



Summary Information Sheet *

**Board meeting 174
Wednesday 12 August, 2009
Kerang Office**

Present:	Stephen Mills	Chairman
	Craig Cook	Deputy Chairman
	John Brooke OAM	Director
	Peter Fitzgerald	Director
	Claire Penniceard	Director
	Des Powell	Director
	Catherine Scott	Director
	David Stewart	Managing Director
In Attendance:	Russell Barnier	General Counsel & Corporate Secretary
	Ian Moorhouse	General Manager Operations
	Peter Guy	General Manager Corporate Services
	Shane McGrath	General Manager Technical Services
	Darren Nabbs	General Manager Business Modernisation

Welcome

The Chairman welcomed all in attendance to the meeting and acknowledged the contributions of Peter Fitzgerald and John Brooke as outgoing directors of their respective Catchment Management Authority boards. The Chairman also thanked the members of the Torrumbarry Water Services Committee for their hospitality to Directors and General Managers and senior staff at the previous evening's WSC annual dinner.

1 Opening

1.1 Agenda

The Agenda was confirmed and priority items noted.

* sourced from Chairman approved minutes

1.2 Minutes

The minutes of meetings 173 were confirmed as amended.

1.3 Conflict of Interests

The Chairman sought details of any conflict Directors may have with items on the agenda or generally. The following conflicts were declared –

- The Managing Director with respect to his performance review and executive remuneration
- Peter Fitzgerald with respect to the Wakati Irrigators Co-op FOI application, and
- Catherine Scott with respect to end of season water trades with Goulburn Valley Water

1.4 Schedule of Actions

Schedule of Actions arising from Meeting 173 and outstanding from previous meetings was discussed and noted.

1.5 Chairman's Report

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

The Chairman commented on the close working relationship he enjoyed with the Managing Director and assured the Board that their recent joint meetings with officials locally and in Canberra provided both with an opportunity to take a lead role, depending on the audience and the context of the meeting. When meeting separately, their roles, contact levels and subject matter differed, as would be expected.

A suggestion was made that notes of meetings attended by the Chairman and the Managing Director could be useful.

1.6 Managing Director's Report

The Managing Director's report was discussed, with the following noted –

- The Board was advised of the resignation of the General Manager Business Modernisation to take up a senior role in the private sector. This provided G-MW with an opportunity to restructure the role to cover current activities in managing the role with NVIRP modernisation and to also provide an opening in policy and strategy; a position that would drive G-MW business and relationships into the future
- Progress in workforce issues management were discussed, with the Board being advised that the introduction of experienced individuals into the management team was instrumental in uncovering issues which had previously been uncovered or overlooked, and that these were systematically being addressed. It was also observed that a new focus on staff accountability, trust, performance and dedication to G-MW had resulted in an expected increase in non regretted staff separations

- The purchase of 40 Casey Street was completed yesterday, the Board noting that the price paid was less than the band-width agreed for negotiation purposes
- DSE has informally advised that our proposal to delay the implementation of the Dairy Wash Licencing Program to July 2010 was not acceptable. WSC's to be advised

The Managing Director advised the Board of his intention to take several days leave. Accordingly, the Board passed the following resolution –

“Resolved that Ian Moorhouse, General Manager Operations, be and is hereby appointed Acting Managing Director for the period 19 to 27 September 2009 inclusive, in the absence of David Stewart.”

2 Governance

2.1 Governance Report

In discussing the 2009 Board program, several issues were addressed, including –

- Planned interaction with NVIRP(a joint board meeting in September) may take another form (such as Managing Director's attending each other's board meeting) which maximises benefits to both organisations
- A facilitated, full Board performance review would take place every second year, with a progress report on achievements against outcomes of those reviews every other year (which will occur this coming November)
- There will be a management strategy day in September with Directors being invited to attend in the afternoon and outcomes provided for those unable to attend.

2.2 Board program 2010

The proposed Board program, as amended, was discussed. Directors noted, and agreed in principle that –

- There would be six Tatura based meetings and five meetings at other locations (these meetings to be held primarily within the G-MW operational area at a regional office)
- Finance and Management Audit Committee meetings will be associated with Tatura meetings of the Board
- The Minister will be invited to attend a dinner with Directors at the May meeting
- A strategy workshop will be associated with the March and September meetings
- A performance review will be associated with the November meeting
- A Partners dinner will be considered in June or July
- There would be three field trips on the afternoon following a Board meeting, to be determined at the commencement of the year if possible
- Remuneration Committee meetings may be held prior to Board meetings (currently planned for June, August and December).

