Murrumbidgee Irrigation

2022 Annual Report

Delivering water in
the best way possible

Murrumbidgee Irrigation Limited 2022 Annual Report

ABN 39 084 943 037

This report is available electronically on the Company website
www.mirrigation.com.au/company/annual-reports

Murrumbidgee Irrigation Limited (**MI**) is focused on growing our future together with customers and the community. Our aim is to enable regional productivity through irrigation by delivering water in the best way possible.

Contents

2022 AGM

The 24th Annual General Meeting of shareholders will be held on Wednesday 9 November 2022. It will be held at the Bagtown Motel, Griffith with registrations from 1.30pm and the AGM to run from 2pm to 4.30pm.

Acknowledgment of Country

MI acknowledges the Wiradjuri people as the Traditional Owners and Custodians of the land on which we operate, and pay our respect to their Elders past, present and emerging.

"The MI team has always been very open and easy to work with, especially from a water treatment point of view. They know our success is integral to their success as a water delivery company."

Chris Quinn, Baiada

MI at a glance

General information

	Measure	2021/22	2020/21	2019/20
Total area of MIA	*ha*	378,911	378,911	378,911
Company water licences	*ML*	1,078,302	1,088,484	1,086,164
Total delivery entitlements in issue	*Number*	1,319,369	1,294,541	1,236,037
Landholdings	*Number*	3,124	3,164	3,093
Total area of irrigated crops	*ha*	133,828	135,913	47,203
Employees (equivalent full-time, including externally funded)	*Number*	155	150	148
Lost Time Injury Frequency Rate (LTIFR)	*I/MH*	0	0	7.3

Financial

	Measure	2021/22	2020/21	2019/20
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) from normal operations [1]	*$'000*	9,944	10,413	2,781
Government and other revenue [2]	*$'000*	9,782	5,298	24,052
Net assets	*$'000*	574,314	577,837	580,573
Asset Reserve (book value)	*$'000*	51,236	51,236	51,236
Asset renewal capital expenditure (excluding government funded)	*$'000*	20,979	7,646	4,033

Water summary

	Measure	2021/22	2020/21	2019/20
Carryover from previous year	*ML*	0	0	22,112
Govt. announced allocation (all licences)	*ML*	1,088,181	1,084,729	481,563
Temporary transfers into MIA	*ML*	141,230	128,631	143,319
Supplementary flows from river	*ML*	30,027	34,245	11,377
Total water delivered (all licences; inc. surplus flows)	*ML*	684,959	880,456	349,525
Temporary transfers out of MIA	*ML*	247,203	238,658	194,138
Carryover into following year	*ML*	234,288	128,491	114,710
Spill to Govt. resource set	*ML*	92,989	0	0

	Measure	2021/22	2020/21	2019/20
Allocations				
Special purpose High Security (Towns, S&D)	*% of entitlement*	100	100	100
High Security	*% of entitlement*	100	100	95
General Security	*% of entitlement*	100	100	11
Additional Water [3]	*ML*	36,541	39,157	18,970

Note 1: For further information see the reports and financial statements contained herein.
Note 2: Other revenue includes items such as customer contributions and profit on sales.
Note 3: For eligible customers, who hold more than 250 Delivery Entitlements (DEs), issued as a proportion of DEs.

Year in review

July

Managing the challenge of water storage and **delivery in a wet season**, where dams and river storage levels are high, has required us to fully leverage the integrated MI delivery system.

August

As a result of efficiency savings, **allocation enhancements of 4%** were issued to customers supporting productive agriculture in the region and encouraging activities that provide further efficiency savings.

September

A concerted focus on safety across the organisation saw MI shortlisted for the **National Safety Awards of Excellence** in recognition of our placing the safety of our people and community at the heart of all we do.

October

The announcement from the Federal Government that $330 million will be spent to accelerate delivery of five **Murray Darling Basin Plan SDLAM projects**, was a welcome outcome in line with public advocacy on the part of MI around our concerns of the likely failure to meet the set goals by 2024.

November

A new look Board was appointed at the twenty third **Annual General Meeting** with a new Chair and three new Directors – one independent and two shareholder representatives.

December

As we headed into the summer period MI refreshed our **channel safety campaign** with a new look animation aimed at engaging our community members and tailored to social media, as well as broadcast media.

