



WESTERN MURRAY IRRIGATION LTD (WMI)

A company limited by shares, proudly grower owned,
celebrating 25 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:

Kevin Watson (Chair)
Justin Kassulke (Deputy Chair)
Matthew Cottrell
Tim Vines (to 27 November 2018)
Michael Mobilio (to 27 November 2018)
Michael Goodrem (from 27 November 2018)
Allison McTaggart
David Walker (from 1 August 2018)

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

2019 AGM:

WMI 25th Annual General Meeting
Tuesday 26 November 2019 at 4.00pm
Coomealla Memorial Sporting Club
Silver City Highway, Dareton NSW 2717



CONTENTS

CHAIR'S REPORT	3
CEO'S REPORT	5
STRATEGIC PLAN 2019-2024	7
KEY ACHIEVEMENTS	8
DIRECTORS' REPORT	14
FINANCIAL STATEMENTS	19
AUDITOR'S INDEPENDENCE DECLARATION	37
INDEPENDENT AUDITOR'S REPORT	38
UNAUDITED FINANCIAL STATEMENTS	41



CHAIR'S REPORT

Dear WMI Shareholders

Twenty-five AGM's ago, in November 1995, the inaugural Chairman Mr Ian Murdoch presented the very first WMI Annual Report to its irrigator/landowner shareholders. It marked the end of six years of negotiation between the NSW Government and irrigators and the successful start to privatisation.

A lot has changed in those 25 years – from furrow and overhead farm irrigation systems to drip and low-level irrigation and fertigation systems today.

It is with great honour that I present you with the 25th Annual Report for Western Murray Irrigation Ltd (WMI) for the year ended 30 June 2019.

The Board

I welcome returning Curlwaa Director Justin Kassulke to the Board of Directors. Justin's positive contribution to the Board and its Committees as well as his support in his position of Deputy Chair has been greatly appreciated.

Looking to the future the Board has undertaken a comprehensive and independent performance assessment as well as reviewing and approving a new five-year strategic plan (see Strategic Plan summary on page 7). It is imperative that the company continues to evolve and change to support our irrigators to grow and thrive.

One of the Board's aim is to recruit and appoint an independent Chair as soon as possible into the new 5-year plan. I am a strong advocate for this initiative as it will ensure the company remains strategically focussed and professionally governed.

Operational Result

The continuing warm and dry conditions contributed to the increase in water diversions to the end of June, 6% above the previous season and 8% above the 5- year average.

The WMI Board has approved significant capital expenditure this year focussed on upgrading our irrigation meter fleet and introducing a telemetry system as well as back-up generators for Coomealla pump station.

WMI also tendered and completed its first comprehensive review of the Asset Replacement Fund. This report will be considered by the Board and will be a part of the Charges review during 2019/20.

Financial Result

WMI's surplus for the year ended 30 June 2019 was \$1,105,352.

Total equity for the company has increased by 3% to \$60,157,862.

WMI continues to be underpinned by solid financial performance. This is particularly pleasing considering an increase in water delivery (and associated expenses such as electricity); the commencement of significant infrastructure improvement projects and the fluctuations of the share markets.

During the year the Board approved a modest increase in some fees for Coomealla and Curlwaa, after six years of no increase, to be applied for the 2019/20 year. This increase will enable us to continue the level of service that we have set.

Appreciation

On behalf of the WMI Board I would like to thank all the past Directors, management and employees and, in particular, the inaugural Member Directors who 25 years ago took the baton from the hands of the NSW Government and built the foundations of what the company is today:-

Coomealla	Ian Murdoch (Chairman) Kevin Edwards Howard Jones Warren McEvoy Michael Keenan
-----------	--

Curlwaa	Rod Taylor Col Thomson
---------	---------------------------

Buronga	Des Cock
---------	----------

Appreciation also extends to those NSW Government Officers who ably assisted the inaugural Board through the privatisation process.

I would also like to thank all current Directors and staff for their commitment and contribution to the positive results for the company in 2018/19 and I look forward to commemorating the 25th AGM this year.

Dated: 17 October 2019



Kevin Watson
Chair



CEO'S REPORT

Summer 2018/19 was Australia's warmest on record, and together with an increase in new plantings, water deliveries by WMI were 8% above the five-year average.

Total surplus for the 2019 year was \$1,105,352, contributing to a 3% increase in total equity to just over \$60 million.

This is a strong result considering WMI has made some major commitments to asset and technology upgrades in order to support and encourage the growth and changes occurring in our irrigation areas. This includes around 400 new Siemens mag flow meters and Datacall telemetry system; second new KSB pump and substantial diesel back-up generators for Coomealla and an impressive 50kw solar system for the office and depot (which is estimated to pay itself off in 2.5 years).

Revenue from our investing activities continue to perform well despite the fluctuations of the share market and lower interest rates. The JBWere managed Asset Replacement Fund investment portfolio continues to perform above our target benchmark.

Key Achievements in 2018/19

Some of our achievements include:

- Ordering and installing back-up diesel generators for the Coomealla pump station and re-lift station
- Tendering and contracting with Siemens and Datacall to upgrade meters and install telemetry
- Tendering and contracting GHD to undertake a comprehensive review of the Asset Replacement Fund, as part of the Charges review
- Purchasing a 50kw solar system for the office and depot
- Ordering and installing a second new (more efficient) KSB pump at the Coomealla pump station
- Commencing a low dose hydrogen peroxide pilot project to improve water quality for filtration systems
- Full compliance with licensing requirements
- Increased temporary delivery entitlements trade
- Increased our area of operations to include the Linklater subdivision in Buronga
- IT upgrades and launch of new website

New Strategy

WMI Directors, shareholders and staff were involved with reviewing and developing a new five-year strategic plan for the company. Most importantly the Board agreed that the outlook appeared positive, despite all the challenges, and have set a path for the company to provide more competitive and modern irrigation services to an expanding irrigation area.

