

## Minutes

<b>Annual General Meeting</b>
<b>1. Introduction to the Annual General Meeting and Traditional Owner Welcome to Country</b>
<p>Mike Berwick welcomed delegates to the Annual General Meeting. Mike gave an overview of the meeting and asked the Directors to introduce themselves. Mike acknowledged the Traditional Owners and handed over to Joann Schmider and Alf Joyce to give the Welcome to Country on behalf of Mamu people.</p> <p>Joann advised that Ernie Dingo started the practice of Traditional Owner welcomes in 1976. The welcome is to give a blessing to do business. Joann introduced Elder Alf Joyce who represents Elders past and present. Alf spoke of the 3 "R's" – Relationships, Responsibilities and Respect. Mamu asks you to keep the 3 R's in mind when doing business.</p>
<b>2. Quorum Noted and Notice of Meeting</b>
<p>Mike Berwick advised that a quorum was present.</p> <p>Mike declared meeting officially open.</p> <p>Keith Noble read the Notice of Meeting</p>
<b>3. Minutes from 2011 AGM and Receive, consider and adopt the Director's Report and Financial Report</b>
<p><b>Motion:</b> That the minutes of the previous AGM (25 November 2011) were approved and ratified by Directors as a true and correct record.</p> <p><b>Moved:</b> Maurice Franklin    <b>Seconded:</b> Lisa O'Mara</p> <p><b>Carried Unanimously</b></p>
<p>4. Keith Noble gave an update on the Financial Report. A summary report from the Company Secretary is attached.</p> <p><b>Motion:</b> That the Director's Report and Financial Report be adopted.</p> <p><b>Moved:</b> Sam Spina    <b>Seconded:</b> Errol Wiles</p> <p><b>Carried unanimously.</b></p>
<b>Members Forum</b>
<b>Chair's Address</b>
<p>Mike Berwick gave Chairs Address on Terrain's achievements for the year including –</p> <ul style="list-style-type: none"> <li>• New Caring for Our Country funding looking more positive for funding to regions to deliver against regional priorities</li> <li>• Funding to be received from Federal Government to write new Regional NRM Plan</li> <li>• Regional bodies welcomed the retention of Queensland Government funding to NRM bodies.</li> <li>• Board has approved Terrain's Strategic Plan 2012/2017 – providing clear direction for Terrain and its role in the region and based on extensive discussions. This document is a first for the organisation and</li> </ul>

has now been sent to all Members.

- As part of implementing the Strategic Plan, Terrain has developed a new organisational structure with extensive staff consultation. The restructure will now be implemented with a transition period over coming six months.
- A priority from the plan is to ensure that Terrain works with community and partners to build capacity in organisations outside Terrain and allocate resources in equitable and transparent way according the regional priorities
- Key principles/foundation of the Strategic Plan found in the AGM Business Papers and a copy of the plan now provided to all members with AGM mail out.

## CEO's Address

- Carole Sweatman commended the Annual Report to all members
- Carole also commended to the Strategic Directions document to all members regarding the key directions for the organisation.
- One of the key changes is the commitment to transparent and open process for allocation of resources and to work with partners and community on expanding NRM delivery. This is a new approach to ensure maximum flow of resources directly to best place for implementation. In some cases that will continue to be Terrain, but in other cases the organisation will be seeking to fund others to implement NRM priorities.
- Terrain has a new structure that is smaller than current numbers and seeks to address gaps in geographic representation and to also position the organisation for uncertainty when all current funding arrangements draw to a close on 30 June 2013. The new structure will be implemented over the next six months, with arrangements in place from 1 July 2013. Further detailed information will be provided to all members in 2013 as internal discussions had only just been completed.

## Discussion on Terrain Board future structure

In line with the review of staff structure the Directors wanted to review the structure of the Terrain Board to ensure it can best deliver against the organisational and regional priorities.

Keith Noble facilitated a discussion between the Board and AGM attendees regarding the questions/challenges posed in the discussion paper provided to Members prior to the AGM.

Keith outlines that since there were only 20 Members attending the meeting today and 100 Members altogether, there will be no decision made today but we are looking for input from those attending.