January

The announcement of $124 million in funding under the **State Led Off-farm Efficiency Program (OFEP)**, to finalise the MI automation works and secure the future of the MIA was welcomed as on ground works commenced.

February

Customers are gaining full benefits from automation with the **launch of our 24/7 control room** for peak periods. Enabling us to fix problems when they happen – day or night – and dispatch the right in-field resources when required.

March

Supporting our people in their **own charitable endeavours** is a long-held tenet of the MI way of doing things, with team members taking part in the March Charge and RUOK Day fundraising events.

April

At the heart of MI's success are the **achievements of our customers** each and every year and a series of customer case studies highlights their effectiveness in using the water they receive through the MI system.

May

The **Roach's Surge Reservoir** near Yanco, which is pivotal to the finalisation of the automation of the MI system, was formally kicked off with the signing of the funding deed.

June

The **Federal election** and change of government earlier this year has certainly seen a renewed focus on the full implementation of the Basin Plan.

Chair's message

The success of MI is interdependent with the achievements of our shareholders, we enable regional productivity when we do our job well.

FY22 has seen us refocus on our customers, really listening to them and what they need, not just in the moment, but in the future. Delivering water well requires infrastructure, technology and systems that often necessitate long term planning, so foresight is paramount in our business.

Managing capital in a way which enables us to have the funds available to make wise investments in our system is important if we are to be in a position to support customers make the most of every drop in the future. The Board has had a long-term strategy for automation and efficiency improvement of the network. The strategy has already enabled the investment of $300M in Commonwealth (PIIOP) funding to support modernisation. Taking a long-term approach has also allowed us to commence work on the final stage of the automation, even ahead of having the most recent round of government funding signed off.

The Federal election and change of government earlier this year has certainly seen a renewed focus on the environment including water management and progress towards completing the Basin Plan. We look forward to briefing our new government on the value of water to this region and the demonstrable efficiencies we have created together. In terms of advocacy for our shareholders going forward, the Board will remain focused on achieving future security of water allocations – because this is the lynchpin of our future as a business and a region.

Our last AGM saw a number of new faces join the Board and we have put these new Directors' skills and experience to good use in developing long term strategy for the business. In addition to our Board and committee meetings we held a valuable strategy session in February where we drilled down on the best way to deliver water, and to really understand our customers' needs. The Board also recognised that being prepared and responding to climate variability is an important new challenge for the business along with ramping up communications and advocacy in the lead up to the 2024 reconciliation of the Basin Plan which remains a long-term commitment of the Board.

Political advocacy is not just about the immediate need to raise awareness, although of course that is vital. It's also about ensuring the continued viability of irrigation industries and positioning the MIA as one of the pre-eminent irrigation areas in the country.

Our participation in the One Basin CRC is a flagship initiative through which MI will take a leadership role in the future proofing of irrigation. The CRC, shaped by industry, will pave the way to transform irrigation regions across Australia through innovation of water, agriculture and energy technology, enhanced forecasting and decision-making capacity and pathways to adoption and commercialisation.

As a Tier Two member of this national consortium, MI looks forward to participating in the development and commercialisation of opportunities for Australia's irrigated agriculture and rural water industries to be more productive, resilient and sustainable in a changing world. The CRC brings welcome investment to our region with 10 years of funding and one of the four Regional Hubs to be established in Griffith.

We who manage irrigation water as part of our day-to-day business know how much has been achieved in terms of water efficiency and the water savings resulting from on-farm efficiencies and improved water delivery. However, we need to remember that the broader community can only know these good news stories if we tell them. So, in looking to the long term, MI has auspiced The Murrumbidgee – Big water, big future project which is an initiative that we took last year to build a platform to educate and engage the community, and key policy makers and influencers, about the Murrumbidgee. The project also involves building strong direct relationships across key stakeholders including local industries, governments and agencies to promote the many initiatives and positive outcomes taking place all along our river, including in the MIA.

It is with pride that I review the achievements, success and culture of the MI team on behalf of shareholders over the last financial year and look forward to an exciting year ahead. I would especially like to thank my fellow Directors for their counsel and support as I have navigated my first year as Chair.

Hayden Cudmore
Chair

CEO's message

Our job at MI is always better when our customers have access to adequate water allocations, and fortunately, the seasonal conditions over the past 12 months have delivered this security.