2.3 Remuneration Committee

The Chairman of the Committee explained the process adopted for the Managing Director's performance review and, prior to further discussion, requested management to withdraw.

At the conclusion of discussions, Management returned to the meeting and the Chairman advised that some of the issues discussed had been referred back to the Remuneration Committee and to the Finance and Management Audit Committee for advice to the Board. During discussions on agenda item 2.3(b)(iii), the Chairman left the meeting.

Presentation

Following the return of management, the Board received a presentation from Joanne Harrison, Executive Manager People & Development on the Balanced Scorecard. From that presentation, the following was noted –

- The balanced scorecard is a performance management tool based on the identification of deliverables within a context, in our case the G-MW business plan
- Deliverables are linked to performance which in turn exposes underperformance or non achievement of identified tasks
- Bonuses will not be a reward for doing a job, which is covered by salary payments. A bonus will be paid for performance which is over and above simply doing the job
- Future employment conditions will be more flexible and will consider life balance issues.

It was requested that future Remuneration Committee meetings report on the G-MW Women's Advancement Program.

2.4 Finance and Management Audit Committee

With respect to signing of the accounts, the Committee will meet to consider making a recommendation to the Board, which will then be requested to pass a circular resolution in relation to their acceptance and signing. Latest copies of the financial statements were provided to Directors and any material changes in the final copy will be advised.

In reporting on the meeting held on 20 July, the Committee Chair made the following comments –

- the Committee welcomed the new independent member, Ms Linda Veronese
- reconciliation procedures had markedly improved and will be further audited in 12 months
- an error in the calculation of depreciation had meant an overstatement in depreciation rates for the 2007/08 year. Internal controls have been strengthened and the issue has been resolved with the A-G's office
- the Committee requested that procedures in the relationship agreement with NVIRP be followed with respect to the proposal to record incomplete works in the G-MW books

The Board considered and was pleased to approve the letter of appointment of Ms Linda Veronese to the Finance and Management Audit Committee on the terms and conditions contained therein.

2.5 Risk and Compliance Committee

The Board approved the final version of the Charter for Goulburn-Murray Water Risk and Compliance Committee in accordance with the two recommendations of that Committee.

The Board then discussed non financial risks being considered by the Committee at its next meeting (such as risks arising from business modernisation and climate change).

2.6 G-MW/NVIRP Co-ordination Committee

The Board noted comments from its representative on the Committee.

2.7 Governance Section, 2008/09 Annual Report

The Board noted and contributed comments to an initial draft of the proposed Governance section of the G-MW 2008/09 Annual Report.

2.8 Strategic Actions

John Brooke captured the following observations from the previous evening's dinner with the Torrumbarry WSC –

- G-MW can celebrate its success and strong leadership in community involvement
- We can't underestimate the importance of –
 - having a vision
 - succession planning
 - a solid partnership with the community
 - creative conflict as a vital part of a good working team

Management was invited to attend the Board meeting.

3 Presentations

3.1 Water Service Committees – Forum Update

Russell Barnier, General Counsel and Corporate Secretary, gave a presentation on issues raised by WSC's in relation to the recently distributed WSC Charter and Code of Conduct which were further discussed and collected at the recent WSC Forum. In discussing the issues raised at the forum, a general view on incorporating certain wording changes resulting from the feedback was given. A paper suggesting wording changes to the Charter will be brought to the next Board meeting.

The Chairman then brought forward Agenda item 4.2

4.2 Appointment of Water Service Committee Chairs

The Board agreed that a panel consisting of the Chairman, Managing Director and Corporate Secretary would interview all nominees for Chair submitted by the six irrigation area Water Service Committees.

It was acknowledged that until completion of all interviews and the appointment of Committee Chairs, the current Chairs would remain in place.

The Chairman then recounted the recent interview of nominees and stated that it was a positive meeting and went a long way in furthering the relationship between the Chairman and the nominees and understanding their views on the future working relationship between G-MW and the WSC.

Upon the recommendation of the panel, the Board appointed Mr Charlie Gillingham as the Chair of the Torrumbarry Water Services Committee, to become effective upon receipt by the Corporate Secretary of his declaration of interest form and written commitment to the WSC Charter and Code of Conduct.

The Agenda was then resumed

3.2 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 –

- Inflows for August have declined
- There is still a significant shortfall
- Carryover delivery is subject to enough operating water
- There is enough water for several months of D&S deliveries
- Some systems operating water will be made available for a limited period of carryover delivery
- Additional losses may compromise D & S deliveries in late season
- Broken / Campaspe / Loddon is at risk of being completely depleted from December to January
- Groundwater - there is limited aquifer recovery

During this report and prior to any discussion, Directors Mills, Brooke and Fitzgerald and the General Manager Business Modernisation declared an interest as irrigators and left the meeting.