This will be done with a focus on performance, customer service, optimised infrastructure and leadership based on the values of care, integrity, accountability and safety. The strategic plan also provides some ambitious targets including:

- Increasing irrigated land serviced by 10%
- Energy plan that minimises costs and improves reliability
- New customer service platform with direct access to live usage data
- Zero lost time injuries
- Appointment of an independent Chair

Representation

WMI is a member of both the State and National Irrigator Councils, as well as participating in their various committees such as the NSW Irrigators Council Deliverability Working Group and the National Irrigators Council Irrigation Infrastructure Operators Committee.

This has been extremely valuable particularly throughout the Federal and NSW State elections and during a period of water politics, worsening drought and heightened compliance.

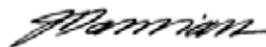
WMI will continue to advocate on issues affecting NSW Murray high security irrigators with the priority being water security and deliverability particularly during summer.

Congratulations

I would like to congratulate shareholders on 25 successful years of company ownership.

Whilst total water use over those 25 years has significantly declined there has been a welcome upward trend in the last few years on the back of positive horticultural market demand and returns.

WMI continues to adapt and position itself to meet changing customer demands based on those strong foundations laid 25 years ago.



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
	We advocate and plan for a resilient and thriving future for our customers and region	We consistently provide a high level of service which enables our customers to undertake best practice irrigation	We effectively and efficiently manage, operate and maintain our water delivery & drainage infrastructure to meet our customers' needs today and in the future
PRIORITY ACTIONS OVER THE NEXT FIVE YEARS	<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 	<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 	<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
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
			HIGH PERFORMANCE
			We are a high performing workforce and Board built on outstanding people, systems, governance and culture
			<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
			<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 2018-19

▶ WMI CEO Judith Damiani and NSW Irrigators Council CEO Luke Simpkins at the Coomealla Pump Station



▲ WMI attended public water meetings held at the Wentworth Town Hall



▲ Shareholders participated in a workshop and provided input into the new 5-year strategy for WMI



▼ Favourable conditions allow effective burn-off in drains





▲ Curlwaa levee after grading



▲ New scour pipe at Alomba Road Coomealla. The scour valve can now be fully opened for the first time ever.

▼ First mag meter installed in Curlwaa with the new user-friendly customer valve



▼ Blue Green Algae on red alert January 2019 – customers were notified by sms and website notices. Visible streaks of Blue Green Algae passing Curlwaa Pump station.





▲ Coomealla Tower inspection and maintenance

▼ Ute fitted with crane to prevent injury when lifting out meters and other heavy objects



◀ WMI together with Think Water Mildura hosted a customer workshop to discuss the proposed hydrogen peroxide treatment program and the latest in on-farm filtration systems

▼ New mobile generator delivered for the Coomealla re-lift station



▲ Automated peroxide injection units with safety wash areas installed at all three pump stations

▼ WMI visit to LMW Merbein pump station - increased collaboration and knowledge sharing is valuable



▼ Tendered and contracted Siemens to upgrade meters and install Datacall telemetry



COOMEALLA PUMP STATION GENERATORS

▼ 10 tonnes of cabling and a new switchboard were required for the generators



▲ Concrete slab being poured

▼ New switchboard in position



▼ One of the 2 generators being lifted into position



▲ Two generators and fuel tank in place

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 2019 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 2019.

REVIEW OF OPERATIONS AND RESULTS FROM THOSE OPERATIONS

A total of 28,067ML was diverted for the year 1 July 2018 to 30 June 2019, compared to 26,541ML in the prior financial year, and compared to 26,242ML 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 2018 and up to the date of this report are: Kevin Watson, Justin Kassulke, Matthew Cottrell, Tim Vines (up to 27 November 2018), Michael Mobilio (up to 27 November 2018), Michael Goodrem (from 27 November 2018), Allison McTaggart and David Walker (from 01 August 2018).

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



KEVIN WATSON

Coomeealla Representative Director

Director since: November 2002, appointed Chair November 2013

Current term of office expires: November 2019

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 2019

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

Board Committee membership: Chair of the Infrastructure & Service Committee



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 and has been a Director of Sunraysia Citrus Growers Incorporated since 2007, and a grower delegate to Australian Citrus Propagation Incorporated (AusCitrus).

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



MICHAEL (MICK) GOODREM

General Member Director

Director since: November 2018

Current term of office expires: November 2020

Skills, experience and expertise: Mick has strong executive management level experience in health administration in the acute and community health sector. He also runs his citrus enterprise in Curlwaa and assists with managing the family agricultural properties.

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 Chair of the Charges Review Project Special Purpose Committee



MICHAEL MOBILIO

BAPPSCI (PROP) (RMIT), AAPI

Coomeealla Representative Director

Director since: November 2016

Current term of office expires: Concluded on 27 November 2018

Skills, experience and expertise: Michael farms stone fruit and table grapes in Coomealla, having gained practical experience through involvement in his family's horticultural properties. Michael has particular experience in horticultural, hydroponic and viticultural properties benefitted by water entitlements, valuing significant agribusiness assets throughout Australia and internationally. Michael is an Associate Director at CBRE Agribusiness in Melbourne and has over 10 years experience in Australian agribusiness.

Board Committee membership up to 27

November 2018: Chair of the Audit, Risk, Finance & Investments Committee and member of the Infrastructure & Service Committee



TIM VINES

Curlwaa Representative Director

Director since: November 2014

Current term of office expires: Concluded on 27 November 2018

Skills, experience and expertise: Tim is a wine grape and citrus grower in Curlwaa. Tim is also the Area Sales Manager/Technical Services for Netafim Australia.