In fact, this has been a particularly wet year, which brings its own challenges. With dams and river storage levels high, MI has been required to fully leverage our integrated delivery system to ensure that water use could be maximised without wastage or damage to the network.

A transformation in water delivery occurred this year with a move to a centralised control room which operates 24/7 when required. Automation means many fixes are now in the control centre, not on the ground, so one phone number connects customers to the centre where their query is quickly assessed. This makes it faster and easier for customers to have a problem diagnosed and addressed immediately or, if on ground assistance is needed, the right person can be dispatched quickly.

Thanks to the recently commenced project to complete the full automation of our system, such challenges will be easier to meet in the future. We welcomed the $124 million in funding awarded on the basis of our exhaustive proposal to the State Led Off-farm Efficiency Program. I view it as a win for everyone, with flow on economic benefits throughout the community, while also delivering 6GL of water savings for the environment. This is an important demonstration of our commitment to completing the Murray Darling Basin Plan by providing the single biggest contribution to the efficiency measure target so far.

MI committed to this project and managed resources to ensure that it could start as soon as possible with works commencing at the end of the last irrigation season. Strategically located surge reservoirs in conjunction with the move to full automation will enable us to further improve our water delivery reliability and flexibility for irrigators.

Our continued whole of team focus on safety, ingrained in all aspects of our business, saw MI once again achieve exceptional safety metrics, with zero significant injuries and over 2 years since our last Lost Time Injury. It also saw MI shortlisted for the National Safety Awards of Excellence in recognition of placing the safety of our people and community at the heart of all we do.

MI worked hard with our partners to get our submission for the establishment of the One Basin Cooperative Research Centre (CRC) across the line. The $50 million grant from the Commonwealth Government Co-operative Research Centre Program, together with $106.5 million from 85 partners, will fund an exciting initiative that will see us have researchers, project managers and science students based in our Hanwood office. We look forward to collaborating with the CRC because having good science and innovation that can be adopted depends on being on the ground and talking to the water managers and farmers who will be the ones to take that innovation and make it work in the field.

Being a part of this research will give our talented engineers, data analysts and hydrology experts invaluable opportunities to share their knowledge, but also be at the cutting edge of finding even better ways to deliver water. Our customers will be direct beneficiaries.

We are keenly aware of the 2024 deadline for an MDBA review of the water savings achieved via Sustainable Diversion Limit Projects (SDLAM), and the fact that many projects are woefully behind schedule, or not even started. The announcement last year from the Federal Government of a $330 million acceleration program was positive. However, our region is still exposed if the full suite of offset projects is not delivered in time, and we are yet to see projects really hitting the ground running. MI will continue to advocate that the SDLAM program needs flexibility to deliver different and more projects, including delivery (river) optimisation and complementary measures. A new Federal government provides renewed opportunities and threats in this area.

This year has seen us review and refresh the MI Enterprise Agreement which, I am pleased to say, was agreed by staff to be fit for purpose for the business, balancing staff working conditions with the long-term objectives of the shareholder owned cost recovery business that is MI.

Whilst the COVID pandemic continued to pose challenges over the past year, the MI team demonstrated its agility, changing practices to continue to deliver water in an efficient and safe manner. I was proud to see how well our team was able to operate throughout and the support they showed to each other and our customers.

As always culture remains at the heart of what we do at MI. Our whole of business re-focus on customers and especially listening and measuring our efforts has provided demonstrable results. Throughout the year our customer engagement team has had nearly 3,000 on-site customer meetings and conducted over 50 farm visits. Our customer satisfaction ratings are now at 81.9 percent and, in particular, our efforts to keep customers informed and updated in a timely way have been acknowledged with an increase in how helpful customers rate our actions. It's a pleasure to work with a group of people so committed to delivering water in the best way possible.

Brett Jones
CEO & Managing Director

Strategy in action

MI exists to enable regional productivity through irrigation.

Our job is simple – to deliver water in the best way possible. In line with our corporate plan, we organise our efforts to succeed under three pillars:

> *“This last phase of our modernisation, delivering full automation of our systems will secure this irrigation area far into the future. It will give businesses confidence to invest in our region.”*

Hayden Cudmore

01

One team

Listening to our customers and supporting their needs by delivering great customer service.

02

Staying ahead of the game

Using our modernised system to drive efficient operations and enable our region to grow in a time of less water.

