



2020 ANNUAL REPORT

Western Murray Irrigation Ltd



WESTERN MURRAY IRRIGATION LTD (WMI)

A company limited by shares, proudly grower owned,
celebrating 26 years of operation.

Registered office: 5 Tapio Street, DARETON NSW 2717
Telephone: 03 5027 4953
Postal: PO Box 346, DARETON NSW 2717
Website: www.westernmurray.com.au
Email: enquiries@westernmurray.com.au
ABN: 93 067 197 853

Directors:

David Whitbread (Chair from 06 February 2020)
Kevin Watson (Chair until 06 February 2020)
Justin Kassulke (Deputy Chair)
Matthew Cottrell
Michael Goodrem
Allison McTaggart
David Walker

CEO:

Judith Damiani

Company Secretaries:

Narelle Heard
Judith Damiani

Auditor:

William Buck
ADELAIDE SA 5000

Banker:

National Australia Bank
MILDURA VIC 3500

Solicitor:

Addisons
SYDNEY NSW 2000

2020 AGM:

WMI 26th Annual General Meeting
Tuesday 24 November 2020 at 6.00pm
Coomella Memorial Sporting Club
Silver City Highway, Dareton NSW 2717





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CHAIR'S REPORT

Dear WMI Shareholders

On behalf of WMI's Board of Directors I present you with the 26th Annual Report for Western Murray Irrigation Ltd (WMI) for the year ended 30 June 2020, my first as Chair.

The Board

I would like to thank Kevin Watson who chaired the Board prior to me and strongly supported the move to an independent Chair. His continued support as a Coomealla Director is appreciated.

I also welcome the re-appointment of Matthew Cottrell as Buronga Director and Michael Goodrem as General Member Director at the 2020 AGM.

I am pleased to find a high level of compliance to good corporate governance principles and believe the company is in good hands.

Major Focus Areas

During my short time as Director and Chair I have been involved with ensuring appropriate resources are dedicated to completing the Charges Review and overseeing the discovery and management of illegal works. WMI regards interference with our water management works and taking water without lawful authority as very serious matters. As well as taking the appropriate action against the customers concerned WMI has reported the circumstances to the NSW Natural Resources Access Regulator. I can report that these investigations are continuing.

Financial Result

WMI's surplus for the year ended 30 June 2020 was \$1.072 million. The Board approved a \$4.43 million capital expenditure program – a significant increase from past years.

Important investments included the meter upgrade and telemetry project; Coomealla generators and KSB pumps; Buronga low harmonic variable speed drives, pump walkway and PLC upgrades; Curlwaa generator upgrade; and solar panels for the office and depot.

Appreciation

I would like to thank my fellow Board colleagues for welcoming me to WMI, and all staff for their dedication to the affairs of the business, and their workmates. I am particularly thankful to Judith and Narelle for the way they have managed the business through the pandemic.

Dated: 19 October 2020

David Whitbread
Chair



CEO'S REPORT

The 2019/20 year presented unprecedented challenges: record drought in NSW; deteriorating water storage (and quality) for the Murray; smoke haze from the devastating VIC/NSW bushfires; uncovering major illegal tap-ins and a global pandemic (COVID-19). These, and other challenges, have been well managed by the dedicated WMI team.

The year continued to be warm, dry and dusty with water allocation prices reaching near-record highs. Much welcome Autumn rains resulted in lower allocation prices and water demand. Water deliveries for 2019/20 by WMI were 4% below the five-year average.

Total surplus for the 2020 financial year was \$1,071,647, contributing to total equity of \$58.4 million – a 2.9% decrease from last year.

This is a good result considering WMI has made some major capital expenditure commitments to asset and technology upgrades in order to support and encourage the growth and changes occurring in our irrigation areas while revenue from our investing activities was lower – an outcome from a COVID-affected share market and continued low interest rates.

Key Achievements in 2019/20

Some of our achievements include:

- Ensuring a COVID-19 safe workplace and remaining open for business;
- Commissioning our back-up diesel generators for the Coomealla pump station;
- Earning revenue from the Coomealla and Curlwaa generators by participating in a summer electricity demand response program;
- Realising immediate savings resulting from the installation of a 50kW solar system for the office and depot;
- Securing lower cost electricity contracts commencing July 2020;
- Working with Siemens and Datacall to continue to upgrade meters and install telemetry;
- Installing the first 300mm outlet in Coomealla;
- Installing a second new (more efficient) KSB pump for the Coomealla pump station;
- Entering into a maintenance service agreement with Mourquong Co-operative Rural Society Ltd;
- Installing a suction jetty servicing platform at the Buronga pump station;
- Meeting all environmental licence operating conditions following a five-yearly Environmental Protection Authority inspection; and
- Holding a commemorative 25th AGM in November 2019.

New Chair, New Staff, Enhanced Training

The Board has set a path for the company to provide more competitive and modern irrigation services to meet our customers' needs today and in the future.

To meet an ambitious target the Board commenced recruitment for an independent Director and Chair in October 2019 which resulted in the appointment of David Whitbread effective 06 February 2020. WMI invested in a modest video conference system which has allowed most meetings, including those of the Board, to be held virtually.

WMI also welcomed two new staff members: Chloe McLeish, Finance Officer (vacancy) and Wes Marks, Operations Supervisor (new position).

Many of our staff undertook training in areas including first aid, fire management, meter validator & installer and the Company Directors course.

Representation

WMI's local representation and advocacy during the year included:

- Citrus Australia Grower Forum
- Dried Fruit Australia Grower Forum
- Lower Murray Water Grower Forum
- Meeting with NSW Senator Perin Davey and Mallee MP Anne Webster
- Meeting with the Australian Ambassador to Jordan (to discuss water management)
- Meeting the new Murray Darling Basin Authority and Murray Darling Basin Inspector General Mildura representatives
- NSW Irrigators Council Deliverability Working Group
- National Irrigators Council Irrigation Infrastructure Operators Committee
- WaterNSW Customer Advisory Group
- NSW Department of Industry (Water) Murray-Lower Darling Strategic Advisory Panel.

WMI is well placed to continue its asset and service modernisation plans and I would like to thank our employees, shareholders and customers for their contributions and cooperation throughout the year.