Board Committee membership up to 27

November 2018: Member 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

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 2019:

Director	Board		Audit, Risk, Finance & Investments Committee		Infrastructure & Service Committee		Remuneration & Governance Committee		Charges Review Project Special Purpose Committee	
	A	B	A	B	A	B	A	B	A	B
Matthew Cottrell	7	5	2	0	1	1	-	-	-	-
Michael Goodrem	4	3	1	1	-	-	1	0	-	-
Justin Kassulke	7	6	-	-	2	2	-	-	-	-
Allison McTaggart	7	6	-	-	-	-	1	1	0	0
Michael Mobilio	3	2	1	1	1	1	-	-	-	-
Tim Vines	3	2	-	-	1	1	-	-	-	-
David Walker	6	6	1	1	1	1	1	1	0	0
Kevin Watson	7	7	1	1	1	1	-	-	-	-

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.

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 2019, 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

Former Directors	Shareholding	Water Entitlements	Delivery Entitlements
Michael Mobilio	711	425.6	1062
Tim Vines	310	260	310

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 hold no company shares, water entitlements or delivery entitlements.

COMPANY SECRETARIES

Our Company Secretaries as at 30 June 2019 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 previous 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, mining and served in various management positions. Narelle is a Certified Practising Accountant (CPA) with a Bachelor of Commerce in Accounting and Finance.

OFFICERS

The person who was an officer of the company during the financial year to 30 June 2019 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 or since the end of the financial year, the Company has given indemnity, or entered an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

During the year, 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: 17 October 2019



Kevin Watson
Chair



Justin Kassulke
Deputy Chair



FINANCIAL STATEMENTS

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019	2018
		\$	\$
Revenue	2	5,969,975	6,349,896
Depreciation expense	7(a)	(1,062,330)	(1,055,564)
Employee benefits expense		(1,103,036)	(988,661)
Utility expense		(913,974)	(829,412)
Repairs & maintenance expense		(328,653)	(425,287)
Government charges		(516,719)	(510,644)
Finance costs		(132,349)	(144,329)
Loss on disposal of property, plant & equipment		-	(26,470)
Other expenses from operations		(807,562)	(692,441)
Total expenses		(4,864,623)	(4,672,808)
Surplus for the year		1,105,352	1,677,088
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Un-realised fair value gains on FVTOCI financial assets		398,582	587,930
Realised fair value losses on FVTOCI financial assets		(7,141)	-
Items that have been reclassified to profit or loss:		-	(599,911)
Reclassification of fair value gains on financial assets to profit or loss			
Total other comprehensive income for the year		391,441	(11,981)
Total comprehensive income for the year		1,496,793	1,665,107

The accompanying notes form part of these financial statements

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	2019	2018
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	8,273,151	8,254,445
Receivables	4	1,613,764	1,571,402
Other assets	5	378,341	343,489
TOTAL CURRENT ASSETS		10,265,256	10,169,336
NON-CURRENT ASSETS			
Financial assets	6	24,463,248	23,236,202
Property, plant and equipment	7	27,325,513	27,187,148
Intangible assets	8	575,900	575,900
TOTAL NON-CURRENT ASSETS		52,364,661	50,999,250
TOTAL ASSETS		62,629,917	61,168,586
CURRENT LIABILITIES			
Trade and other payables	9	499,738	369,163
Borrowings	10	216,368	203,435
Provisions	11	120,146	75,262
TOTAL CURRENT LIABILITIES		836,252	647,860
NON-CURRENT LIABILITIES			
Borrowings	10	1,619,697	1,836,065
Provisions	11	16,106	23,592
TOTAL NON-CURRENT LIABILITIES		1,635,803	1,859,657
TOTAL LIABILITIES		2,472,055	2,507,517
NET ASSETS		60,157,862	58,661,069
EQUITY			
Contributed equity	12	39,095,400	39,095,400
Reserves	13	2,518,788	2,127,347
Accumulated surplus	14	18,543,674	17,438,322
TOTAL EQUITY		60,157,862	58,661,069

The accompanying notes form part of these financial statements

FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019	2018
		\$	\$
Total equity at the beginning of the financial year		58,661,069	56,995,962
Surplus for the year		1,105,352	1,677,088
Other comprehensive income		391,441	(11,981)
Total equity at the end of the financial year		60,157,862	58,661,069

The accompanying notes form part of these financial statements

FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019	2018
		\$	\$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from operations		4,250,515	4,344,831
Payments for operations		(3,454,310)	(3,912,506)
Dividends received		1,318,009	1,039,489
Interest received		359,514	329,251
Borrowing costs		(129,660)	(144,329)
Net cash provided by operating activities	15	2,344,068	1,656,736
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of financial assets		4,121,461	8,766,672
Payments for financial assets		(4,957,066)	(9,732,926)
Proceeds from sale of property, plant and equipment		17,955	13,521
Payments for property, plant and equipment		(1,304,277)	(467,944)
Net cash used in investing activities		(2,121,927)	(1,420,677)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of state government loans		(203,435)	(191,275)
Net cash used in financing activities		(203,435)	(191,275)
Net increase in cash held		18,706	44,784
Cash and cash equivalents at beginning of financial year		8,254,445	8,209,661
Cash and cash equivalents at end of financial year	3	8,273,151	8,254,445

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

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 is measured at the fair value of consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue for the major business activities is as follows:

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 includes 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 includes cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three 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 7.0% (2018: 7.5%) 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 uncollectible 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

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.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

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 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

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.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

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 9: Financial Instruments

The Company has adopted AASB 9 with a date of initial application of 1 July 2018. As a result, the Company has changed its financial instruments accounting policies as detailed in this note. The adoption of this Standard has not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

AASB 9 requires retrospective application with some exceptions (i.e. when applying the effective interest method, impairment measurement requirements and hedge accounting in terms of the Standard).