Keith called on the members to participate in a discussion and let us know their opinion on the Board structure, their opinion on whether the Directors should be selected by Portfolios or have more specific skills and other issues/concerns.

Comments were received from the floor and in addition each Director provided their point of view regarding the structure.

### Consequently a motion was called for and endorsed as follows:

**Motion:** The Terrain Board provide a paper for Member consideration which provides a range of options for the Board structure, listed in order of preference.

**Moved:** Gary Barnes     **Seconded:** Lawrence Di Bella

Carried

A paper will be developed which presents options, which will also form the basis of paperwork for an EGM vote. A timeline with implications will also need to be included with the paper.

Keith thanked the Board and Members for their contribution to today's discussion. Paul Gregory gave a vote

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of thanks to facilitator Keith Noble.

Mike Berwick thanked Dave Hudson who is retiring as at today's AGM and presented him with a gift.

Dave responded thanking all his appreciation for the experience of being part of the Terrain Board and that he was very proud to be part of the changes and discussions happening at Terrain.

Mike declared the meeting closed at 6.05pm.

The forum was followed by an informal get together to celebrate the year's achievements.

### Attachment A – Company Secretary presentation on the 2011/2012 Financials

## AGM Speech regarding Finances

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I would like to refer you to the last page of the Annual Report and the audited financial statements. The Annual report provides you with four graphs. The first one is the funding by program, the second one is funding by source, the third one is a breakdown of our expenditure and the final graph is the breakdown of staff activity.

When comparing these graphs to last year, the total amount of funding and expenditure has risen but in relation to a percentage of total costs, we have reduced the percentage spent on employment expenses, motor vehicle expenses and general expenses whilst increasing the percentage spent on direct project costs (ie outgoing contracts to landowners, community groups, contractors and partner organisations) with the costs for the board and other committees unchanged.

This year, we are at a point where as an organisation, we have built up sufficient reserves to cover any non balance sheet liabilities, three months operating and we have set aside some funds to pay for capital expenditure expected in the next year aimed at improving our record management systems. These reserves are safely locked away in term deposits which mature in October 2013. In addition, we have a uncommitted surplus of \$167,000 of which we plan on transferring \$150,000 to the Natural Capital Fund to contribute towards innovative environmental projects in the region.

This surplus has been derived from improvements in invoicing and reporting, continuously monitoring cash flow projections, minimising overhead costs, closer scrutiny of all project budgets, better use of the audit, finance and risk subcommittee as well as the elimination of unfunded projects.

Other achievements include:

1. The board has endorsed a new finance manual detailing all policies and procedures based on the principles of sound financial management and including information about the accounting systems, external audit, procurement policies, investment risk analysis and a review of all internal controls.
2. The finance team has improved the method of asset identification and tracking, they have conducted a complete review of all insurance coverage and also completed a half yearly in depth review of all projects to ensure that we would meet all of our financial reporting obligations by the end of the financial year.
3. The contracts team has improved the project budget reporting by closely analysing the budgets vs actuals with project managers on a monthly basis. The contracts team has also introduced a new system for creating sales orders which is dramatically reducing the time it takes to receive revenue from our funding providers. This has improved the cash flow which makes it possible for us to increase our interest income which has gone from \$150,000 last financial year to \$451,000 this financial year.

4. The corporate services team has also participated in an exercise of analysing and comparing all overhead costs to other NRM bodies to identify ways of reducing our costs.
5. We have moved into new premises in Innisfail which not only reduces our ongoing head office costs, but has also created a fantastic meeting place.

Today, we have a representative from Moore Stephens in attendance who are Terrain's independent external auditors. If you have any specific questions about the financial statements, please feel free to raise those questions with the Moore Stephens representative (insert name here).