Judith Damiani
CEO

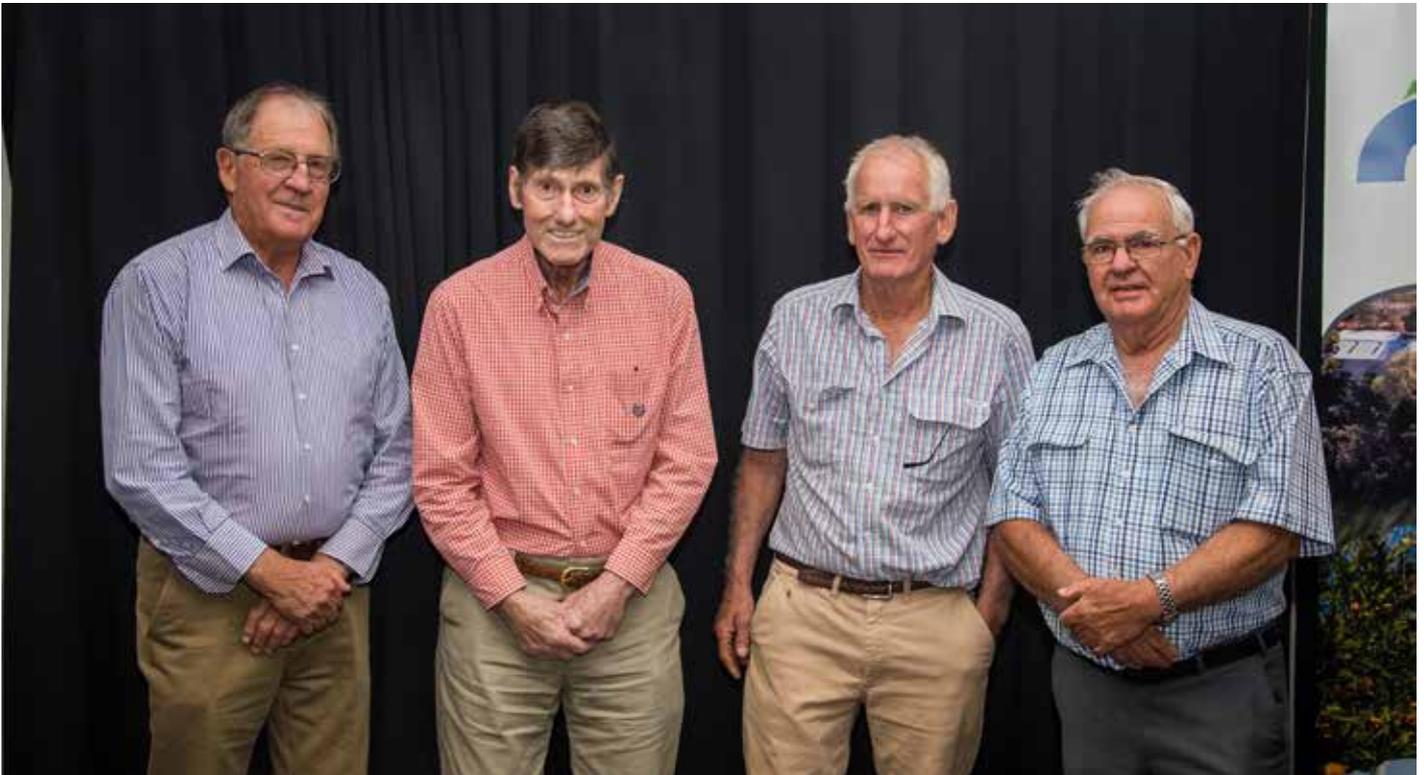


WESTERN MURRAY IRRIGATION 2019-2024 STRATEGIC PLAN

VISION	Western Murray irrigators are growing and thriving			
MISSION	To provide competitive and modern irrigation services that support our customers to meet their business needs			
VALUES	CARE • INTEGRITY • ACCOUNTABILITY • SAFETY			
OUTCOMES	LEADERSHIP	CUSTOMER SERVICE	OPTIMISED INFRASTRUCTURE	HIGH PERFORMANCE
PRIORITY ACTIONS OVER THE NEXT FIVE YEARS	<p>We advocate and plan for a resilient and thriving future for our customers and region</p> <ul style="list-style-type: none"> Develop a clear policy assessment of any external deliverability risks and work with governments and stakeholders to ensure that the risks are minimised Promote Western Murray as premium irrigation district Work with our stakeholders and partners to influence and inform state and national policies 	<p>We consistently provide a high level of service which enables our customers to undertake best practice irrigation</p> <ul style="list-style-type: none"> Improve and launch tech-driven customer service platforms Complete and implement the changes resulting from the charges review Improve customer communications by providing regular, timely and useful information 	<p>We effectively and efficiently manage, operate and maintain our water delivery & drainage infrastructure to meet our customers' needs today and in the future</p> <ul style="list-style-type: none"> Integrate the upgraded meters and new telemetry system into a new customer service platform Investigate alternate energy options and implement a long-term energy plan Develop asset management plans utilising the outcomes of a feasibility study/modelling of the WMI system network 	<p>We are a high performing workforce and Board built on outstanding people, systems, governance and culture</p> <ul style="list-style-type: none"> Enhanced WHS system Board and staff development underpinned by regular performance assessments and training plans Review constitution and governance to better reflect changing circumstances
MEASURES OF SUCCESS	<ul style="list-style-type: none"> Standard of service for water deliverability is improved during peak demand Irrigated land serviced by WMI increase by 10% 	<ul style="list-style-type: none"> Increase in customers reporting high or very high level of satisfaction with service Charges review outcome successfully implemented 	<ul style="list-style-type: none"> Long-term energy plan that is minimising costs and improving reliability New customer service platform with direct access to live usage data 	<ul style="list-style-type: none"> Zero time lost to injuries Increase in staff/contractors reporting high or very high level of satisfaction with WHS Appointment of an independent Chair

KEY ACHIEVEMENTS DURING 2019/20

▶ Kevin Watson WMI Chair and inaugural Chair (1995) Ian Murdoch at the 25th AGM (November 2019)



▲ Inaugural WMI directors (1995) present at the AGM L to R: Howard Jones, Col Thompson, Ian Murdoch and Rod Taylor



◀ WMI shareholders attended the 25th AGM and commemorative dinner

▼ Mourquong pump station and irrigation network – now being serviced by WMI



▲ Staff complete fire management training



▲ Coomealla generators running during very hot and dusty conditions in January 2020



▲ Vince DeMaria, Director/Secretary of the Mourquong Co-operative Rural Society Limited and Kevin Watson, WMI Chair (at the time) agree on a maintenance service agreement

▼ Enhanced maintenance of surface drains with dedicated contractors



KEY ACHIEVEMENTS DURING 2019/20



▲ Buronga pump station with its new suction jetty walkway and upgraded stair access.



▲ The first new 300mm meter and telemetry installation in Coomealla



The second new KSB pump being installed at the Coomealla pump station

KEY ACHIEVEMENTS DURING 2019/20



▲ WMI attended a water meeting hosted by NSW Senator Perin Davey and VIC Mallee MP Anne Webster



WMI Overview

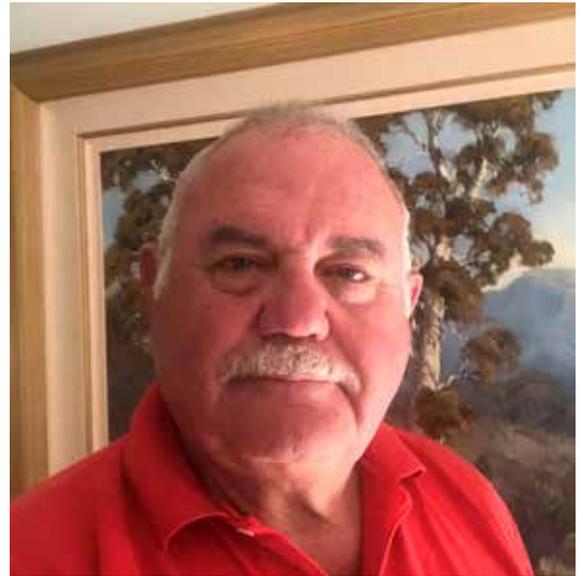
February 2020

Judith Damiani
CEO

▲ Representing WMI with visitors and at grower forums



▼ David Whitbread – appointed independent Director and Chair on 06 February 2020



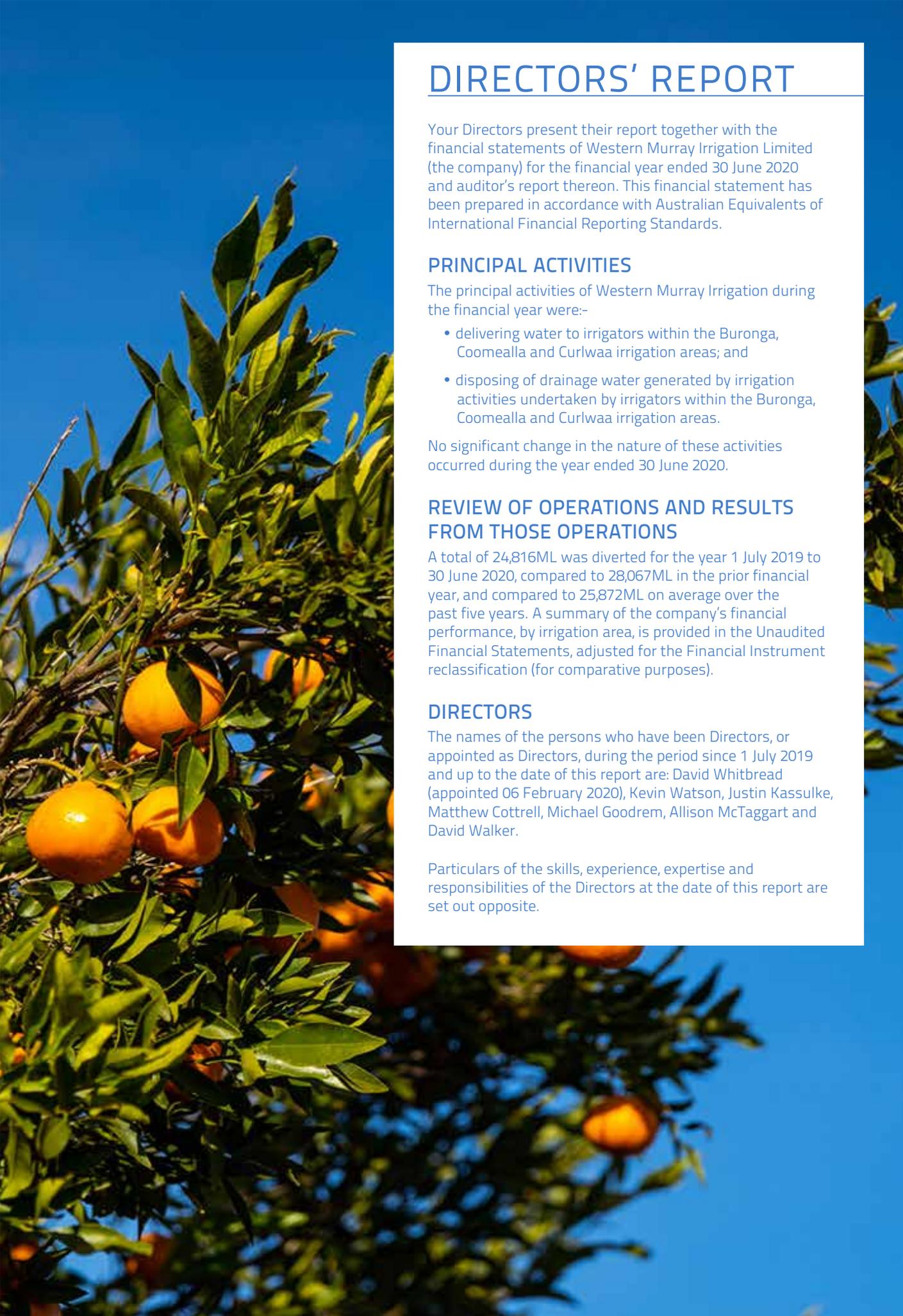
▲ WMI participated in the many water reviews including the Interim Inspector General for the Murray Darling Basin review of the management of the Murray Darling Basin water resources (Mildura public forum)



▲ L to R: Susan Coles (Australian Department of Foreign Affairs & Trade), Australian Ambassador to Jordan Miles Armitage, WMI CEO Judith Damiani and Assets & Operations Manager David Hilton



▲ Solar panels have been installed on the depot (shown here) and the office



DIRECTORS' REPORT

Your Directors present their report together with the financial statements of Western Murray Irrigation Limited (the company) for the financial year ended 30 June 2020 and auditor's report thereon. This financial statement has been prepared in accordance with Australian Equivalents of International Financial Reporting Standards.