03

Doing different

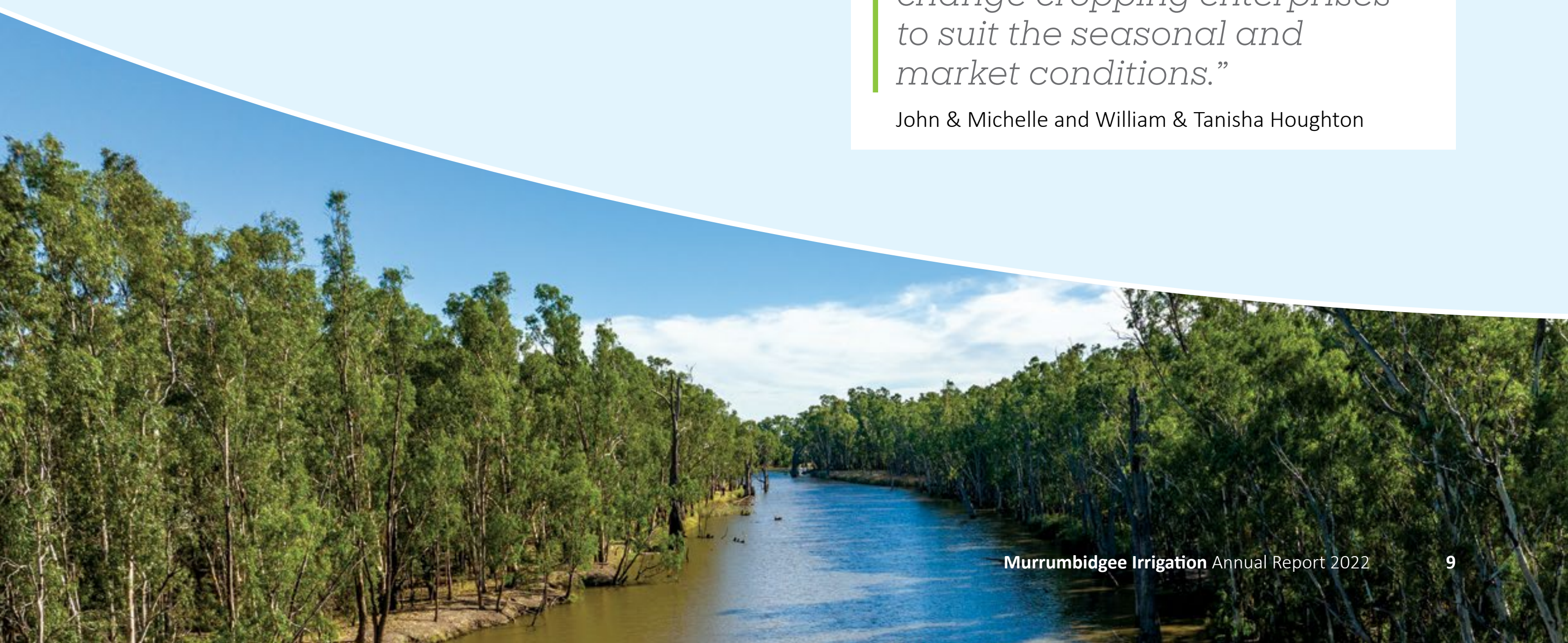
Transforming how we do business by using the best available ways of working to innovate and adapt.