There were no financial assets/liabilities which the Company had previously designated as at fair value through profit or loss under AASB 139: Financial Instruments: Recognition and Measurement that were subject to reclassification/elected reclassification upon the application of AASB 9. There were no financial assets/liabilities which the Company has elected to designate as at fair value through profit or loss at the date of initial application of AASB 9.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

	Note	2019	2018
		\$	\$
Note 2 – Revenue			
Operating and non-operating activities			
Water charges		3,344,892	3,214,203
Interest – non asset replacement fund		83,859	79,313
Temporary water trade		200,847	50,642
Gain on sale of property, plant & equipment		17,234	-
Other revenue		164,116	193,592
		3,810,948	3,537,750
Investing Activities			
Termination fees		193,160	248,284
Interest – asset replacement fund		284,211	236,917
Dividends		1,099,482	1,173,804
Asset replacement fund contributions		582,174	574,970
Gain on sale of financial assets		-	578,171
		2,159,027	2,812,146
Total Revenue		5,969,975	6,349,896
Note 3 – Cash and Cash Equivalents			
Cash on hand		700	700
Operating accounts		481,965	568,607
Investment accounts		6,272,387	6,645,498
Asset replacement fund cash management account		742,886	506,596
General reserve account cash management account		775,213	533,044
		8,273,151	8,254,445
Note 4 – Receivables			
Current			
Water debtors		1,210,779	1,066,157
Provision for doubtful debts		(13,886)	(13,590)
		1,196,893	1,052,567
Accrued income		307,463	517,434
Sundry debtors		109,408	1,401
		1,613,764	1,571,402
Note 5 – Other Assets			
Current			
Water distribution supplies		311,410	297,543
Provision for obsolescence		(65,801)	(61,462)
		245,609	236,081
Prepayments		132,207	107,408
Deposits		525	-
		378,341	343,489

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

	Note	2019	2018
		\$	\$
Note 6 – Financial Assets			
Non-Current			
Equity investments		24,463,248	23,236,202
Note 7 – Property, Plant & Equipment			
Buildings			
At cost		711,250	711,250
Less accumulated depreciation		(681,724)	(668,293)
		29,526	42,957
Land			
At cost		441,567	441,567
Total Land and Buildings		471,093	484,524
Plant and Equipment			
At cost		681,776	627,461
Less accumulated depreciation		(413,235)	(387,816)
		268,541	239,645
Water Distribution Works			
At cost		46,470,664	46,329,625
Less accumulated depreciation		(21,010,568)	(20,069,909)
		25,460,096	26,259,716
Motor Vehicles			
At cost		278,672	239,584
Less accumulated depreciation		(201,648)	(236,521)
		77,024	3,063
Office Equipment			
At cost		329,378	298,321
Less accumulated depreciation		(268,770)	(273,506)
		60,608	24,815
Construction in Progress			
At cost		988,151	175,385
Total Plant and Equipment		26,854,420	26,702,624
Total Property, Plant and Equipment		27,325,513	27,187,148

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (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
		\$	\$	\$
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>
2018				
Balance at 01/07/17		56,505	441,567	78,768
Additions		-	-	57,653
Disposals		-	-	-
Transfers		-	-	124,930
Depreciation expense		(13,548)	-	(21,706)
Carrying amount at 30/06/18		<u>42,957</u>	<u>441,567</u>	<u>239,645</u>

Motor Vehicles	Office Equipment	Water Distribution Works	Construction in Progress	Total
\$	\$	\$	\$	\$
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
38,338	35,684	26,630,746	533,151	27,814,759
-	2,235	20,800	387,256	467,944
(13,521)	-	(26,470)	-	(39,991)
-	-	620,092	(745,022)	-
(21,754)	(13,104)	(985,452)	-	(1,055,564)
3,063	24,815	26,259,716	175,385	27,187,148

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

	Note	2019 \$	2018 \$
Note 8 – Intangible Assets			
Water entitlements		575,900	575,900
Note 9 – Trade and Other Payables			
Current			
Trade creditors and accruals		499,738	369,163
Note 10 – Borrowings			
Current			
Unsecured liabilities			
Borrowings		216,368	203,435
Non-Current			
Unsecured liabilities			
Borrowings		1,619,697	1,836,065
Total borrowings		1,836,065	2,039,500
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		120,146	75,262
Non-Current			
Employee benefits		16,106	23,592
Aggregate employee benefits liability		136,252	98,854
Note 12 – Contributed Equity			
Issued and paid up capital			
9,585 (2018: 9,756) Class A shares	12(a)	11,516,811	11,516,811
4,083 (2018: 4,083) Class B shares	12(b)	2,032,810	2,032,810
22,524 (2018: 22,791) 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 2019 (continued)

	Note	2019	2018
		\$	\$
Note 13 – Reserves			
Intangible asset deemed cost reserve	13(a)	575,900	575,900
Financial assets reserve	13(b)	1,942,888	1,551,447
		<u>2,518,788</u>	<u>2,127,347</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 and losses on disposals, for the financial assets that are classified as equity investments in Note 6. In the previous financial year gains or losses on disposals were recorded in the profit and loss.

Movements during the financial year:

Opening balance		1,551,447	1,563,428
Fair value remeasurement gains		398,582	587,930
Losses on disposals		(7,141)	
Reclassification to profit and loss		-	(599,911)
Closing balance		<u>1,942,888</u>	<u>1,551,447</u>

Note 14 – Accumulated Surplus

Accumulated surplus at the beginning of the financial year		17,438,322	15,761,234
Net surplus attributable to members of the entity		1,105,352	1,677,088
Accumulated surplus at the end of the financial year		<u>18,543,674</u>	<u>17,438,322</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		1,105,352	1,677,088
--	--	-----------	-----------

Non-cash flows in surplus from operations:

Depreciation		1,062,330	1,055,564
(Decrease)/increase in provision for obsolescence		4,339	6,099
(Decrease)/increase in provision for doubtful debts		296	1,918
Net (gain)/deficit on disposal of property, plant and equipment		(17,234)	26,470
Written-off property, plant & equipment		102,861	
Net (surplus) on disposal of investments		-	(578,171)
Adjustment to financial asset cost base		-	17,076

Changes in assets and liabilities:

(Increase)/decrease in receivables and accrued income		(42,658)	(75,230)
(Increase)/decrease in water distribution supplies		(13,867)	(21,877)
(Increase)/decrease in prepayments and other assets		(25,324)	639
Increase/(decrease) in creditors and accruals		130,575	(452,501)
Increase/(decrease) in employee benefits		37,398	(339)
Cash flows from operations		<u>2,344,068</u>	<u>1,656,736</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