PRINCIPAL ACTIVITIES

The principal activities of Western Murray Irrigation during the financial year were:-

- delivering water to irrigators within the Buronga, Coomealla and Curlwaa irrigation areas; and
- disposing of drainage water generated by irrigation activities undertaken by irrigators within the Buronga, Coomealla and Curlwaa irrigation areas.

No significant change in the nature of these activities occurred during the year ended 30 June 2020.

REVIEW OF OPERATIONS AND RESULTS FROM THOSE OPERATIONS

A total of 24,816ML was diverted for the year 1 July 2019 to 30 June 2020, compared to 28,067ML in the prior financial year, and compared to 25,872ML on average over the past five years. A summary of the company's financial performance, by irrigation area, is provided in the Unaudited Financial Statements, adjusted for the Financial Instrument reclassification (for comparative purposes).

DIRECTORS

The names of the persons who have been Directors, or appointed as Directors, during the period since 1 July 2019 and up to the date of this report are: David Whitbread (appointed 06 February 2020), Kevin Watson, Justin Kassulke, Matthew Cottrell, Michael Goodrem, Allison McTaggart and David Walker.

Particulars of the skills, experience, expertise and responsibilities of the Directors at the date of this report are set out opposite.



DAVID WHITBREAD

Non-Member Director

Director since: Appointed Director and Chair on 06 February 2020

Current term of office expires: November 2022

Skills, experience and expertise: David is a highly experienced professional Director and Chair, and Board advisor to medium to large private family groups. He is a Director of several businesses and currently the Chair of St Andrews Hospital (SA), meeting Chair of Harcourts Cooper and Co (North Shore, Auckland) and has Chaired the Mitolo Agricultural and Wine Groups. David is a Chartered Accountant and former Partner and Board Member of Deloitte Australia. He holds a Bachelor of Economics from Adelaide University, is a Fellow of the Australian Institute of Company Directors (AICD) and was the first SA State Chair of the AICD on its inception.

Board Committee membership: Chair of the Charges Review Project and Unauthorised Water Use Special Purpose Committees



MICHAEL (MICK) GOODREM

General Member Director

Director since: November 2018

Current term of office expires: November 2020

Skills, experience and expertise: Mick is a citrus and wine grape grower in Curlwaa with a strong executive management background in the acute and community health sector, after several years as a Registered Nurse.

Board Committee membership: Member of the Audit, Risk, Finance & Investments and the Remuneration & Governance Committees



ALLISON MCTAGGART

Non-Member Director

Director since: October 2010

Current term of office expires: November 2023

Skills, experience and expertise: Allison is an experienced Company Director, a Fellow of the Australian Institute of Company Directors, affiliate of the Governance Institute of Australia, member of the Institute of Community Directors Australia and a member of the Australian Human Resources Institute. She provides a range of business, governance, work health and safety, and human resource consultancy services in her business Allison McTaggart & Associates – Human Capital Solutions.

Board Committee membership: Chair of the Remuneration & Governance Committee and member of the Charges Review Project and Unauthorised Water Use Special Purpose Committees



KEVIN WATSON

Coomealla Representative Director

Director since: November 2002, appointed Chair November 2013 until 06 February 2020

Current term of office expires: November 2021

Skills, experience and expertise: Kevin is a wine grape grower in Coomealla.

Board Committee membership: Member of the Infrastructure & Service Committee



JUSTIN KASSULKE

Curlwaa Representative Director

Director since: November 2009, appointed Deputy Chair April 2018

Current term of office expires: November 2021

Skills, experience and expertise: Justin is a citrus and wine grape grower in Curlwaa.

Board Committee membership: Chair of the Infrastructure & Service Committee



DAVID WALKER

BBUS (ACC), FCPA, CA, RTA

Non-Member Director

Director since: August 2018

Current term of office expires: November 2021

Skills, experience and expertise: David is a Certified Practising Accountant (CPA) and is currently a Partner for Business Services (Tax & Accounting) with Findex Mildura. He is also Secretary for the Euston Co-operative Rural Society Ltd which comprises around 60 table grape growers covering 1,600 acres at Euston, NSW. The Co-op's primary function is to deliver water from the River Murray via high pressure pipeline to the growers for irrigation purposes. David oversees the financial and administrative functions of the Co-op and has held that position since 1994.

Board Committee membership: Chair of the Audit, Risk, Finance & Investments Committee and member of the Remuneration & Governance and the Charges Review Project Special Purpose Committees



MATTHEW COTTRELL

Buronga Representative Director

Director since: November 2012

Current term of office expires: November 2020

Skills, experience and expertise: Matthew is a citrus, wine and table grape grower in Buronga, is a grower delegate to Australian Citrus Propagation Incorporated (AusCitrus) and a former Director of Sunraysia Citrus Growers Incorporated.

Board Committee membership: Member of the Audit, Risk, Finance & Investments and Infrastructure & Service Committees

DIRECTORS' REPORT

MEETINGS OF DIRECTORS

Each Director attended the following meetings of the Board and Committees of the Board during the financial year ended 30 June 2020:

Director	Board		Audit, Risk, Finance & Investments Committee		Infrastructure & Service Committee		Remuneration & Governance Committee		Charges Review Project Special Purpose Committee		Unauthorised Water Use Special Purpose Committee	
	A	B	A	B	A	B	A	B	A	B	A	B
Matthew Cottrell	8	6	3	2	1	1	-	-	-	-	-	-
Michael Goodrem	8	8	3	3	-	-	3	3	-	-	-	-
Justin Kassulke	8	7	-	-	1	1	-	-	-	-	-	-
Allison McTaggart	8	8	-	-	-	-	3	3	3	3	6	6
David Walker	8	7	3	3	-	-	3	2	3	3	-	-
Kevin Watson	8	8	-	1	1	1	3	3	-	-	-	-
David Whitbread	3	3	-	2	-	1	-	-	3	3	6	6

A - Meetings eligible to attend as a Member

B - Meetings attended as a Member

The Charges Review Project Special Purpose Committee was formed by the Board specifically for the purpose of reviewing the company charges structure and options for reform. The membership of the Committee comprises Non-Member Directors only due to the conflict of interest confronted by Member Directors in considering such broad-scale reform.

The Unauthorised Water Use Special Purpose Committee was formed by the Board specifically for the purpose of reviewing and investigating the interference with our water management works and the taking of water without lawful authority.

DIRECTOR'S INTERESTS

The relevant interests of the directors in the share capital, water entitlements, and delivery entitlements of the company, as at 30 June 2020, are as follows:

Current Directors	Shareholding	Water Entitlements	Delivery Entitlements
Matthew Cottrell	319	319	319
Michael Goodrem	144	159	159
Justin Kassulke	324	75	369
Allison McTaggart	-	-	-
David Walker	-	-	-
Kevin Watson	723	623	623
David Whitbread	-	-	-

A Director's interest represents those held directly and indirectly, including where a Director is an authorised representative of a corporate entity. Non-shareholder Directors Allison McTaggart, David Walker and David Whitbread hold no company shares, water entitlements or delivery entitlements.

COMPANY SECRETARIES

Our Company Secretaries as at 30 June 2020 are as follows:

Judith Damiani was appointed Chief Executive Officer in January 2018 and a Company Secretary in February 2018. Judith has over 20 years of local, national and international agribusiness executive experience with her last role as CEO of Mildura-based Citrus Australia Ltd. Judith is also a Director of Mildura Regional Development and a member of its Audit and Governance committees. Judith holds a Bachelor of Science and a Bachelor of Business and is a member of the Australian Institute of Company Directors.

Narelle Heard was appointed Finance Manager in February 2016 and a Company Secretary in September 2016. Narelle's accounting experience has encompassed both focus on profitability in the private sector to bringing in a balanced budget in the public arena, and has therefore involved all financial, compliance and management functions. Narelle has worked across many industries including agribusiness, manufacturing, automation and mining, and served in various management positions. Narelle is a Certified Practising Accountant (CPA) with a Bachelor of Commerce in Accounting and Finance and is a graduate of the AICD Directors Course. Narelle is a member of CPA Australia and the Australian Institute of Company Directors.

OFFICERS

The person who was an officer of the company during the financial year to 30 June 2020 whose role involves making decisions affecting the whole or a substantial part of the company was Ms Judith Damiani.

DIVIDENDS

The Company is a not-for-profit entity and no operating surplus may be paid or transferred by way of a distribution to the members.

ENVIRONMENTAL REGULATION

The company is committed to ensuring that the water supply and drainage disposal activities undertaken are sustainable. The environmental monitoring program has as its key component, the gathering of information to ensure compliance with the company's licences governing the supply and disposal of water.

EVENTS SUBSEQUENT TO REPORTING DATE

No events have arisen in the interval between the end of the year and the date of this report. No item, transaction or event of a material and unusual nature is likely, in the opinion of the directors of the company, to affect significantly the operations of the company, the results of those operations, or the state of affairs of the company, in future financial years.

LIKELY DEVELOPMENTS

It is not foreseen that the company will undertake any change in its general direction during the coming financial year.

OPTIONS

No options over unissued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the end of the financial year.

No director has received or become entitled to receive during or since the financial year, an interest because of a contract made by the company or a related entity with the director, a firm of which the director is a member, or an entity in which the director has a substantial financial interest.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

INDEMNIFICATION AND INSURANCE OF OFFICERS

During the financial year each Director signed a Deed of Access, Indemnity and Insurance with the Company, and the Company has paid premiums in respect of an insurance contract to indemnify officers against liabilities that may arise from their position as officers of the Company. Officers indemnified include the Company Secretaries, all Directors and all executive officers participating in the management of the Company.