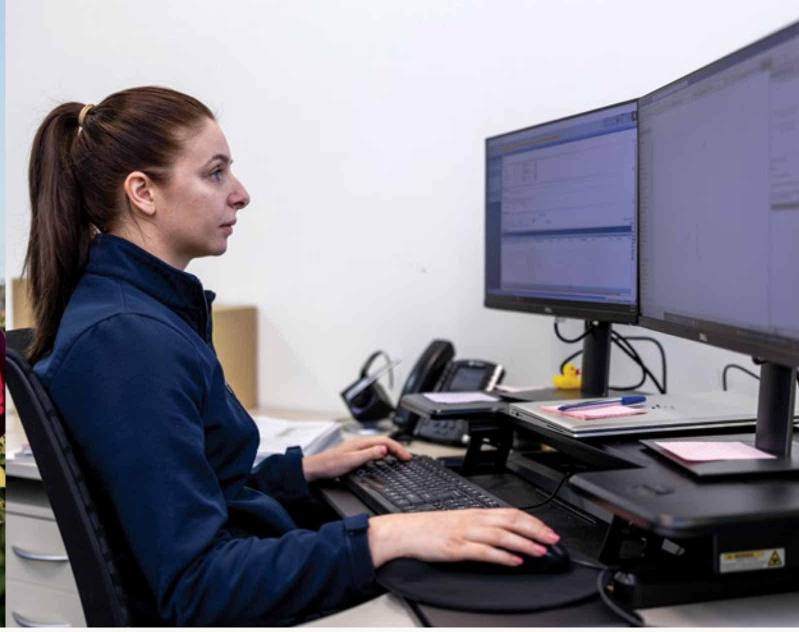
Delivering in FY22

In Financial Year 2021/22 (FY22) MI delivered our business strategy against the objective of setting customers and the MIA up for success through irrigation by:

+ Measuring and using data intelligently to deliver excellent customer service;
+ Leveraging our modern system to enable our region to maximise productivity and sustainability; and
+ Focusing on safety across our whole organisation to the benefit of our people and wider community.

> *"Our business works hand in hand with MI. Enhanced flow rates enable us to be more water efficient and allow our business the flexibility to change cropping enterprises to suit the seasonal and market conditions."*
>
> John & Michelle and William & Tanisha Houghton





Customers

Strategic focus on customer satisfaction

The key thematic goal for MI this year was based around ensuring our customers feel valued by delivering a level of service that meets, or even exceeds, their expectations. Our measure of success is that our customers say we listen and support their needs, and they have confidence we will deliver as they expect. Now we are using our systems to see how well we are performing against our commitments, for instance by monitoring the time it takes to provide feedback and successfully resolve issues.

Using data to better effect

We have developed a suite of tools to assist us to provide increased levels of service to customers by enabling us to understand the capacity of the system during the season, taking into consideration weed growth and silt build up. These tools also enable us to better understand losses throughout the network that can be attributed to seepage/leakage and other unaccounted losses.

Customer insights

Data collected in our annual crop survey helps us with our planning for the season ahead, and in being prepared to deliver water when customers need it. From those surveyed this year, of the over 32,000 ha of large area crops proposed, 54% were rice, 27% cotton, 7% vegetables, 6% summer pastures, 3% summer cereals and 3% summer oil seeds.

Managing water delivery costs

Always attuned to ways in which we can support customers in their bid to minimise costs, MI has seen automation allow customers, particularly in fully automated zones, to adjust their orders when they need to, saving time and making water delivery more efficient and tailored to their operations. Likewise, a move to having a 24/7 control room in peak times means that by solving any issue straight away, we deliver savings for our customers in water, time and money.

People

The right people in the right place

Robust oversight of MI's risk management framework is a key focus of the Board, and in recognition of a changing risk environment, steps have been taken to ensure that the Board has appropriately experienced members to assess ICT and cyber security risks. As our network becomes more highly automated, we need to have the right structures and people in place to identify and mitigate potential risks. Hence we have implemented a change leadership structure with the ICT and Finance functions split into independent areas of responsibility.

Filling the skills pipeline

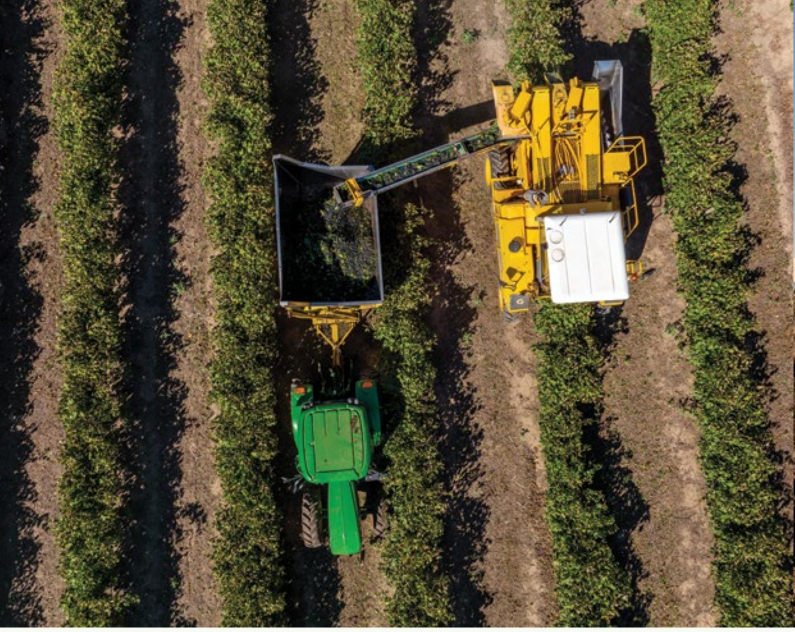
The people behind the success of MI are the lynchpin of our business. Moving to a modern, more highly automated system means that some of the skills we need have changed, but skilled people are just as necessary. Our task is to ensure that MI's recruitment, retention and training settings are right to attract the best people to our team. To this end we had eight trainees, three apprentices, three graduates and one cadet working across the business in FY22.

