



Summary Information Sheet *

**Board meeting 173
Wednesday 8 July, 2009
Eildon Office**

Directors Present:	Stephen Mills	Chairman
	Peter Fitzgerald	Director
	Claire Penniceard	Director
	Des Powell	Director
	Catherine Scott	Director
	David Stewart	Managing Director

Apologies:	Craig Cook	Deputy Chairman
	John Brooke OAM	Director

Welcome

The Chairman welcomed all in attendance to the meeting and congratulated the Managing Director on his position in the "Top 100 Australia's most influential Engineers", awarded by Civil Engineers Australia. The Chairman also noted that CMA Boards had been announced and there appeared to be major changes to membership of those boards across the State. The Chairman also commented on the new Agenda format and sought feedback at the end of the meeting.

Agenda

The Agenda was confirmed and priority items noted.

Minutes

The minutes of meetings 172 and 172A were confirmed.

Schedule of Actions

The Schedule of Actions arising from Meeting 172 and outstanding from previous meetings was discussed and noted.

* sourced from Chairman approved minutes

Governance Report

Conflicts of Interest

The Chairman sought details of any conflict Directors may have with items on the agenda or generally. D Powell raised a possible conflict if discussions on remuneration debated GSERP policy. D Stewart raised a conflict with a paper on executive remuneration, to be tabled.

Correspondence was noted with some items discussed. Directors were reminded to submit their Declaration of Interest forms to the Corporate Secretary.

Chairman's Report

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

- Mr Ron Ben-David, Chairman of the Essential Services Commission (ESC) has expressed an interest in meeting with the Board in a few months time
- DSE had been invoiced prior to 30 June 2009 with respect to payment for installation of diversions meters and part payment had been received
- The ESC's response to G-MW water pricing was discussed as was G-MW's relationship with the ESC.

The Board raised with the Managing Director the timing of forwarding proposed water prices to the ESC, the consultation method with WSC's prior to submission of prices and the strategy for addressing these issues. Also discussed was the importance of forming good working relationships with the ESC, Bulk Water Authorities and WSC's. Management was asked to return in three months with a proposal on how to manage relationships and interactions with key stakeholders that have an impact on future G-MW water pricing.

Remuneration Committee

- a) The Board noted the minutes of the Remuneration Committee meeting held on 9 June 2009 in Numurkah.
- b) The Managing Director's Performance Plan based on the balanced scorecard approach was considered. The Board requested a presentation be given to the next meeting which explained the process and how deliverable outcomes may be better identified.
- c) The Board considered an additional paper on Executive Remuneration, with attached copy letters from the CEO and Chair of GSERP. Following discussion the Board deferred a decision on the remuneration of the Managing Director until a recommendation of the Remuneration Committee was forthcoming.

NVIRP Coordination Committee report

The following points were raised in relation to the recent meeting of the Committee in the absence of formal minutes –

- The NVIRP Board has also adopted the joint G-MW / NVIRP vision

- NVIRP has acknowledged that it will manage communications on modernisation
- There was a joint acknowledgement of a need to limit (and formally define) the extent and composition of the backbone
- Any differences in policy between NVIRP and G-MW should be raised for discussion
- there was a suggestion that the Water Act would need amendment to allow syndicates to own meters and prosecute for water theft in order to successfully manage water delivery to members. The Board noted that G-MW is working with Rubicon on the logistics of sharing meters.
- In relation to the NVIRP business case, G-MW has written to DTS indicating that it would seek further funding from the Government at some time in the future on completion of modernisation works.

In the absence of C Cook at the next scheduled meeting of the Coordination Committee, the Board appointed P Fitzgerald to attend in his stead.

Strategic Actions

The following issues arose from the previous evening's Board dinner with Richard Bolt (Secretary, Department of Primary Industries), reported by C Penniceard -

- The Minister considers all correspondence and uses the information to assist in formulating his views
- Discussions on the future of energy indicated a clear preference for solar power, with some interest in wind generated power
- It is important to get the backbone up and running in order to facilitate relocation of enterprises to form a business mix in the irrigation area, as this will reduce overall adverse impact on a whole centre of similar industries
- DPI is developing a new focus by seeking the assistance of non Government service providers
- Commonwealth and State Government assistance programs to agriculture should progress away from models which maintain poor performers by propping them up
- A challenge to meet is the effective delivery of R&D knowledge in order to achieve set outcomes.