Further disclosure required under Section 300(9) of the *Corporations Act 2001* (Cth) is prohibited under the terms of the contract.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Declaration under section 307C in relation to the audit for the financial year is provided with this report.

This report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors.

Dated: 19 October 2020



David Whitbread
Chair
Board of Directors



David Walker
Chair
Audit, Risk, Finance & Investments Committee



FINANCIAL STATEMENTS

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020	2019
		\$	\$
Revenue	2	6,177,439	5,969,975
Depreciation expense	7(a)	(1,084,371)	(1,062,330)
Employee benefits expense		(1,157,109)	(1,103,036)
Utility expense		(1,037,855)	(913,974)
Repairs & maintenance expense		(334,659)	(328,653)
Government charges		(499,680)	(516,719)
Finance costs		(119,846)	(132,349)
Other expenses from operations		(872,272)	(807,562)
Total expenses		(5,105,792)	(4,864,623)
Surplus for the year		1,071,647	1,105,352
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss when specific conditions are met: gain/(loss)			
Un-realised fair value gain/(loss) on FVTOCI financial assets		(1,949,764)	398,582
Realised fair value gain/(loss) on FVTOCI financial assets		(844,783)	(7,141)
Items that have been reclassified to profit or loss:			
Reclassification of fair value gain/(loss) on financial assets to profit or loss		-	-
Total other comprehensive income for the year		(2,794,547)	391,441
Total comprehensive income for the year		(1,722,900)	1,496,793

The accompanying notes form part of these financial statements

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	2020	2019
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	7,755,709	8,273,151
Receivables	4	1,171,950	1,613,764
Other assets	5	487,489	378,341
TOTAL CURRENT ASSETS		9,415,148	10,265,256
NON-CURRENT ASSETS			
Financial assets	6	21,848,272	24,463,248
Property, plant and equipment	7	28,891,674	27,325,513
Intangible assets	8	575,900	575,900
TOTAL NON-CURRENT ASSETS		51,315,846	52,364,661
TOTAL ASSETS		60,730,994	62,629,917
CURRENT LIABILITIES			
Trade and other payables	9	525,798	499,738
Borrowings	10	230,123	216,368
Provisions	11	127,277	120,146
TOTAL CURRENT LIABILITIES		883,198	836,252
NON-CURRENT LIABILITIES			
Borrowings	10	1,389,574	1,619,697
Provisions	11	23,260	16,106
TOTAL NON-CURRENT LIABILITIES		1,412,834	1,635,803
TOTAL LIABILITIES		2,296,032	2,472,055
NET ASSETS		58,434,962	60,157,862
EQUITY			
Contributed equity	12	39,095,400	39,095,400
Reserves	13	(275,759)	2,518,788
Accumulated surplus	14	19,615,321	18,543,674
TOTAL EQUITY		58,434,962	60,157,862

The accompanying notes form part of these financial statements

FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020	2019
		\$	\$
Total equity at the beginning of the financial year		60,157,862	58,661,069
Surplus for the year		1,071,647	1,105,352
Other comprehensive income		(2,794,547)	391,441
Total equity at the end of the financial year		58,434,962	60,157,862

The accompanying notes form part of these financial statements

FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020	2019
		\$	\$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from operations		5,419,011	4,250,515
Payments for operations		(3,975,210)	(3,454,310)
Dividends received		941,654	1,318,009
Interest received		245,298	359,514
Borrowing costs		(116,725)	(129,660)
Net cash provided by operating activities	15	2,514,028	2,344,068
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of financial assets		4,315,563	4,121,461
Payments for financial assets		(4,495,133)	(4,957,066)
Proceeds from sale of property, plant and equipment		15,000	17,955
Payments for property, plant and equipment		(2,650,532)	(1,304,277)
Net cash used in investing activities		(2,815,102)	(2,121,927)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of state government loans		(216,368)	(203,435)
Net cash used in financing activities		(216,368)	(203,435)
Net increase / (decrease) in cash held		(517,442)	18,706
Cash and cash equivalents at beginning of financial year		8,273,151	8,254,445
Cash and cash equivalents at end of financial year	3	7,755,709	8,273,151

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

Note 1 – Summary of Significant Accounting Policies

The financial statements were authorised for issue by the Directors as at the date of the Directors' Declaration.

a) Basis of preparation of the financial statements

Western Murray Irrigation Limited applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards.

The financial statements are general-purpose financial statements that have been prepared in accordance with Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board and the *Corporations Act 2001* (Cth). The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

b) Revenue

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer;
2. Identify the performance obligations;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations;
5. Recognise revenue as and when control of the performance obligations is transferred.

Specific revenue streams

The revenue recognition policies for the principal revenue streams of the Company are:

i) Supply of water charges

Revenue from the supply of water and drainage services comprise both access and usage-based charges which are billed GST-free to all customers. Revenue from fixed water charges is recognised on a pro-rata basis throughout the year. Fixed water charges include asset

replacement fund contributions which are separately disclosed. Water usage charges by measure are recognised as revenue when the water is provided.

ii) Termination Charges

Termination charges are levied at the time Western Murray Irrigation Limited receives written Notice of Termination. This charge is calculated in accordance with ACCC water charge rules.

iii) Contract Services

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

iv) Interest

Interest revenue is recognised when it becomes receivable on a proportional basis taking into account the interest rates applicable to the financial assets.

v) Dividends

Dividend revenue is recognised when the right to receive a dividend has been established.

c) Income Tax

The entity is exempt from income tax under section 50-1 of the *Income Tax Assessment Act 1997* (Cth) on the basis that it is a public authority.

d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of four months or less, and bank overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities in the Statement of Financial Position.

e) Trade and Other Receivables

Trade receivables are recognised at their fair value. Water charges are billed on a quarterly basis and are due within 28 days. Interest is charged on overdue amounts at the rate of 6.25% (2019: 7.0%) per annum. As receivables are short term in nature the invoice amount is not materially different to amortised cost.

Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is raised when some doubt as to collection exists.

Chapter 7, Part 4, clauses 354 to 362 of the *Water Management Act 2000* (NSW) ('the Act') provides that a rate or charge imposed on the owner of any land by an irrigation corporation is a charge on the land to which it relates, thereby securing the debts.

Chapter 4, Part 1, Division 6, paragraph 136 of the Act further provides that on a change of ownership of land, the new landholder is liable to the irrigation corporation for the amount of any charges levied by the irrigation corporation in relation to the land and unpaid by the previous landholder as if the new landholder had entered into a contract with the irrigation corporation for the supply of service or services to which the unpaid services relate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

f) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is the equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Classification and Subsequent Measurement

Financial Liabilities

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit or loss if the financial liability is:

- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability, that is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial Assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Company initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy and information about the groupings is documented appropriately, so the performance of the financial liability that is part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Equity Instruments

At initial recognition, as long as the equity instrument is not held for trading or not a contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies, the Company made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Company's accounting policy.

Impairment of Financial Assets

The Company recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets;
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Company uses the following approaches to impairment, as applicable under AASB 9: Financial Instruments:

- the general approach;
- the simplified approach;
- the purchased or originated credit impaired approach; and
- low credit risk operational simplification.

General Approach

Under the general approach, at each reporting period, the Company assesses whether the financial instruments are credit-impaired, and:

- if the credit risk of the financial instrument has increased significantly since initial recognition, the Company measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and
- if there is no significant increase in credit risk since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Simplified Approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to:

- trade receivables; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables is used taking into consideration various data to get to an expected credit loss (i.e. diversity of its customer base, appropriate groupings of its historical loss experience, etc).

Purchased or Originated Credit Impaired Approach

For financial assets that are considered to be credit impaired (not on acquisition or originations), the Company measures any change in its lifetime expected credit loss as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

Evidence of credit impairment includes:

- significant financial difficulty of the issuer or borrower;
- a breach of contract (e.g. default or past due event);
- a lender has granted to the borrower a concession, due to the borrower's financial difficulty, that the lender would not otherwise consider;
- the likelihood that the borrower will enter bankruptcy or other financial reorganisation; and
- the disappearance of an active market for the financial asset because of financial difficulties.

Low Credit Risk Operational Simplification Approach

If a financial asset is determined to have low credit risk at the initial reporting date, the Company assumes that the credit risk has not increased significantly since initial recognition and, accordingly, can continue to recognise a loss allowance of 12-months expected credit loss.

In order to make such a determination that the financial asset has low credit risk, the Company applies its internal credit risk ratings or other methodologies using a globally comparable definition of low credit risk.

A financial asset is considered to have low credit risk if:

- there is a low risk of default by the borrower;
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

A financial asset is not considered to carry low credit risk merely due to existence of collateral, or because a borrower has a lower risk of default than the risk inherent in the financial assets, or relative to the credit risk of the jurisdiction in which it operates.

Recognition of Expected Credit Losses in Financial Statements

At each reporting date, the Company recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (e.g. loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

Derecognition

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Company no longer controls the asset (i.e. has no practical ability to make unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. On derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss. On derecognition of an investment in equity which the Company elected to classify under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

g) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are measured at cost.

Plant, Equipment and Water Distribution Works

Plant, equipment and water distribution works are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant, equipment and water distribution works is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(i) for details of impairment).

Depreciation

The depreciable amount of all fixed assets, including buildings but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of assets are:

Class of Non-Current Asset	Rate/s	Basis
Buildings	4 - 10%	Straight line
Plant and Equipment	6 - 20%	Straight line
Motor Vehicles	20%	Straight line
Office Equipment	10 - 50%	Straight line
Water Distribution Works	1 - 10%	Straight line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Purchases of assets for less than \$5,000 are fully depreciated in the year they are acquired.