Showcasing our team's skills

Understanding that customers and shareholders are interested in how the MI business works for them, we have continued to use our Customer Newsletter to inform and engage our customers. A regular interview with a member of the MI team has been popular and also proven valuable in showcasing what MI has to offer, in terms of being an interesting and rewarding place to work, to the broader community and employment market.

Safety of our people and community

Our safety-first culture continues to pay dividends with zero Significant Injuries for over 18 months and over two years without a Lost Time Injury. Our approach to safety was acknowledged with MI being shortlisted for the National Safety Awards. It is also valued by our employees who appreciate being actively supported to not take short cuts but to always put safety of themselves, their colleagues and community first.



Stakeholders

One Basin CRC

The announcement of the One Basin Co-operative Research Centre (CRC), with regionally based research and development supporting innovation and adaptation by farmers and communities, has been welcomed by MI. Through our partnership in the CRC, Griffith will be one of four hubs for the organisation's activities over its ten-year term.

Big Water

MI and our customers manage a resource that is precious to all, so it's important to tell the story as to how much has been achieved in terms of water efficiency and savings as a result of on-farm efficiencies and improved water delivery. In a forward thinking approach to engagement with policy makers, industry and the community, MI has auspiced The Murrumbidgee – Big water, big future project. This is an initiative to build a platform to educate and engage the community key policy makers and influencers, about the Murrumbidgee and some of the initiatives and positive outcomes along the river.

Ministerial visits

An important part of having a strong voice on water policy is using our position as on the ground operators to show, rather than just tell, the story of efficient and productive irrigation. To this end MI has hosted a number of groups including running tours for Bureau of Meteorology and Australian Department of Agriculture, Water and the Environment, as well as meeting with young graduates to help inform learning around water management. Meetings throughout the year with Ministers Keith Pitt, Sussan Ley and Senator Perin Davey progressed discussion around water management and use in our region.

Advocacy for future water

MI remains strictly apolitical, but at the same time a fierce and consistent advocate for customers' ability to access the water they require to keep them productive and our region sustainable. Relevant expertise at both Board and Leadership team level position MI well to advocate and engage in a meaningful way on issues of water policy and management. We are always prepared to promote the principles that we believe should govern water policy. We have especially continued to voice our concerns around the delivery of SDLAM projects as we head toward 2024 and its deadline for water recovery.

National Irrigators' Council

Through the National Irrigators' Council (NIC) MI continues to be a strong advocate on a range of issues around the Basin Plan, transparency of water markets and affordable energy. We have been active participants and take a leadership role with MI's delegate being the Deputy Chair of the Council.

Policy debate

MI has made submissions both directly and in forums alongside other infrastructure operators, to the Independent Advisor and his team who have been charged with developing a roadmap for water market reform following the 2021 ACCC inquiry on Murray-Darling Basin water markets. We have agreed that existing water trading processes are largely working but are advocating for enhancements that will minimise red tape, maximise transparency and ensure due process.

Operations

Moving to 24/7

A transformation in water delivery occurred this year with our move to a centralised control room, which operates 24 hour/day – 7 day/week when required. Automation means many fixes are now in the control room, not on the ground, so one phone number connects customers to the centre where their query is quickly assessed. This makes it faster and easier for customers to have a problem diagnosed and customers can be reassured that, if on ground assistance is needed, the right person will be dispatched quickly.