In further discussion, the Board endorsed the water delivery strategy proposed by management.

Directors Mills, Brooke and Fitzgerald and the General Manager Business Modernisation returned to the meeting.

4 Items for Decision

4.1 Financial Statements

The Board was advised that the G-MW financial statements were not in a form ready for adoption and signing by the Board. Further meetings of the Finance and Management Audit Committee were proposed and when completed, the financial statements would be circulated with a resolution for adoption.

4.3 Watermove – Governance & Operational Issues

Having considered the paper proposing a governance model for Watermove arising out of a procedure to achieve competitive neutrality, the Board then

- a) approved the proposed governance model for Watermove, consisting of an initial Board comprising the following;
 - One shareholder representative (a G-MW Director, to be determined)
 - One experienced corporate finance officer - Peter Guy
 - A Managing Director - Peter Lawford
 - Up to two independent members representing non-government positions,
- b) instructed management to prepare a shortlist of potential independent persons and their respective skills, knowledge and experience who would be considered by the Board for appointment as directors of Watermove,
- c) requested a job description for the position of Managing Director,
- d) requested a timeline covering issues to be dealt with to achieve an identified start date, and
- e) requested additional governance related information from management.

4.4 Diversions Metering Program

The Board noted that 96% of work required under the original agreement with DSE had been completed and that a further 1% of work was in the process of being completed, reaching practical completion of works required and for which funds had been made available. Any further work undertaken will be negotiated with DSE and reimbursement of further costs determined.

Dam Safety Funding

The Board further discussed DSE funding requests with respect to dam safety. It was noted that management, as directed, had written to DSE requesting a 50-50 split in funding for dam safety upgrades. DSE has responded stating that financial assistance by government towards G-MW's current dam improvement program cannot be justified and that dam safety is a risk to be managed by water corporations. The Board requested a paper on previous dam safety strategy and a revised strategy incorporating risk to non funded works and other related impacts on the organisation.

5 Items for Discussion and Noting

The Board was reminded of the resignation of the General Manager Business Modernisation and the Chairman asked Darren Nabbs if he would like to make a comment to the Board. Darren responded saying he appreciated his time with G-MW very much but that his new position was an important career move and he would be finishing with G-MW in six to eight weeks. The Board appreciated the contribution Darren had made over his years at G-MW.

Craig Cook left the meeting at 2pm.

5.1 2009/10 Budget

The Board noted that a revised budget will be put to the Directors at the October meeting.

5.2 Business Model – Operational Cost Drivers

The paper for noting by the Board considered operational cost drivers within business models, advising that asset maintenance and financing are the principal costs.

5.3 Financial Report

The Financial Report was noted.

5.4 Capital performance Report

The Capital Performance Report was noted.

5.5 Operational Division - Stakeholder Relations Report and

5.6 Technical Services - Stakeholder Relations Report

Items in the reports were discussed and noted. The Managing Director advised that he proposed to revise the stakeholder reports by combining them through the G-MW Stakeholder Relations Unit and reviewing content.

5.7 Backbone Report

In discussing the report, the Board made the following comments –

- G-MW needs to calculate the costs involved in getting the backbone to acceptable performance levels
- Preliminary cost estimates should be brought to the next meeting, with final estimates dependent upon detailed discussions with NVIRP on service standard requirements (which should be completed by December)
- G-MW is still seeking detailed feedback on Syndicates and meter sharing, which should be considered and dealt with as strategic items.

6 Items for Information

The following items were provided for the information of Directors –

- 6.1 Business Operations Report
- 6.2 Workforce Report
- 6.3 OH&S Report
- 6.4 Environment Report
- 6.5 Summary of Alleged Water Theft
- 6.6 Contingent Liability – Quarterly Report
- 6.7 Diversion metering Program Report

7 Review of Board Meeting

7.1 Meeting Evaluation

Des Powell provided the following comments on the Board's performance –

- Process changes were noted with the understanding that procedures may continue to change slightly until optimised
- The structure of the meeting was positively received, with the Chairman and Managing Director to reassess the forward planner
- What is the strategic agenda for each meeting, perhaps strategic items could be dealt with up front (Business Model / NVIRP etc)
- Forward agenda with set items would be beneficial.

The meeting closed at 2.30 pm

David Stewart
Managing Director

Russell Barnier
Corporate Secretary
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25 August, 2009

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