Gains and losses are determined by comparing proceeds with the carrying amount. These gains or losses are included in the Statement of Profit or Loss and Other Comprehensive Income in the period in which they arise.

h) Construction in Progress

Costs associated with construction works in progress are maintained in the Construction in Progress account until such time as the works have been completed and the assets are identifiable.

i) Impairment of Non-Financial Assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where the future economic benefits of the assets are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

j) Intangibles

Water Entitlements

After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment costs. Water entitlements have an indefinite useful life, and are thus not subject to amortisation, but are tested for impairment by comparing their recoverable amount with their carrying amount.

k) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

l) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

m) Borrowings

Non-interest bearing (NSW State Government) loans are measured at amortised cost being the present value of the annual loan payments based on market interest rates at the time of commencement of the loan. Loan payments are allocated between the reduction in the loan liability and interest expense. There is no actual interest payable and the annual repayments remain the same for the life of the loan.

n) Employee Benefits

Short-term Employee Benefits

Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages and salaries. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Company's obligations for short-term employee benefits such as wages and salaries are recognised as part of current trade and other payables in the statement of financial position.

Other Long-term Employee Benefits

The company classifies employees' long service leave and annual leave entitlements as other long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision

is made for the company's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and discounted corporate bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The company's obligations for long-term employee benefits are presented as non-current liabilities in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current liabilities.

Contributions are made by the Company to an employee superannuation fund and charged as expenses when incurred. The Company has no legal obligation to provide benefits to employees on retirement.

o) Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

p) Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the entity.

Account balances that are subject to estimates and judgments are:

- Doubtful debts;
- Depreciation; and
- Employee entitlements.

q) New and Amended Accounting Standards

Initial application of AASB 16: Leases

The Company has adopted AASB 16 with a date of initial application of 1 July 2019. The Company has no operating leases, as a result, the adoption of this standard has not caused any adjustments to the reported financial position, performance or cash flow of the Company.

Initial application of AASB 15 and AASB 1058

The Company has applied AASB 15: Revenue from Contracts with Customers and AASB 1058: Income of Not-for-Profit Entities. The adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

	Note	2020	2019
		\$	\$
Note 2 – Revenue			
Operating and Non-Operating Activities			
Water charges		3,272,301	3,344,892
Interest – non-asset replacement fund		82,621	83,859
Temporary water trade		86,147	200,847
Gain on sale of property, plant & equipment		15,000	17,234
Other revenue		272,735	164,116
		3,728,804	3,810,948
Investing Activities			
Termination fees		589,602	193,160
Interest – asset replacement fund		136,712	284,211
Dividends		1,051,693	1,099,482
Asset replacement fund contributions		581,202	582,174
Other income		89,426	-
		2,448,635	2,159,027
Total Revenue		6,177,439	5,969,975
Note 3 – Cash and Cash Equivalents			
Cash on hand		700	700
Operating accounts		430,285	481,965
Investment accounts		4,936,025	6,272,387
Asset replacement fund cash management account		1,452,062	742,886
General reserve account cash management account		936,637	775,213
		7,755,709	8,273,151
Note 4 – Receivables			
Current			
Water debtors		755,315	1,210,779
Provision for doubtful debts		(12,176)	(13,886)
		743,139	1,196,893
Accrued income		391,537	307,463
Sundry debtors		37,274	109,408
		1,171,950	1,613,764
Note 5 – Other Assets			
Current			
Water distribution supplies		377,050	311,410
Provision for obsolescence		(45,698)	(65,801)
		331,352	245,609
Prepayments		156,137	132,207
Deposits		-	525
		487,489	378,341

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

	Note	2020	2019
		\$	\$
Note 6 – Financial Assets			
Non-Current			
Equity investments		21,848,272	24,463,248
Note 7 – Property, Plant & Equipment			
Buildings			
At cost		763,270	711,250
Less accumulated depreciation		(696,739)	(681,724)
		66,531	29,526
Land			
At cost		441,567	441,567
Total Land and Buildings		508,098	471,093
Plant and Equipment			
At cost		2,234,765	681,776
Less accumulated depreciation		(489,223)	(413,235)
		1,745,542	268,541
Water Distribution Works			
At cost		46,765,830	46,470,664
Less accumulated depreciation		(21,946,059)	(21,010,568)
		24,819,771	25,460,096
Motor Vehicles			
At cost		309,467	278,672
Less accumulated depreciation		(155,990)	(201,648)
		153,477	77,024
Office Equipment			
At cost		360,961	329,378
Less accumulated depreciation		(287,270)	(268,770)
		73,691	60,608
Construction in Progress			
At cost		1,591,095	988,151
Total Plant and Equipment		28,383,576	26,854,420
Total Property, Plant and Equipment		28,891,674	27,325,513

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

Note 7 – Property, Plant & Equipment (continued)

a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Note	Buildings	Land	Plant and Equipment
		\$	\$	\$
2020				
Balance at 01/07/19		29,526	441,567	268,541
Additions		-	-	6,037
Disposals		-	-	-
Transfers		52,020	-	1,552,452
Depreciation expense		(15,015)	-	(81,488)
Written-off		-	-	-
Carrying amount at 30/06/20		<u>66,531</u>	<u>441,567</u>	<u>1,745,542</u>
2019				
Balance at 01/07/18		42,957	441,567	239,645
Additions		-	-	-
Disposals		-	-	-
Transfers		-	-	55,603
Depreciation expense		(13,431)	-	(26,707)
Written-off		-	-	-
Carrying amount at 30/06/19		<u>29,526</u>	<u>441,567</u>	<u>268,541</u>

Motor Vehicles	Office Equipment	Water Distribution Works	Construction in Progress	Total
\$	\$	\$	\$	\$
77,024	60,608	25,460,096	988,151	27,325,513
98,664	31,583	-	2,514,248	2,650,532
-	-	-	-	-
-	-	306,832	(1,911,304)	-
(22,211)	(18,500)	(947,157)	-	(1,084,371)
-	-	-	-	-
153,477	73,691	24,819,771	1,591,095	28,891,674
3,063	24,815	26,259,716	175,385	27,187,148
90,502	49,440	51,801	1,112,534	1,304,277
-	(471)	(250)	-	(721)
-	-	141,304	(196,907)	-
(16,541)	(13,176)	(992,475)	-	(1,062,330)
-	-	-	(102,861)	(102,861)
77,024	60,608	25,460,096	988,151	27,325,513

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

	Note	2020 \$	2019 \$
Note 8 – Intangible Assets			
Water entitlements		575,900	575,900
Note 9 – Trade and Other Payables			
Current			
Trade creditors and accruals		525,798	499,738
Note 10 – Borrowings			
Current			
Unsecured liabilities			
Borrowings		230,123	216,368
Non-Current			
Unsecured liabilities			
Borrowings		1,389,574	1,619,697
Total Borrowings		1,619,697	1,836,065
Funds borrowed are in relation to the NSW State Government loan for the Coomealla Rehabilitation Joint Venture Project. There is no security provided in relation to these borrowings.			
Note 11 – Employee Benefits			
Current			
Employee benefits		127,277	120,146
Non-Current			
Employee benefits		23,260	16,106
Aggregate Employee Benefits Liability		150,537	136,252
Note 12 – Contributed Equity			
Issued and paid up capital			
9,565 (2019: 9,585) Class A shares	12(a)	11,516,811	11,516,811
4,083 (2019: 4,083) Class B shares	12(b)	2,032,810	2,032,810
22,400 (2019: 22,524) Class C shares	12(c)	25,545,779	25,545,779
		39,095,400	39,095,400
(a) Class A shares			
At the beginning of the reporting period		11,516,811	11,516,811
At reporting date		11,516,811	11,516,811
(b) Class B shares			
At the beginning of the reporting period		2,032,810	2,032,810
At reporting date		2,032,810	2,032,810
(c) Class C shares			
At the beginning of the reporting period		25,545,779	25,545,779
At reporting date		25,545,779	25,545,779

Shares in Western Murray Irrigation Limited are issued to landholders within the Buronga, Coomealla and Curlwaa Irrigation Areas.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

	Note	2020	2019
		\$	\$
Note 13 – Reserves			
Intangible asset deemed cost reserve	13(a)	575,900	575,900
Financial assets reserve	13(b)	(851,659)	1,942,888
		<u>(275,759)</u>	<u>2,518,788</u>

- a) The intangible asset deemed cost reserve records initial recognition of the water entitlements disclosed in Note 8. There have been no movements recorded to this reserve account during the year.
- b) The financial assets reserve records revaluation increments and decrements, and gains or losses on disposals, for the financial assets that are classified as equity investments in Note 6.