Managing Director's Report

The Managing Director's report included an overview of the Board papers to be considered at the meeting. From the report, the following was also noted –

- Procedures will be developed to better progress WSC views and recommendations to management and Board, with a component of this being WSC Forums – the next being held on 5 August at Echuca which will be attended by Directors Mills, Fitzgerald and Penniceard
- There have been 1010 applications to participate in the ballot which will result in approximately 6 weeks of processing. Communication to enlighten customers on procedures and results of the ballot are being developed. An information session on the ballot and its implications for related agribusiness, particularly including banks, is proposed

- A recent work incident involving a truck and passenger vehicle impact is currently being investigated. The truck was owned and driven by a sub-contractor of Futureflow.
- The G-MW business model required some further detail but was nearly at a stage that it could be discussed with other stakeholders on the way forward.

Business Model

The Board received a presentation on the elements of the proposed G-MW business model. The presentation showed that –

- Future business costs are driven by asset cost as determined by the Whole of Life project, with overall staff numbers and organisation structure important, but not significant in terms of future costs and prices
- There were not a lot of savings that were particular to each alternative model as the models presented all focused on effective costing of service delivery, which is reflective of the current situation
- The overall financial numbers with respect to each of the proposed alternative business models do not show a clear answer as to a stand-out model and carving the current business up in the manner suggested by various models will not bring distinctive results

with the Board noting that

- G-MW is an agency of Government and as such, Government will formulate its views and make decisions on the supply of services and the conduct of water in our region, including institutional agreements
- As a participant in water supply and delivery, G-MW can better understand and influence Government's decisions – having the added advantage of the extensive work undertaken on business modeling
- Government would move in the direction of fewer service provided by government departments and more being provided by government water businesses
- The Government will be cautious of change, particularly big institutional change requiring a change in financial responsibility, and progressing toward any such changes may be measured.

The Board then agreed that G-MW should make an initial approach to the Secretary of DSE to inform the government that G-MW has informed and constructive views on

the future of irrigation water delivery. Such discussions should be clear and part of a continuing agreed strategy of information sharing and putting of views which –

- articulate business segments and drivers
- show potential for reform in the current environment, and
- address institutional change, cost structures and financial responsibility.

An explanation of the proposed continuing communications strategy on this issue should be brought to the Board prior to a presentation being made to government.

Victorian Government Position – Commonwealth Purchase of Entitlements

The Board received the above presentation from Mr Campbell Fitzpatrick, Executive Director Water Entitlements, DSE.

From the presentation, the following was noted –

- in an ideal environment, Commonwealth water purchases would be integrated with modernisation, on farm and environmental programs, but there are challenges to this, including –
 - politically set targets
 - purchasing in haste
 - not appreciating the greater affect on Murray-Darling basin occupants
- Victoria will meet its 60GL commitment this year and ongoing, with the criteria for subsequent trades to be developed.

Season Outlook and Water resource Issues

The Board received the above presentation from Mr Graeme Hannan, Executive Manager Water resources.

From the presentation, the following was noted –

- Systems have enough water to supply essential human needs, while further inflows are needed to meet other commitments including system operating requirements
- Murray system inflows (excluding Darling and Snowy inflows) for June total 110GL which is below the long term average of 690GL and only slightly above the historic low of 95GL in June 2008
- Climate outlook is for a dry first half 2009 over SE Australia and seasonal outlook does not suggest any drought relief over the next three months

NVIRP Backbone Definition and Future Costs

The Board considered the paper and decided that –

- Of the indicative failure gradings, G-MW should not accept risk of failure grading 4 to 6 for the backbone post NVIRP and should address this through the G-MW / NVIRP relationship Agreement
- A standing agenda item will be a report on issues and proposed actions relating to the backbone, including associated costings.