	Note	2019	2018
		\$	\$

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	8,273,151	8,254,445
Trade receivables	4	1,613,764	1,571,402
Equity investments	6	24,463,248	23,236,202
Total financial assets		34,350,163	33,062,049

Financial liabilities

Financial liabilities at amortised cost:

Trade and other payables	9	499,738	369,163
Borrowings	10	1,836,065	2,039,500
Total financial liabilities		2,335,803	2,408,663

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 2019 (continued)

	2019	2018
	\$	\$

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	184,539	148,464
Board of Directors remuneration	106,659	103,129

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

	Total Qty.	Total Qty.
Total number of shares	2,531	2,127
Total number of water entitlements	1,862	1,694
Total number of delivery entitlements	2,842	2,423

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 \$211,313 (2018: \$192,064).

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

Water accounts receivable	83,715	52,244
---------------------------	--------	--------

Note 18 – Remuneration of Auditors

Audit services	29,700	28,850
----------------	--------	--------

Note 19 – Contingent Liabilities

No contingent liabilities are known to exist at the time of signing these statements (2018: Nil).

Note 20 – Commitments

Capital expenditure commitments contracted for:

Coomealla pump	84,361	-
Solar Panels	52,020	-
Groundwater monitoring and salt interception scheme	33,897	-
Coomealla generator	1,081,497	-
Meter Upgrade and Telemetry Project	1,972,040	-
	3,223,815	-

Note 21 – Subsequent Events

The Directors are not aware of any significant events since the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (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 2019 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: 17 October 2019



Kevin Watson
Chair



Justin Kassulke
Deputy Chair

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 2019 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, 17th October 2019

**CHARTERED ACCOUNTANTS
& ADVISORS**

Level 6, 211 Victoria Square
Adelaide SA 5000
GPO Box 11050
Adelaide SA 5001
Telephone: +61 8 8409 4333
williambuck.com

William Buck is an association of firms, each trading under the name of William Buck across Australia and New Zealand with affiliated offices worldwide. Liability limited by a scheme approved under Professional Standards Legislation other than for acts or omissions of financial services licensees.



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 2019, 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 2019 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 2019, 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.

CHARTERED ACCOUNTANTS & ADVISORS

Level 6, 211 Victoria Square
Adelaide SA 5000
GPO Box 11050
Adelaide SA 5001
Telephone: +61 8 8409 4333
williambuck.com

William Buck is an association of firms, each trading under the name of William Buck across Australia and New Zealand with affiliated offices worldwide. Liability limited by a scheme approved under Professional Standards Legislation other than for acts or omissions of financial services licensees.



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.

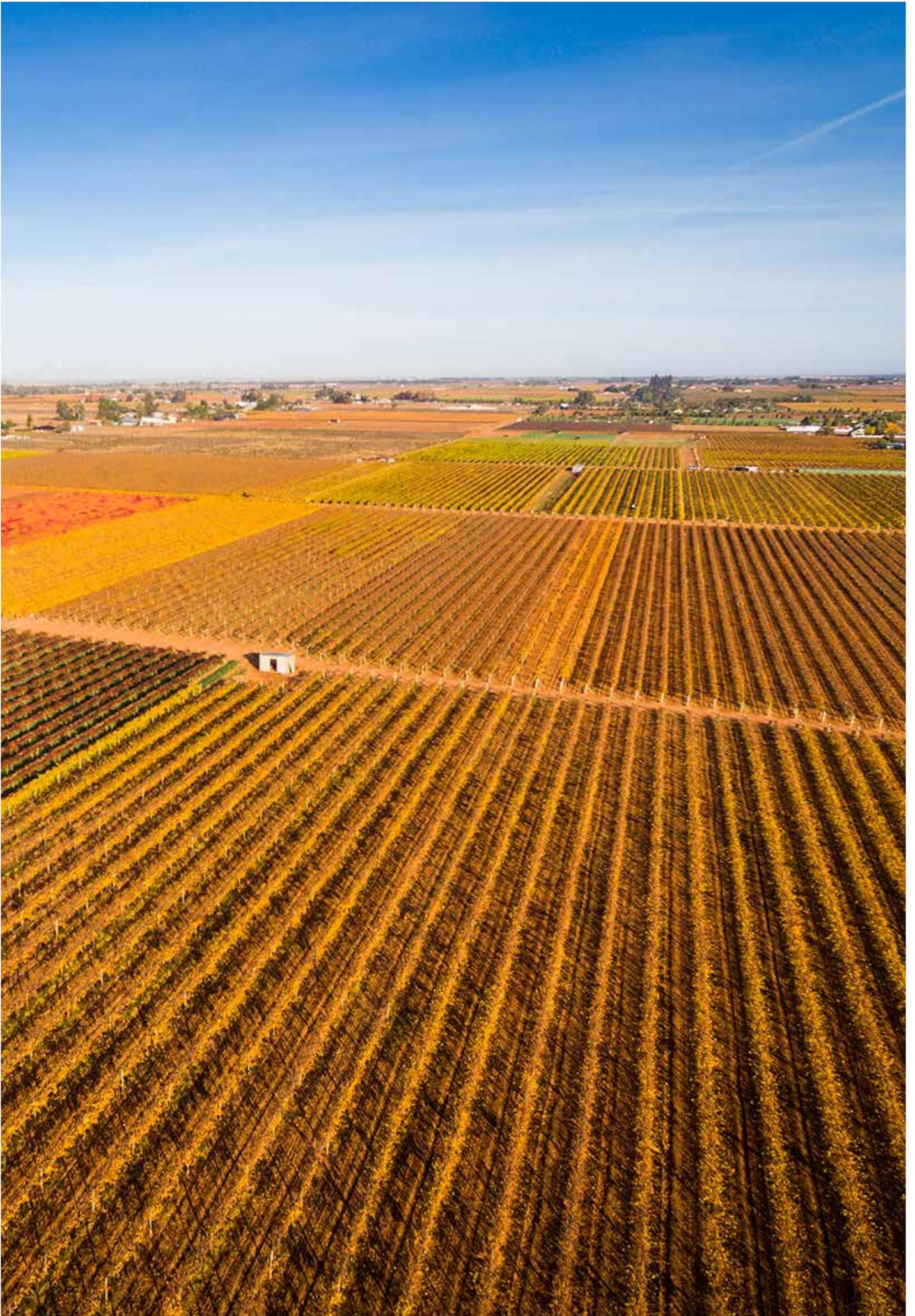


William Buck
ABN 38 280 203 274



G.W. Martinella
Partner

Adelaide, 17th October 2019



UNAUDITED FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME – IRRIGATION AREA SUMMARY FOR THE YEAR ENDED 30 JUNE 2019