Movements during the financial year:

Opening balance		1,942,888	1,551,447
Fair value remeasurement gain / (loss)		(1,949,764)	398,582
Losses on disposals		(844,783)	(7,141)
Closing balance		<u>(851,659)</u>	<u>1,942,888</u>

Note 14 – Accumulated Surplus

Accumulated surplus at the beginning of the financial year		18,543,674	17,438,322
Net surplus attributable to members of the entity		1,071,647	1,105,352
Accumulated surplus at the end of the financial year		<u>19,615,321</u>	<u>18,543,674</u>

Note 15 – Cash Flow Information

Reconciliation of cash flow from operations with surplus from operations after income tax

Surplus from operations after income tax		1,071,647	1,105,352
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Non-cash flows in surplus from operations:

Depreciation		1,084,371	1,062,330
(Decrease)/increase in provision for obsolescence		(20,103)	4,339
(Decrease)/increase in provision for doubtful debts		(1,710)	296
Net (gain)/deficit on disposal of property, plant and equipment		(15,000)	(17,234)
Written-off property, plant & equipment		-	102,861

Changes in assets and liabilities:

(Increase)/decrease in receivables and accrued income		443,523	(42,658)
(Increase)/decrease in water distribution supplies		(65,640)	(13,867)
(Increase)/decrease in prepayments and other assets		(23,405)	(25,324)
Increase/(decrease) in creditors and accruals		26,060	130,575
Increase/(decrease) in employee benefits		14,285	37,398
Cash flows from operations		<u>2,514,028</u>	<u>2,344,068</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

	Note	2020	2019
		\$	\$

Note 16 – Financial Risk Management

The Company's investment activities expose it to a variety of financial risks: market risk (including fair value, interest risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The overall risk management program is to use an independent financial advisor, currently JBWere (JBW) and follow the investment guidelines for a low risk investment portfolio.

The Company's financial instruments consist mainly of deposits with banks, local money market instruments, listed shares, short-term investments, accounts receivable and payable and borrowings.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

Financial Assets

Cash and cash equivalents	3	7,755,709	8,273,151
Trade receivables	4	1,171,950	1,613,764
Equity investments	6	21,848,272	24,463,248
Total Financial Assets		30,775,931	34,350,163

Financial Liabilities

Financial liabilities at amortised cost:

Trade and other payables	9	525,798	499,738
Borrowings	10	1,619,697	1,836,065
Total Financial Liabilities		2,145,495	2,335,803

a) Net Fair Values

The Company's equity investments are measured at fair value through other comprehensive income (FVTOCI) on a recurring basis after their initial recognition under AASB 9. The net fair values for FVTOCI financial assets have been valued at the quoted market bid price at balance date adjusted for transaction costs expected to be incurred.

The Company does not subsequently measure any liabilities at fair value on a recurring basis and has no assets or liabilities that are measured at fair value on a non-recurring basis.

There has been no change in valuation techniques used to calculate the fair values disclosed in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

	2020	2019
	\$	\$

Note 17 – Related Party Transactions

a) Key Management Personnel

Key management are those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel of the Company comprise the Board of Directors and Chief Executive Officer.

b) Key Management Personnel Remuneration

Key management personnel remuneration	188,684	184,539
Board of Directors remuneration	120,794	106,659

c) The relevant interests of the Key Management Personnel of the Company are:

	Total Qty.	Total Qty.
Total number of shares	1,510	2,531
Total number of water entitlements	1,176	1,862
Total number of delivery entitlements	1,470	2,842

d) Other transactions

During the year the Company raised fees and charges to Directors or their related entities on commercial terms and conditions no more favourable than those which it is reasonable to expect would have been adopted if dealing with them at arm's length in the same circumstances. The value of transactions totalled \$91,002 (2019: \$211,313).

Aggregate amounts receivable from Directors or their related entities as at balance date:

Water accounts receivable	18,584	83,715
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Note 18 – Remuneration of Auditors

Audit services	30,650	29,700
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Note 19 – Contingent Liabilities

No contingent liabilities are known to exist at the time of signing these statements (2019: Nil).

Note 20 – Commitments

Capital expenditure commitments contracted for:

Coomealla pump #2	-	84,361
Solar Panels	-	52,020
Groundwater monitoring and salt interception scheme	33,897	33,897
Coomealla pump #3	113,258	-
Buronga Pump Station – Noise study	5,477	-
Coomealla generator	-	1,081,497
Meter Upgrade and Telemetry Project	1,307,499	1,972,040
	<u>1,460,131</u>	<u>3,223,815</u>

Note 21 – Subsequent Events

The Novel Coronavirus ('COVID-19') was declared a pandemic in March 2020. Subsequent to the end of the 30 June 2020 financial year, there continues to be considerable economic impacts in Australia, and globally, as a result of the outbreak. The directors do not consider that the impact is likely to compromise the ability of the Company to continue operating for the foreseeable future.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

Directors' Declaration

The Directors of the Company declare that:

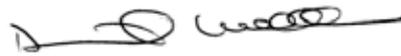
1. The financial statements and notes, as set out on pages 19 to 35 are in accordance with the *Corporations Act 2001* (Cth) and:
 - a) Comply with Australian Accounting Standards – Reduced Disclosure Requirements; and
 - b) Give a true and fair view of the Company's financial position as at 30 June 2020 and performance for the financial year ended on that date of the Company.
2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Declaration is made in accordance with a resolution of the Board of Directors.

Dated: 19 October 2020



David Whitbread
Chair
Board of Directors



David Walker
Chair
Audit, Risk, Finance & Investments Committee

AUDITOR'S INDEPENDENCE DECLARATION



AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 370C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF WESTERN MURRAY IRRIGATION LIMITED

I declare that, to the best of my knowledge and belief during the year ended 30 June 2020 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink that reads 'William Buck'.

William Buck
ABN 38 280 203 274

A handwritten signature in black ink that reads 'G.W. Martinella'.

G.W. Martinella
Partner

Adelaide, 19th October 2020

ACCOUNTANTS & ADVISORS
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(WB016_2007)



INDEPENDENT AUDITOR'S REPORT



Western Murray Irrigation Ltd Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Western Murray Irrigation Ltd. (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Company, is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information in the Company's annual report for the year ended 30 June 2020, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

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(WB016_2007)



INDEPENDENT AUDITOR'S REPORT

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our independent auditor's report.



William Buck
ABN 38 280 203 274



G.W. Martinella
Partner

Adelaide, 19th October 2020



UNAUDITED FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME – IRRIGATION AREA SUMMARY FOR THE YEAR ENDED 30 JUNE 2020

	Buronga	Coomealla	Curlwaa	Total
	\$	\$	\$	\$
Revenue				
<i>Operating Activities - Water Revenue</i>				
Access Fee for Delivery Entitlement	284,883	838,774	305,009	1,428,666
Casual Users Fee	25,900	182,404	9,921	218,225
Fixed & Variable Government Charges	45,182	321,291	135,545	502,018
Infrastructure Loan Repayment	62,205	-	-	62,205
Joint Venture Repayment	-	239,807	-	239,807
Membership Levies	906	6,440	2,717	10,063
Stock & Garden and Commercial & Industrial and Other Charges	14,395	94,783	58,824	168,002
Water Usage Above Access Fee and Water Above Allocation	51,568	555,068	36,678	643,314
Total Water Revenue	485,039	2,238,567	548,694	3,272,300
<i>Non-Operating Activities</i>				
Gross Distribution of Managed Funds – General Reserves	-	128,208	53,859	182,067
Interest – Non-Asset Replacement Fund	866	80,762	21,097	102,725
Profit on Sale of Assets	1,500	9,750	3,750	15,000
Sales – Water Allocation	-	3,900	82,246	86,146
Transfers – Land/Share/Water/Delivery	3,003	29,436	4,520	36,959
Sundry Income	8,059	205,555	22,163	235,777
Total Non-Operating Activities Revenue	13,428	457,611	187,635	658,674
Total Operating and Non-Operating Revenue	498,467	2,696,178	736,329	3,930,974
Expenses from Operating Activities				
Consulting & Advisory	18,684	215,042	38,311	272,037
Contract Labour & Services	12,175	35,899	18,977	67,051
Depreciation	166,050	727,291	191,030	1,084,371
Employee Related Costs	120,941	727,150	309,014	1,157,105
Electricity	177,018	756,580	86,070	1,019,668
Government Charges	44,971	319,795	134,914	499,680
Motor Vehicles	5,386	38,298	16,190	59,874
Insurance	10,054	71,493	30,161	111,708
Interest	20,104	116,725	-	136,829
Loss on Sale of Assets	-	-	-	-
Provisions – Doubtful Debts & Obsolescence	(2,193)	29,526	1,051	28,384
Repairs & Maintenance	28,258	199,376	82,553	310,187
Other Operating Expenses	32,268	162,860	69,545	264,673
Total Operating Activities Expense	633,716	3,400,035	977,816	5,011,567
Profit / (Loss) from Ordinary Activities	(135,249)	(703,857)	(241,487)	(1,080,593)

Note: This statement is not subject to audit

UNAUDITED FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME – IRRIGATION AREA SUMMARY FOR THE YEAR ENDED 30 JUNE 2020 (continued)

	Buronga	Coomealla	Curlwaa	Total
	\$	\$	\$	\$
Investment Revenue				
Asset Replacement Fund Contribution	80,783	408,257	92,162	581,202
Gross Distribution of Managed Funds – Asset Replacement Fund	-	636,560	233,067	869,627
Interest – Asset Replacement Fund	-	97,320	39,392	136,712
Termination Fees	94,331	481,583	13,688	589,602
Other Portfolio Income	-	65,284	24,141	89,425
Total Investment Revenue	175,114	1,689,004	402,450	2,266,568
Investment Expenses				
Asset Replacement Fund Management	-	43,136	15,955	59,091
Other Portfolio Expenses	-	40,324	14,911	55,235
Total Investment Expense	-	83,460	30,866	114,326
Profit / (Loss) from Investment Activities	175,114	1,605,544	371,584	2,152,242
Total Net Profit / (Loss) Before Income Tax Expense	39,865	901,687	130,097	1,071,649
Income Tax Expense - Continuing Activities	-	-	-	-
Total Net Profit / (Loss) After Income Tax Expense	39,865	901,687	130,097	1,071,649
Total Changes in Equity	39,865	901,687	130,097	1,071,649
Accumulated Profit at beginning of financial year	739,280	14,194,724	3,609,669	18,543,673
Accumulated Profit at end of financial year	779,145	15,096,411	3,739,766	19,615,322

Note: The State Government Loan for the Coomealla Joint Venture rehabilitation project is a 30 year non-interest bearing loan. In order to comply with Accounting Standard AASB 139 the annual loan repayment of \$333,093 is split between interest and principal.