Final phase of automation underway

The works have commenced to finalise the automation of the MI system. The project will upgrade 1,500 metered outlets, automate 360 regulators, refurbish 20 kilometres of open earth channels and construct a new 5,000 ML surge reservoir that together will generate 6.3 GL per year of water savings for the environment and 1.1 GL for water users and the community. Not only will the modernisation process enable MI to be even more flexible, efficient and responsive to the needs of irrigators and town water users – it will safeguard the entire region.

Engaging customers in Winter Works

Over the 2021 winter period our teams worked with customers to deliver a range of works including the automation of 167 outlets and 141 regulators in Murrami and Griffith, as part of Stage 3 of our ongoing Automation Project. The automation works over winter were another significant step taken towards a modern and reliable water supply for the MIA. We are now heading into the final stages of an over decade long modernisation program, with around 80 percent of our system now automated.

Better forecasting – better decisions

Whilst no-one can really claim to be able to absolutely predict mother nature, MI has hosted a delegation from Bureau of Meteorology (BOM) with a view to implementing tools that will improve forecasting and facilitate better decision making in terms of managing water into and through our system. This is mutually beneficial with BOM sharing knowledge but also seeking MI's input on additional tools would help us, and our customers, make better decisions.

Maintenance program

Throughout the year, maintenance and update work occurred across the network. We achieve upgrades with minimal disturbance by using equipment fitted with 3D sensing technology. Using technology to detect weed build up in channels is also to ensure our system delivers water as and when required by customers.

> *"Water quality and security is a top priority for Baiada – we can only continue to expand in the Griffith area if we have water available."*
>
> Chris Quinn, Baiada

Environment

583ML environmental water delivered across the MIA

As part of the Basin Plan, the environment now has its own water to irrigate environmental sites. Working with the Commonwealth Environmental Water Holder (CEWH) our delivery system has ensured that 583ML reached identified environmental target areas, mainly the Nericon Swamp, an important bird breeding site. This is considerably less than usual due to the MIA experiencing a wetter than normal season. We are also working with the CEWH and various customers on strategies to maintain the health of Cudgel Creek.

Pushing back on weeds

The encroachment of weeds is an ongoing drag on the efficiency of water delivery and MI is constantly looking for ways to combat them. A new internal resource has been developed to help our Weeds team be on the front foot in ensuring weeds are identified quickly and appropriate management strategies put in place. We have also engaged with a government led research program trialling the use of weevils released into channels to combat weed of national significance, Sagittaria, which is becoming a serious problem in irrigation areas.

Community

MI/Councils working together

We worked closely with local Councils to support community, safety, and water delivery outcomes. This included collaborating with Griffith City Council to secure town water supply throughout infrastructure works, and flood management during and after rain events. We also worked closely with Leeton Shire Council on Development Applications for Roach's Surge Reservoir and other project in the Murrami area.

Supporting local community

Both MI as a business, and our employees as individuals, have a strong history of supporting local community organisations. This year has seen our team, supported by MI through matched giving, engage with the March Charge raising funds for cancer research. Since 2006, the MI team has raised over $25,500 for cancer research and support services for the Cancer Council by hosting an annual Biggest Morning Tea.

We also annually support local charity organisations Griffith Carevan, Leeton Community Op Shop and Bidgee Boxing, and have donated linen to the Friends of the Pound in Griffith. The MI Movember team raised $2,314 for men's health throughout November. Leveraging our now notable social media following, MI also shared the Mate Helping Mate Podcast Series aimed at supporting people who may be experiencing mental health challenges.

Water safety – animation

As an operator of an extensive channel network MI remains highly attuned to the need to maintain community safety around water. To refresh our longstanding approach, this year we commissioned a short animation which was aired on local television as well as being distributed via our social media channels. Designed to be engaging, particularly of the younger demographic, it performed well and attracted positive feedback.

How MI works

Our main function

The main function of MI is to use our extensive integrated supply and drainage network to deliver water to customers. Operating as an unlisted public company (limited by shares), MI is owned by the irrigators we supply. MI's shares are based on the water entitlements (WEs) a customer owns. This means to be a shareholder a person (or entity) must own WEs under a Water Entitlements Contract with MI.

MI operates as a modern business entity with a view to minimising the costs of water delivery to customers. All cost savings and efficiencies are passed on to customers in the form of reduced service fees or additional water allocations.