	Buronga	Coomoalla	Curlwaa	Total
	\$	\$	\$	\$
Revenue				
<i>Operating Activities</i>				
Water Revenue				
Access Fee for Delivery Entitlement	293,809	806,833	301,371	1,402,013
Casual Users Fee	121,130	127,797	23,722	272,649
Fixed & Variable Government Charges	11,626	362,811	138,490	512,927
Infrastructure Loan Repayment	64,935	-	-	64,935
Joint Venture Repayment	-	241,703	-	241,703
Land & Water Management Plan Charge	6,580	-	-	6,580
Membership Levies	871	6,197	2,614	9,682
Stock & Garden and Commercial & Industrial and Other Charges	12,853	90,288	56,588	159,729
Water Usage Above Access Fee and Water Above Allocation	86,605	546,966	41,103	674,674
Total Water Revenue	598,409	2,182,595	563,888	3,344,892
<i>Non-Operating Activities</i>				
Gross Distribution of Managed Funds – General Reserves	-	111,723	46,933	158,656
Interest – Non Asset Replacement Fund	2,465	82,248	33,096	117,809
Profit on Sale of Assets	1,796	11,670	4,489	17,955
Sales – Water Allocation	-	2,507	198,340	200,847
Transfers – Land/Share/Water/Delivery	1,289	21,900	12,701	35,890
Sundry Income	59,311	59,294	9,619	128,224
Total Non-Operating Activities Revenue	64,861	289,342	305,178	659,381
Total Operating and Non-Operating Revenue	663,270	2,471,937	869,066	4,004,273
Expenses from Operating Activities				
Consulting & Advisory	18,890	166,228	77,041	262,159
Contract Labour & Services	14,733	22,120	16,540	53,393
Depreciation	161,116	662,634	238,580	1,062,330
Employee Related Costs	122,001	692,364	288,671	1,103,036
Electricity	226,333	596,595	73,444	896,372
Government Charges	46,505	330,700	139,514	516,719
Motor Vehicles	3,791	26,994	12,460	43,245
Insurance	8,948	63,630	26,844	99,422
Interest	33,951	129,658	-	163,609
Loss on Sale of Assets	47	306	367	720
Provisions – Doubtful Debts & Obsolescence	1,271	2,130	1,234	4,635
Repairs & Maintenance	48,570	168,717	98,130	315,417
Other Operating Expenses	31,358	145,784	64,591	241,733
Total Operating Activities Expense	717,514	3,007,860	1,037,416	4,762,790
Profit / (Loss) from Ordinary Activities	(54,244)	(535,923)	(168,350)	(758,517)

Note: This statement is not subject to audit

UNAUDITED FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME – IRRIGATION AREA SUMMARY FOR THE YEAR ENDED 30 JUNE 2019 (continued)

	Buronga	Coomealla	Curlwaa	Total
	\$	\$	\$	\$
Investment Revenue				
Asset Replacement Fund Contribution	83,117	405,582	93,475	582,174
Gross Distribution of Managed Funds – Asset Replacement Fund	-	686,846	253,980	940,826
Interest – Asset Replacement Fund	-	210,534	73,677	284,211
Termination Fees	-	95,421	97,739	193,160
Total Investment Revenue	83,117	1,398,383	518,871	2,000,371
Investment Expenses				
Asset Replacement Fund Management	-	43,093	15,998	59,091
Other Portfolio Expenses	-	56,512	20,897	77,409
Total Investment Expense	-	99,605	36,895	136,500
Profit / (Loss) from Investment Activities	83,117	1,298,778	481,976	1,863,871
Total Net Profit / (Loss) Before Income Tax Expense	28,873	762,855	313,626	1,105,354
Income Tax Expense – Continuing Activities	-	-	-	-
Total Net Profit / (Loss) After Income Tax Expense	28,873	762,855	313,626	1,105,354
Total Changes in Equity	28,873	762,855	313,626	1,105,354
Accumulated Profit at beginning of financial year	710,407	13,431,869	3,296,043	17,438,319
Accumulated Profit at end of financial year	739,280	14,194,724	3,609,669	18,543,673

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 2019

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	746,340	3,846,249	1,377,386	5,969,975
Add Interest – Buronga Expansion & Overdraft	-	23,766	10,185	33,951
Add Loss on Sale of Assets	47	306	367	720
Rounding	-	(1)	(1)	(2)
Total Revenue	746,387	3,870,320	1,387,937	6,004,644
Expenses				
Audited Balance	683,515	3,107,163	1,073,945	4,864,623
Add Loan – Buronga Expansion & Overdraft	33,951	-	-	33,951
Add Loss on Sale of Assets	47	306	367	720
Rounding	1	(4)	(1)	(4)
Total Expenses	717,514	3,107,465	1,074,311	4,899,290
Net Profit / (Loss)				
Audited Balance	62,825	739,086	303,441	1,105,352
Add Interest – Buronga Expansion & Overdraft	-	23,766	10,185	33,951
Less Loan – Buronga Expansion & Overdraft	(33,951)	-	-	(33,951)
Rounding	(1)	3	-	2
Unaudited Balance – Net Profit / (Loss)	28,873	762,855	313,626	1,105,354