Note: This statement is not subject to audit

UNAUDITED FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME – IRRIGATION AREA SUMMARY RECONCILIATION FOR THE YEAR ENDED 30 JUNE 2020

Buronga has a long-term internal Company loan payable to Coomealla and Curlwaa for the upgrade of its infrastructure. Interest as determined by the Board of Directors is charged on these liabilities. The loans do not meet the financial reporting definitions of assets and liabilities for the Company and are not shown in the Audited section of the Annual Report. Below is a reconciliation of the Audited Statement of Comprehensive Income with the Unaudited Irrigation Area Summary Statement of Comprehensive Income showing the variances. The reconciliation provides transparent reporting of the loan balances. Overall, there is no effect to Net Assets.

	Buronga	Coomealla	Curlwaa	Total
	\$	\$	\$	\$
Revenue				
Audited Balance	673,582	4,371,109	1,132,748	6,177,439
Add Interest – Buronga Expansion & Overdraft	-	14,073	6,031	20,104
Add Loss on Sale of Assets	-	-	-	-
Rounding	(1)	-	-	(1)
Total Revenue	673,581	4,385,182	1,138,779	6,197,542
Expenses				
Audited Balance	613,614	3,483,495	1,008,683	5,105,792
Add Loan – Buronga Expansion & Overdraft	20,104	-	-	20,104
Add Loss on Sale of Assets	-	-	-	-
Rounding	(2)	-	(1)	(3)
Total Expenses	633,716	3,483,495	1,008,682	5,125,893
Net Profit / (Loss)				
Audited Balance	59,968	887,614	124,065	1,071,647
Add Interest – Buronga Expansion & Overdraft	-	14,073	6,031	20,104
Less Loan – Buronga Expansion & Overdraft	(20,104)	-	-	(20,104)
Rounding	1	-	1	2
Unaudited Balance – Net Profit / (Loss)	39,865	901,687	130,097	1,071,649

Note: This statement is not subject to audit

UNAUDITED FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION – IRRIGATION AREA SUMMARY FOR THE YEAR ENDED 30 JUNE 2020

	Buronga	Coomealla	Curlwaa	Total
	\$	\$	\$	\$
Current Assets				
Cash & Cash Equivalents	-	5,623,476	2,758,677	8,382,153
Accounts Receivable	118,211	534,434	127,768	780,413
Buronga Loan Receivable	-	100,929	43,256	144,185
Water Distribution Supplies	98,512	181,176	51,664	331,352
Accrued Income & Interest	215	284,406	106,916	391,537
Other Assets & Prepayments	14,862	99,794	41,481	156,137
Total Current Assets	231,800	6,824,215	3,129,762	10,185,777
Non-Current Assets				
Water Entitlement	-	14,300	561,600	575,900
Land	13,199	168,121	260,247	441,567
Water Distribution Works	3,771,257	15,908,478	5,140,035	24,819,770
Construction - Work in Progress	20,055	1,255,336	315,705	1,591,096
Buildings	6,655	43,241	16,635	66,531
Plant and Equipment	13,831	1,576,575	155,136	1,745,542
Office Equipment	8,968	46,301	18,422	73,691
Motor Vehicles	15,348	99,760	38,369	153,477
Buronga Loan Receivable	-	318,270	136,401	454,671
Other Financial Assets	-	15,884,153	5,964,119	21,848,272
Total Non-Current Assets	3,849,313	35,314,535	12,606,669	51,770,517
Total Assets	4,081,113	42,138,750	15,736,431	61,956,294
Current Liabilities				
Overdraft	626,442	-	-	626,442
Accounts Payable & Accruals	30,312	350,566	144,920	525,798
Loan – Buronga Expansion	144,185	-	-	144,185
Loan – State Government	-	230,123	-	230,123
Payroll Provisions	11,455	81,457	34,365	127,277
Total Current Liabilities	812,394	662,146	179,285	1,653,825
Non-Current Liabilities				
Payroll Provisions	2,093	14,886	6,280	23,259
Loan – Buronga Expansion	454,671	-	-	454,671
Loan – State Government	-	1,389,574	-	1,389,574
Total Non-Current Liabilities	456,764	1,404,460	6,280	1,867,504
Total Liabilities	1,269,158	2,066,606	185,565	3,521,329
Net Assets	2,811,955	40,072,144	15,550,866	58,434,965
Shareholder Equity				
Shareholder Equity	2,032,810	25,545,779	11,516,811	39,095,400
Asset Revaluation Reserve	-	14,300	561,600	575,900
Share Valuation Reserve	-	(584,346)	(267,311)	(851,657)
Accumulated Surplus	779,145	15,096,411	3,739,766	19,615,322
Total Shareholder Equity	2,811,955	40,072,144	15,550,866	58,434,965

Note: This statement is not subject to audit

UNAUDITED FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION – IRRIGATION AREA SUMMARY RECONCILIATION FOR THE YEAR ENDED 30 JUNE 2020

Buronga has a long-term internal Company loan payable to Coomealla and Curlwaa for the upgrade of its infrastructure. Interest as determined by the Board of Directors is charged on these liabilities. The loans do not meet the financial reporting definitions of assets and liabilities for the Company and are not shown in the Audited section of the Annual Report. Below is a reconciliation of the Audited Statement of Financial Position with the Unaudited Irrigation Area Summary Statement of Financial Position showing the variances. The reconciliation provides transparent reporting of the loan balances. Overall, there is no effect to Net Assets.

	Buronga	Coomealla	Curlwaa	Total
	\$	\$	\$	\$
Current Assets				
Audited Balance	(394,642)	6,723,285	3,086,505	9,415,148
Add Loan Receivable – Buronga Expansion	-	100,929	43,256	144,185
Add Overdraft (Shown in Current Liabilities)	626,442	-	-	626,442
Rounding	-	1	1	2
Total Current Assets – Unaudited	231,800	6,824,215	3,129,762	10,185,777
Non-Current Assets				
Audited Balance	3,849,313	34,996,265	12,470,268	51,315,846
Add Loan Receivable – Buronga Expansion	-	318,270	136,401	454,671
Rounding	-	-	-	-
Total Non-Current Assets – Unaudited	3,849,313	35,314,535	12,606,669	51,770,517
Total Assets				
Audited Balance	3,454,671	41,719,550	15,556,773	60,730,994
Add Loan Receivable – Buronga Expansion	-	419,199	179,657	598,856
Add Overdraft (Shown in Total Liabilities)	626,442	-	-	626,442
Rounding	-	1	1	2
Total Assets – Unaudited	4,081,113	42,138,750	15,736,431	61,956,294
Current Liabilities				
Audited Balance	41,767	662,146	179,285	883,198
Add Loan – Buronga Expansion	144,185	-	-	144,185
Add Overdraft	626,442	-	-	626,442
Rounding	-	-	-	-
Total Current Liabilities – Unaudited	812,394	662,146	179,285	1,653,825
Non-Current Liabilities				
Audited Balance	2,093	1,404,461	6,280	1,412,834
Add Loan – Buronga Expansion	454,671	-	-	454,671
Rounding	-	(1)	-	(1)
Total Non-Current Liabilities – Unaudited	456,764	1,404,460	6,280	1,867,504
Total Liabilities				
Audited Balance	43,860	2,066,607	185,565	2,296,032
Add Loan – Buronga Expansion	598,856	-	-	598,856
Add Overdraft	626,442	-	-	626,442
Rounding	-	(1)	-	(1)
Total Liabilities – Unaudited	1,269,158	2,066,606	185,565	3,521,329
Net Assets – Unaudited	2,811,955	40,072,144	15,550,866	58,434,965

Note: This statement is not subject to audit

UNAUDITED FINANCIAL STATEMENTS

STATEMENT OF RESERVE BALANCES – IRRIGATION AREA SUMMARY AS AT 30 JUNE 2020

The Company's Constitution requires the Board of Directors to maintain financial reserves sufficient to meet the anticipated future liabilities and expenses of the Company. This includes a provision for future capital expenditure required for the refurbishment, replacement and maintenance of the Company's assets, and to provide for fluctuations in income generated by variations in demand for water.

The reserves of the Company are to be held in separate funds, with the purpose of each fund identified. The information provided below is sufficient to inform Shareholders of the Board's compliance with this requirement of the Company's Constitution.

	Buronga		Coomealla		Curlwaa	
	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$
General	(626,442)	(693,549)	2,669,936	1,031,374	2,035,808	1,229,130
General Other Financial Assets (Market Value)	-	-	1,981,599	2,586,569	825,561	1,084,834
Joint Venture	-	-	854,579	1,212,577	-	-
Asset Replacement Fund	-	-	2,098,961	4,072,689	722,869	1,420,931
Total Reserves	(626,442)	(693,549)	7,605,075	8,903,209	3,584,238	3,734,895

An explanation of each of the reserve funds is provided below:-

General – These are the funds set aside by the Board for variations in income arising from fluctuations in seasonal water allocation and usage. This reserve ensures cash flow is adequate to meet short term financial commitments and longer term provisions. Also included are funds to be spent on any other projects or unforeseen tasks that may arise.