Policy framework

Having considered the paper proposing a review and restructure of internal policies and procedures, the Board agreed –

- a) that policy setting is a function of the G-MW Board and that resulting documents will be collected together in a manual for that purpose and also be available on the G-MW Intranet site,

- b) current policies will be separated into operational procedures and Board policies, following which, the Board policies will be reviewed and modified where required and re-presented to Board in approximately six months time
- c) that the Corporate Secretary prepare guidelines on creating policies and operational procedures, indicating such things as –
 - the difference between policy & procedure
 - purpose & content
 - criteria for board approved policies
 - approval levels for operational procedures
 - a system for periodic review

2009/10 Budget

The Board considered the 2009/10 budget, which has been prepared in alignment with the G-MW Corporate Plan and is based on achieving 100% water allocations. Subsequent to the preparation of the Corporate Plan, it has become apparent that 100% water allocation is not likely to be achieved in the current environment and that a variance to the current budget figures may be required. It was acknowledged that, should the variation be material, there is a requirement to notify the Minister.

The Board then approved the budget as presented and required management to present to the next meeting a procedure for remodeling the budget to reflect a more accurate position with allocations. The remodeled budget would then be presented for approval by the Board by its October meeting. DSE should be advised of this procedure.

Water Service Committee Appointments

In accordance with section 122C of the Water Act 1989, the Board appointed Water Service Committee members to the respective district Committees appearing in the related schedule. The Board expressed its appreciation for the contribution of outgoing members and hoped that new members looked forward to working with their colleagues on a G-MW advisory committee.

Establishment of Tungamah Piped Water District

The Board discussed the paper and agreed that the Minister for Water be approached with a request to -

- a) abolish the water district of the Corporation known as the Tungamah Water District in accordance with section 122Z (1) (c) of the *Water Act 1989* and all other available powers; and
- b) establish a new water district pursuant to section 122M of the *Water Act 1989* and all other available powers, in accordance with the drawing number 477887 (sheets 1 to 20) signed by the Corporation on the 17 day of February 2009 and such water district be entitled the Tungamah Piped Water District and be a water district of Goulburn-Murray Rural Water Corporation.

Engineering and Scientific Services Consultancy Panel

The Board agreed to exercise an option in the Engineering and Scientific Consultancy Agreements, which have been in place since 2006, to extend the agreements for one year to 1 October 2010.

Financial Report

The Finance Report was discussed and noted by the Board.

Capital Performance Report

The Capital Performance Report was noted by the Board

Operations - Stakeholder Relationships Report

The G-MW Operations Stakeholder Relationships Report was noted.

Technical Services Division – Stakeholder Relationships Report

The G-MW Technical Services Stakeholder Relationships Report was noted.

G-MW-W Performance Improvement Program

The G-MW Performance Improvement Plan was discussed and noted by the Board.

Items for Information

The following items were provided for the information of Directors –

- Business operations performance Report
 - Workforce Report
 - Connected to the Environment Report
 - OH&S Report
 - Diversion Metering Program
 - 2008 Customer Satisfaction Survey – Improvement Actions
 - Other Matters
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- Board noted that DSE is currently developing a program to license all water currently used for washing dairy sheds, including an amnesty for dairy farmers to apply from September 2009 until February 2010. G-MW has expressed timing concerns to DSE and proposed a staged

introduction, reporting back to the next Board meeting

- Staff are still working with fire-affected customers and it is expected that DSE will soon allow resumption of billing to these customers.

Review of Board Meeting

Meeting Evaluation

Peter Fitzgerald provided the following comments on the Board's performance –

- The majority of the meeting was spent positively on governance and strategy
- The agenda format was good, setting out items for decision early in the sequence of papers
- The debates were good and drew out important points for Directors
- Some items could have been better dealt with in the Governance section
- Some information items would be better located in the Managing Director's report for discussion
- Papers were more streamlined but some repetition with the Managing Director's report plus the following board papers.

The meeting closed at 2 pm

David Stewart
Managing Director

Russell Barnier
Corporate Secretary

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