Note: This statement is not subject to audit

UNAUDITED FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION – IRRIGATION AREA SUMMARY FOR THE YEAR ENDED 30 JUNE 2019

	Buronga	Coomealla	Curlwaa	Total
	\$	\$	\$	\$
Current Assets				
Cash & Cash Equivalents	-	6,316,639	2,650,061	8,966,700
Accounts Receivable	221,153	930,060	155,615	1,306,828
Buronga Loan Receivable	-	80,504	34,501	115,005
Water Distribution Supplies	58,297	147,069	40,244	245,610
Accrued Income & Interest	-	224,041	83,421	307,462
Other Assets & Prepayments	11,899	84,613	35,696	132,208
Total Current Assets	291,349	7,782,926	2,999,538	11,073,813
Non-Current Assets				
Water Entitlement	-	14,300	561,600	575,900
Land	13,199	168,121	260,247	441,567
Water Distribution Works	3,763,878	16,395,252	5,300,965	25,460,095
Construction - Work in Progress	40,444	772,915	174,792	988,151
Buildings	2,955	19,188	7,384	29,527
Plant and Equipment	15,666	112,333	140,541	268,540
Office Equipment	6,061	39,395	15,152	60,608
Motor Vehicles	7,703	50,065	19,256	77,024
Buronga Loan Receivable	-	359,101	153,900	513,001
Other Financial Assets	-	17,767,213	6,696,036	24,463,249
Total Non-Current Assets	3,849,906	35,697,883	13,329,873	52,877,662
Total Assets	4,141,255	43,480,809	16,329,411	63,951,475
Current Liabilities				
Overdraft	693,549	-	-	693,549
Accounts Payable & Accruals	35,346	373,837	90,556	499,739
Loan – Buronga Expansion	115,005	-	-	115,005
Loan – State Government	-	216,368	-	216,368
Payroll Provisions	10,813	76,894	32,439	120,146
Total Current Liabilities	854,713	667,099	122,995	1,644,807
Non-Current Liabilities				
Payroll Provisions	1,450	10,308	4,349	16,107
Loan – Buronga Expansion	513,001	-	-	513,001
Loan – State Government	-	1,619,697	-	1,619,697
Total Non-Current Liabilities	514,451	1,630,005	4,349	2,148,805
Total Liabilities	1,369,164	2,297,104	127,344	3,793,612
Net Assets	2,772,091	41,183,705	16,202,067	60,157,863
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	-	1,428,902	513,986	1,942,888
Accumulated Surplus	739,281	14,194,724	3,609,670	18,543,675
Total Shareholder Equity	2,772,091	41,183,705	16,202,067	60,157,863

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 2019

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	(402,201)	7,702,421	2,965,036	10,265,256
Add Loan Receivable – Buronga Expansion	-	80,504	34,501	115,005
Add Overdraft (Shown in Current Liabilities)	693,549	-	-	693,549
Rounding	1	1	1	3
Total Current Assets – Unaudited	291,349	7,782,926	2,999,538	11,073,813
Non-Current Assets				
Audited Balance	3,849,906	35,338,782	13,175,973	52,364,661
Add Loan Receivable – Buronga Expansion	-	359,101	153,900	513,001
Rounding	-	-	-	-
Total Non-Current Assets – Unaudited	3,849,906	35,697,883	13,329,873	52,877,662
Total Assets				
Audited Balance	3,447,705	43,041,203	16,141,009	62,629,917
Add Loan Receivable – Buronga Expansion	-	439,605	188,401	628,006
Add Overdraft (Shown in Total Liabilities)	693,549	-	-	693,549
Rounding	1	1	1	3
Total Assets – Unaudited	4,141,255	43,480,809	16,329,411	63,951,475
Current Liabilities				
Audited Balance	46,159	667,098	122,995	836,252
Add Loan – Buronga Expansion	115,005	-	-	115,005
Add Overdraft	693,549	-	-	693,549
Rounding	-	1	-	1
Total Current Liabilities – Unaudited	854,713	667,099	122,995	1,644,807
Non-Current Liabilities				
Audited Balance	1,449	1,630,005	4,349	1,635,803
Add Loan – Buronga Expansion	513,001	-	-	513,001
Rounding	1	-	-	1
Total Non-Current Liabilities – Unaudited	514,451	1,630,005	4,349	2,148,805
Total Liabilities				
Audited Balance	47,608	2,297,103	127,344	2,472,055
Add Loan – Buronga Expansion	628,006	-	-	628,006
Add Overdraft	693,549	-	-	693,549
Rounding	1	1	-	2
Total Liabilities – Unaudited	1,369,164	2,297,104	127,344	3,793,612
Net Assets – Unaudited	2,772,091	41,183,705	16,202,067	60,157,863

Note: This statement is not subject to audit

UNAUDITED FINANCIAL STATEMENTS

STATEMENT OF RESERVE BALANCES – IRRIGATION AREA SUMMARY AS AT 30 JUNE 2019

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	
	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$
General	(693,549)	(625,442)	1,031,374	1,415,985	1,229,130	1,261,706
General Other Financial Assets (Market Value)	-	-	2,586,569	2,533,342	1,084,834	1,062,023
Joint Venture	-	-	1,212,577	949,432	-	-
Asset Replacement Fund	-	-	4,072,689	3,978,939	1,420,931	1,273,826
Total Reserves	(693,549)	(625,442)	8,903,209	8,877,698	3,734,895	3,597,555

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 2019

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.