General Other Financial Assets (Market Value) – Some of the General reserve funds have been invested in bank shares and fixed interest deposits to earn a higher yield than term deposits.

Joint Venture – These are the funds collected by the Company over the past year to meet its obligation to the NSW State Government for the rehabilitation of the Coomealla irrigation area. This payment is made in May. Part of the termination fees from surrendered delivery entitlements goes towards future repayments of this loan.

Asset Replacement Fund – These are the funds set aside by the Board for the replacement of irrigation and drainage infrastructure as and when it falls due. The fund will provide for the replacement of assets from reserves, without the need to inequitably call on the Shareholders of the day for funding. The fund takes a long term horizon, with many of the Company's assets forecast to have an economic life of 50 to 100 years. Any Asset Replacement Fund monies generated by Buronga are used to repay their loan to the Coomealla and Curlwaa irrigation areas for Buronga system upgrades. The majority of termination fees paid during the year are specific to each irrigation area and are added into this fund.

Note: This statement is not subject to audit

UNAUDITED FINANCIAL STATEMENTS

STATEMENT OF ASSET REPLACEMENT FUND BALANCES – IRRIGATION AREA SUMMARY AS AT 30 JUNE 2020

Consistent with WMI's Constitution and Operating License requirements, the company annually contributes to an area-based Asset Replacement Fund. These funds provide the basis for the replacement of WMI's current water supply and drainage infrastructure, as and when needed. To ensure the funds meet these needs, over a 50 to 100-year horizon, a conservative investment strategy has been developed and implemented over the past number of years. The investment strategy delivers greater diversity into the portfolio, which reduces the risk of negative returns, whilst still attaining the funds' overall investment return objectives.

Specialist funds manager, JBWere Limited, continue to retain full control over the funds' day-to-day transactions, provided they meet the investment strategy's pre-determined limits.

The Novel Coronavirus ('COVID-19') was declared a pandemic in March 2020. Subsequent to the end of the 30 June 2020 financial year, there continues to be considerable economic impacts in Australia, and globally, as a result of the outbreak. The directors do not consider that the impact is likely to compromise the ability of the Company to continue operating for the foreseeable future.

The following asset class allocation parameters and benchmark returns form critical elements of the current investment strategy:-

Class	Minimum Weight	Target Weight	Maximum Weight	30 June 2020 Weight
Cash (including term deposits)	0.0%	5.0%	100%	9.53%
Fixed Interest	10.0%	22.5%	50%	23.88%
Australian Equities	20.0%	50.0%	100%	43.57%
International Equities	0.0%	22.5%	50%	23.02%

The annual Asset Replacement Fund contributions from the Buronga irrigation area are currently being used to repay a loan from the Coomealla and Curlwaa irrigation areas, for previously completed infrastructure upgrades.

The information provided below summarises the current Asset Replacement Fund market value balances, by irrigation area.

Asset Replacement Fund Summary

Investment Type	Coomealla	Curlwaa	Total	Weight
	\$	\$	\$	
Cash (including term deposits)	1,428,522	525,040	1,953,562	9.53%
Fixed Interest	3,573,168	1,320,686	4,893,854	23.88%
Australian Equities	6,518,165	2,409,201	8,927,366	43.57%
International Equities	3,445,059	1,273,333	4,718,392	23.02%
Total	14,964,914	5,528,260	20,493,174	100.00%

Note: This statement is not subject to audit

UNAUDITED FINANCIAL STATEMENTS

STATEMENT OF ASSET REPLACEMENT FUND BALANCES – IRRIGATION AREA SUMMARY AS AT 30 JUNE 2020 (continued)

Investments held by WMI, as at 30 June 2020, that form part of the Asset Replacement Fund, by asset class and irrigation area:

Cash (including Term Deposits)

ASX Code	Investment Name	Coomealla \$	Curlwaa \$	Total \$	Weight
	JBWere Cash Trust	1,040,411	381,651	1,422,062	6.94%
	Application Money	21,949	8,051	30,000	0.14%
	iShares Core Cash ETF Units	366,162	135,338	501,500	2.45%
	Term Deposits	0	0	0	0%
Total Cash (including term deposits)		1,428,522	525,040	1,953,562	9.53%

Fixed Interest

ASX Code	Investment Name	Coomealla \$	Curlwaa \$	Total \$	Weight
AAI1140A	AAI Limited FRN 3M	147,369	54,469	201,838	0.98%
AMP1227A	AMP LTD FRN 3M BBSW	140,856	52,062	192,918	0.94%
AYUHN	AUST'N Unity LTD Simple Bond	104,614	38,666	143,280	0.70%
CBA0626A	CBA FRN 3M BBSW	147,919	54,673	202,592	0.99%
CGF1142A	Challenger Life Co. LTD BBSW	253,143	93,565	346,708	1.69%
CWNHB	Crown Resorts LTD Hybrid 3-BBSW	105,358	38,942	144,300	0.70%
GNW0725A	Gemworth Fin Mort FRN 3MBBSW	110,490	40,838	151,328	0.74%
GSF0008AU	Payden Global Income Opportunities	249,717	92,298	342,015	1.67%
HOW0052AU	Kapstream Absolute Return Income	343,041	126,792	469,833	2.29%
IAG0645A	Insurance Australia Group Ltd Sub	323,918	119,724	443,642	2.17%
NABPE	NAB CAP Note 3-BBWS	292,930	108,270	401,200	1.96%
SUN1042A	AAI LTD FRN 3M BBSW	262,025	96,848	358,873	1.75%
SUN1228A	Suncorp Group Ltd – BBSW 3M	217,154	80,263	297,417	1.45%
WBC0326A	Westpac FRN	147,719	54,599	202,318	0.99%
WST0628A	Westpac – FRN 3M BBSW =1.8	217,310	80,320	297,630	1.45%
ELT0019AU	Pimco Global Credit Fund	318,774	117,823	436,597	2.13%
SSB0014AU	Legg Mason Brandywine Global	190,831	70,534	261,365	1.28%
Total Fixed Interest		3,573,168	1,320,686	4,893,854	23.88%

Note: This statement is not subject to audit

UNAUDITED FINANCIAL STATEMENTS

STATEMENT OF ASSET REPLACEMENT FUND BALANCES – IRRIGATION AREA SUMMARY AS AT 30 JUNE 2020 (continued)

Australian Equities					
ASX Code	Investment Name	Coomealla \$	Curlwaa \$	Total \$	Weight
ALX	Atlas Arteria Stabled Securities	218,401	80,724	299,125	1.46%
AMC	Amcor Limited	219,048	80,963	300,011	1.46%
ANZ	ANZ Limited	379,860	140,401	520,261	2.54%
APA	APA Group	147,599	54,555	202,154	0.98%
BFL	Bennelong Ex-20 Australian Equities	540,533	199,788	740,321	3.61%
BHP	BHP Billiton Limited	444,451	164,274	608,725	2.97%
CBA	Commonwealth Bank of Australia	389,571	143,991	533,562	2.61%
CIP	CI Australian Equities Fund	1,018,557	376,471	1,395,028	6.81%
DOW	Downer EDI Limited	193,772	71,620	265,392	1.29%
IOZ	iShares Core S&P/ASX 200 ETF	105,331	38,932	144,263	0.71%
MFG	Magellan Financial Group Ltd	162,220	59,958	222,178	1.08%
MQG	Macquarie Group Limited	218,130	80,623	298,753	1.46%
NAB	National Australia Bank	369,305	136,500	505,805	2.47%
PMV	Premier Investments Limited	173,695	64,200	237,895	1.16%
RIO	Rio Tinto Limited	169,368	62,601	231,969	1.13%
SHL	Sonic Healthcare Limited	188,297	69,597	257,894	1.26%
SUN	Suncorp Group Limited	182,887	67,598	250,485	1.22%
SYD	Sydney Airport	198,995	73,551	272,546	1.33%
TCL	Transurban Group	248,170	91,727	339,897	1.66%
TLS	Telstra Corporation Limited	169,168	62,527	231,695	1.13%
TWE	Treasury Wines Estates Limited	97,468	36,026	133,494	0.65%
VAN0019AU	Vanguard International Prpty Secs	188,188	69,557	257,745	1.26%
WBC	Westpac Banking Corporation	171,123	63,250	234,373	1.15%
WPL	Woodside Petroleum Limited	175,003	64,684	239,687	1.17%
WOW	Woolworths Group Limited	149,025	55,083	204,108	1.00%
Total Australian Equities		6,518,165	2,409,201	8,927,366	43.57%
International Equities					
ASX Code	Investment Name	Coomealla \$	Curlwaa \$	Total \$	Weight
APL	Antipodes Global Investment Co Ltd	423,924	156,688	580,612	2.83%
FSF	Generation Wholesale Global Share	414,831	153,322	568,153	2.77%
IHOO	iShares Global 100	388,340	143,535	531,875	2.59%
IHVV	iShares S&P 500 AUD Hedged EFT	416,199	153,833	570,032	2.78%
IXN.PE	iShares Global Tech ETF	214,223	79,179	293,402	1.43%
MAQ0631AU	IFP Global Franchise Fund (Hedged)	452,568	167,275	619,843	3.02%
MGG	Magellan Global Trust	464,616	171,728	636,344	3.11%
PLA0004	Platinum Asia Fund	250,842	92,714	343,556	1.68%
-ZUR	Zurich Investments Global Growth	419,516	155,059	574,575	2.81%
Total International Equities		3,445,059	1,273,333	4,718,392	23.02%
Portfolio Total		14,964,914	5,528,260	20,493,174	100%

Note: This statement is not subject to audit





