local business leaders.

Legal Issues

The report was noted.

Freedom of Information

The report was noted.

Correspondence

The report was received and two of the items clarified.

Chairman's Report

The report of the Chairman was noted, with the following discussed –

- The Directors were in general agreement that G-MW should consider ways to become more visible with respect to government related discussion groups, consultation Committees and industry wide seminars
- G-MW customers are looking for some certainty in the connections program and although many of the issues are the province of NVIRP, customers were expecting G-MW to have a considerable role in obtaining the right outcomes

Risk and Compliance Committee Report

The Board noted the minutes of the last Committee meeting which took place on 12 May, 2009.

Remuneration Committee Report

The Board was advised that the Committee met the preceding evening.

Most of that meeting was taken up with the Managing Director's Performance Plan for 2009/10 as the basis of its construction was changing to reflect a balanced scorecard approach to performance measurement. This will flow on to the performance plans of General Managers and their direct reports and was approved in principle by the Board. The final Managing Director's performance plan will be signed off by the Board.

Finance and Management Audit Committee Report

The Board approved a proposal to appoint an independent member to the Committee. Suitably qualified individuals will be sought.

Strategic Actions

The following issues arose from discussions and presentations at the previous evening's Board dinner with guest Bruce Hartnett, Chairman of the State Services Authority, reported by D Powell –

- The evening at the home of the Chairman was successful and the attendance of Bruce Hartnett was appreciated
- The major item for discussion was directors holding positions on more than one board and the possibilities for conflict.

It was recommended that the Directors participate in a workshop on a range of governance issues including managing conflicts arising from multiple board appointments and directors who are also customers.

Managing Director's Report

The report of the Managing Director was noted.

The Board approved annual leave for the Managing Director and passed the following resolution –

“Resolved that Shane McGrath, General Manager Technical Services, be and is hereby appointed Acting Managing Director for the period 1 to 5 July 2009 inclusive, in the absence of David Stewart.”

General Manager Operations Report

The report prepared by the General Manager Operations was noted.

Shepparton Modernisation Project – Confirmation of water savings to date

Board agreed that, in response to a DSE request to estimate water savings achieved by the Shepparton modernisation project to date, G-MW will advise estimated of savings determined in accordance with the draft ministerial Protocol and Manual for Assessing Water Savings from Irrigation Modernisation Programs.

Mid Loddon Groundwater Management Area – Local Management Rules

The Board discussed the paper and then –

- a) Adopted the proposed Mid Loddon GMA Local Management Rules for implementation on 1 July 2009;
- b) Supported a proposal to write to the Minister for Water seeking revocation of the Mid Loddon Water Supply Protection Area (WSPA);
- c) Acknowledged that Rule 5 of the Local Management Rules, with regard to permanent transfers, cannot be implemented until the WSPA is revoked, and;
- d) Retained the appointment of the Mid Loddon Groundwater Reference Committee in an ongoing advisory capacity.

Consideration of New Groundwater Licence Entitlement adjoining Campaspe Deep Lead WSPA

Board was advised that there have been a number of applications seeking a new groundwater licence entitlement, or an increase in an entitlement, in the unincorporated area outside the existing Campaspe deep Lead WSPA boundary.

From the paper, the Board also noted that as part of its obligations under section 53 of the Water Act 1989 (the Act) in granting licences, G-MW is required to consider

- the proper management of aquifers
- any adverse effect that the issuing of new licence entitlement is likely to have on existing authorised uses or on the aquifer; and
- government policies concerning the preferred allocation or use of water resources.

Having considered these issues and supporting technical data for the area in and around the existing WSPA boundary, management proposed an extension of that boundary (the larger area to be termed the Lower Campaspe Valley WSPA) and submission of a new groundwater management plan for the larger area to the Minister for approval. The process to develop the new plan for submission should be completed in October 2009.

In exercising its water management function responsibly the Board agreed that G-MW, when considering each application for or to amend a licence entitlement in the area comprising the proposed Lower Campaspe Valley WSPA, should take the initial view in accordance with section 40 of the Act that such applications should not be approved (in the absence of strong evidence to the contrary also assessed in accordance with Section 40 of the Act) until G-MW has completed its submission to the Minister and the Minister's decision is known.

In the meantime, G-MW would ensure that all applicants receive written notification stating that if their application were to be processed at this point in time, it is highly likely that it would be refused due to consideration of matters required by the Act.

Diversions Metering Program DSE Funding

The Board considered a paper advising that DSE has proposed an alteration in funding to cover the G-MW metering program by substituting the existing MOU with an alternative Deed of Grant.

Stakeholder Relationships Report

The G-MW Operations Stakeholder Relationships Report was noted.

General Manager Business Modernisation Report

The report prepared by the General Manager Business Modernisation was duly noted.

General Manager Technical Services Report

The report of the General Manager Technical Services was noted.

Stakeholder Relationships Report

The Board noted the report.

General Manager Corporate Services Report

The report of the General Manager Corporate Services was noted. The Board noted DSE's view that 100% water allocation was not reflective of reality and should not be used as a basis for Corporate Plan modelling.

Selective tenders

The Board noted the recently approved selective tender for the purchase of 1000 metres of HDPE pipe for the Benwell pump station.

Finance Report

The Finance Report was noted by the Board.

Meeting Evaluation

As part of the ongoing performance assessment model adopted by the Board, David Stewart provided comments on the Board's performance.

The meeting closed at 3 pm

David Stewart
Managing Director

Russell Barnier
Corporate Secretary

22 June, 2009
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