### Attachment 2 – Summary of Discussion regarding Board Structure

#### Response from AGM Attendees

- Further clarification was sought regarding the Portfolio structure and how it currently works.
- Why not call it NRM skill based, not Portfolio?
- Query about the ability of the recruitment process to meet gaps if no suitable candidates are found for each portfolio?
- Can people apply for multiple roles?
- Portfolios are a chance for different background discussions
- If you adopt a matrix arrangement, how do you make sure it is robust enough to ensure NRM skills/portfolios are covered adequately?
- A hybrid/smaller Board could be better
- Need to consider what is the correct balance of NRM skills and corporate governance skills
- Need to consider that balance between staff skills and Director skills/responsibilities.
- Important for Directors to:
  - champion their portfolio
  - spread the word of Terrain
  - have a good standing in the community
- Structure should use the options to bring in others when other skills are needed.
- Suggest a Hybrid Board which included 4 directors covering NRM skills/portfolios and 3 directors covering – Corporate Governance skills
- Board has set a challenging job for the Members. It is usually the Directors who should do the review. Sarah believes it should be discussed by the Directors then come back to the Members with recommendations.
- Terrain has evolved and is dealing with a lot of money and she believes needs an expert in finance and corporate governance on the board. Sarah is confident in SISP process.
- Surprised Terrain calls itself a large corporation and said Corporate Governance is laid out in legislation. It is important but should be easy. Important to have NRM balance on the Board. Keith responded to say it is very clearly defined but continually changing. Carole said we have to consider a balance.
- Supported streamlining the Board. The Board should be the best of where they come from – if they want to be relevant they need a champion from each group. Don't just end up with bureaucrats.
- Members like to relate to someone in their area of interest
- There have been a number of scenarios presented and to summarise there seems to be a lean to the matrix system.
- Need to set a timeline for this process otherwise it could drag on.

### Response from Directors

**Director Ryan Donnelly** – He believes that Portfolios are no longer relevant and believed Directors need a broad range of skills including Governance skills. He believes there needs to be a change.

Ryan also explained that the Board has been thinking about and discussing a new model and the AGM Business paper and matrix represented Board thinking to date. The meeting discussion was to ensure that Directors had feedback from Members as part of the process – not just at the end.

**Director Peter Rowles** – not broken at the moment

**Director Joann Schmider** – if the board is to reduce in numbers there will have to be discussions regarding retaining both Indigenous Directors – Male Indigenous Business and Female Indigenous Business. There are 20 Indigenous groups across the Terrain footprint

**Director Ken Atkinson** – Portfolio set up has risk that certain portfolios only working in certain sectors instead of whole of NRM. Skills based is important but should not be called Portfolios. There is not a lot of time where Rangelands issues come up – Ken has previously asked the Board if Director Rangelands is necessary. Urge Members to support keeping skills based board. It is all about trimming the organisation to get more money on ground. Up to you!

**Director David Hudson** – Can see the argument either way. Some director portfolios are not called on very often but the skills possessed by the directors ensure they are always part of board discussions. It is a risk to go too far to Corporate Governance – Terrain is a Member based organisation and knowledge is needed about the Wet Tropics.

**Director Russell Watkinson** – keen to improve the way the board is structured. Portfolios are a bit restrictive and feel skills based board necessary. Russell believes the matrix system is good and feels we need more flexibility – corporate skills mixed with NRM.

**Director Julia Leu** – concur with Russell. We can have both – important to have a mix of NRM skills and Governance skills. At the moment it is a bit restrictive and need more flexibility in how the SISP select Directors.

**Director Mike Berwick** - concur with Russell and Julia. Mike said it was a great Board – is skills based and said the SISP process is unique and works well. Mike said he was nervous about the word Portfolio and thinks we should get rid of it. He believes the Board could be smaller and that could happen by attrition. Needs to be a bit slimmer but remain efficient. If the staff are subject to reduction in numbers the Board should also be looking at its structure and costs.

**Director Keith Noble** – of the opinion to move away from Portfolios but retain skills through matrix system. In favour of a smaller board – thinks a lot quicker trip around the Board room table in discussions. Thinks ideal number is 7. Cost is also a factor.

**Paul Gregory – Chair of the Terrain Standing Independent Selection Panel** – Paul advised he has been kept up to speed during meetings, He believes the organisation is at the stage where it needs this conversation. Members have to consider if they were writing of Constitution today, would they set up Portfolio Based Directors?

It was agreed that a formal paper would be sent to Members early in 2013, with a range of options listed in order of preference. This would be considered by an EGM.