This investment strategy was updated during 2015/16. The changes made to the investment strategy deliver 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 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 2019 Weight
Cash (including term deposits)	0.0%	5.0%	100%	5.78%
Fixed Interest	10.0%	22.5%	50%	23.25%
Australian Equities	20.0%	50.0%	100%	49.74%
International Equities	0.0%	22.5%	50%	21.23%

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)	909,402	335,433	1,244,835	5.78%
Fixed Interest	3,656,133	1,351,410	5,007,543	23.25%
Australian Equities	7,820,479	2,890,674	10,711,153	49.74%
International Equities	3,337,545	1,233,653	4,571,198	21.23%
Total	15,723,559	5,811,170	21,534,729	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 2019 (continued)

Investments held by WMI, as at 30 June 2019, 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	542,916	199,969	742,885	3.45%
	IShares Core Cash ETF Units	366,486	135,464	501,950	2.33%
	Term Deposits	0	0	0	0%
Total Cash (including term deposits)		909,402	335,433	1,244,835	5.78%

Fixed Interest

ASX Code	Investment Name	Coomealla \$	Curlwaa \$	Total \$	Weight
AAI1140A	AAI Limited FRN 3M	150,758	55,724	206,482	0.95%
AMP1227A	AMP LTD FRN 3M BBSW	142,764	52,770	195,534	0.91%
AYUHN	AUST'N Unity LTD Simple Bond	108,502	40,106	148,608	0.70%
CBA0626A	CBA FRN 3M BBSW	150,521	55,637	206,158	0.95%
CGF1142A	Challenger Life Co. LTD BBSW	258,529	95,559	354,088	1.65%
CWNHB	Crown Resorts LTD Hybrid 3-BBSW	112,049	41,416	153,465	0.72%
GNW0725A	Gemworth Fin Mort FRN 3MBBSW	112,807	41,696	154,503	0.72%
IAG0645A	Insurance Australia Group Ltd Sub	333,823	123,391	457,214	2.12%
NABPE	NAB CAP Note 3-BBWS	297,132	109,828	406,960	1.88%
SUN1042A	AAI LTD FRN 3M BBSW	270,224	99,883	370,107	1.72%
SUN1228A	Suncorp Group Ltd – BBSW 3M	222,354	82,188	304,542	1.42%
WBC0326A	Westpac FRN	151,139	55,865	207,004	0.95%
WST0628A	Westpac – FRN 3M BBSW =1.8	219,955	81,302	301,257	1.40%
ELT0019AU	Pimco Global Credit Fund	318,421	117,697	436,118	2.02%
SSB0014AU	Legg Mason Brandywine Global	199,891	73,886	273,777	1.28%
GSF0008AU	Payden Global Income Opportunities	259,198	95,807	355,005	1.65%
HOW0052AU	Kapstream Absolute Return Income	348,066	128,655	476,721	2.21%
Total Fixed Interest		3,656,133	1,351,410	5,007,543	23.25%

Note: This statement is not subject to audit

UNAUDITED FINANCIAL STATEMENTS

STATEMENT OF ASSET REPLACEMENT FUND BALANCES – IRRIGATION AREA SUMMARY AS AT 30 JUNE 2019 (continued)

Australian Equities					
ASX Code	Investment Name	Coomealla \$	Curlwaa \$	Total \$	Weight
ALX	Atlas Arteria Stabled Securities	201,961	74,650	276,611	1.29%
AMC	Amcor Limited	291,002	107,563	398,565	1.84%
ANZ	ANZ Limited	574,878	212,491	787,369	3.68%
BFL	Bennelong Ex-20 Australian Equities	551,090	203,699	754,789	3.48%
BHP	BHP Billiton Limited	624,208	230,726	854,934	3.98%
BLD	Boral Limited	249,430	92,197	341,627	1.59%
CBA	Commonwealth Bank of Australia	652,446	241,164	893,610	4.13%
CIP	CI Australian Equities Fund	737,147	272,471	1,009,618	4.68%
DOW	Downer EDI Limited	188,012	69,495	257,507	1.19%
IOZ	iShares Core S&P/ASX 200 ETF	379,826	140,394	520,220	2.44%
LNK	Link Administration Holdings LTD	168,210	62,175	230,385	1.09%
MFG	Magellan Financial Group Ltd	264,751	97,859	362,610	1.69%
MQG	Macquarie Group Limited	379,201	140,164	519,365	2.39%
ORA	Orora Limited	179,900	66,496	246,396	1.14%
PDL	Pendal Group Limited FPO	111,064	41,052	152,116	0.71%
PMV	Premier Investments Limited	210,333	77,745	288,078	1.34%
RIO	Rio Tinto Limited	252,349	93,276	345,625	1.59%
SHL	Sonic Healthcare Limited	167,690	61,983	229,673	1.04%
SUN	Suncorp Group Limited	184,186	68,080	252,266	1.19%
SYD	Sydney Airport	202,968	75,023	277,991	1.29%
TCL	Transurban Group	401,091	148,254	549,345	2.54%
WBC	Westpac Banking Corporation	421,995	155,982	577,977	2.69%
WPL	Woodside Petroleum Limited	293,906	108,636	402,542	1.89%
WOW	Woolworths Group Limited	132,835	49,099	181,934	0.85%
Total Australian Equities		7,820,479	2,890,674	10,711,153	49.74%
International Equities					
ASX Code	Investment Name	Coomealla \$	Curlwaa \$	Total \$	Weight
IHOO	iShares Global 100	372,218	137,582	509,800	2.38%
IJH	iShares S&P Mid-Cap ETF	177,694	65,681	243,375	1.13%
IVV	iShares S&P 500	354,736	131,121	485,857	2.25%
MGG	Magellan Global Trust	475,261	175,670	650,931	3.01%
APL	Antipodes Global Investment Co Ltd FPO	428,527	158,396	586,923	2.72%
FSF	Generation Wholesale Global Share	470,149	173,781	643,930	2.99%
MAQ	Macquarie IFP Global Franchise Fund	420,180	155,310	575,490	2.67%
PLA0004	Platinum Asia Fund	239,720	88,608	328,328	1.53%
-ZUR	Zurich Investments Global Growth	399,060	147,504	546,564	2.55%
Total International Equities		3,337,545	1,233,653	4,571,198	21.23%
Portfolio Total		15,723,559	5,811,170	21,534,729	100.00%

Note: This statement is not subject to audit