Team structure

MI's aim is to enable regional productivity through irrigation by delivering water in the best way possible, a goal implemented by a leadership team of seven, headed by our CEO. The delivery of services to our customers is supported by the organisation's functional areas including Operations, Asset Delivery, Customer Service, Finance, Information and Communications Technology, and People and Policy.

Stakeholders and how MI engages

We believe very strongly in the MIA as an area of irrigation excellence, set within a highly productive and diverse regional economy. To ensure that our customers can leverage the natural advantages of the region to full effect, MI understands the need to advocate on their behalf. This involves being proactive though engaging with a range of stakeholders. We do this as active members of relevant organisations, offering advice and support to researchers, regulators and policy makers on a range of issues including water policy, environmental issues and water trading mechanisms.

We value a collaborative approach to working with our stakeholders including local Councils, industry bodies, community and environmental groups and other irrigation operators. This year saw MI work with other like-minded organisations to pursue policy outcomes around the Sustainable Diversion Limits Adjustment Mechanism projects.

Our driving force in relation to customers is to deliver excellence in water delivery and customer service by listening, reflecting and acting. A tailored approach to customer engagement allows us to support each customer in the way that best suits their needs. Transparency around our operations and fostering a two-way exchange of information and ideas has engendered trust and productive working relationships.

MI Stakeholder Engagement in 2022

4
Submissions

4
Tours hosted

33
Agency meetings

2984
Customer onsite meetings

7
Parliamentarian meetings

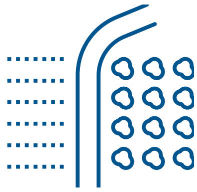
24
Industry meetings

17
Local Council meetings

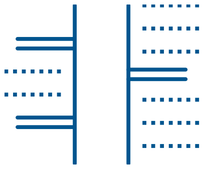
51
Farmer engagement meetings

MI assets

378,911 ha
area of operations
Up to 190,000 ha irrigated

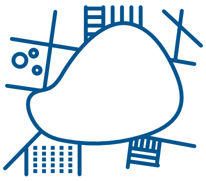


1,740 km
supply systems
194 km piped, 100 km lined, 1,446 km earthen

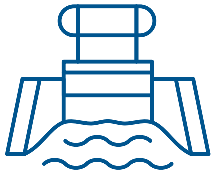


1,547 km
drainage

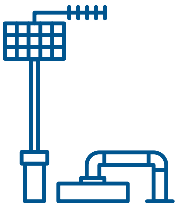
Full coverage
communications
16 towers, 2 control centres



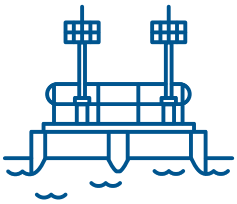
3
storages
Yenda, Brays, Barren Box



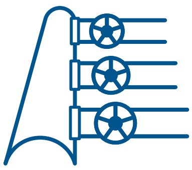
4,093
outlets
3,306 metered



3,306
meters
2,352 electro magnetic, 773 dopplers, 20 slip meters, 161 others



1,827
regulators
965 automated



49
pump stations
12 IHS, 2 storages, 35 other

Leadership Team

Brett Jones

BE (Hons), MEngSc, GradDipAppFin, HBS AMP, FIE (Aust), MAIPM, MAICD

Chief Executive Officer and Managing Director
Brett Jones commenced as Chief Executive Officer in October 2015 and was appointed to the Board as Managing Director in July 2016. Brett is an experienced executive with qualifications in engineering, project management and finance.

Alan Shea

BEng (Hons), MBA, GAICD

General Manager – Operations
Alan Shea joined the Company in February 2016. Alan is responsible for the operation and maintenance of all infrastructure that services MI's customers, including storage, supply and drainage assets, and the management of heavy plant and equipment.

Jody Rudd

General Manager – Asset Delivery
Jody Rudd joined MI in 2005 and was appointed General Manager Asset Delivery in 2015. Jody is responsible for managing Australian Government funded modernisation projects, MI funded capital projects and business development initiatives.

Sharon Hansen

General Manager – Customer Services
Sharon Hansen joined the Company in August 2016. She is responsible for managing our customer services functions and ensuring that customers are at the centre of what we do.

Karen Hutchinson

BSc (Hons), GAICD

General Manager – People & Policy
Karen Hutchinson joined the Company in 2009 and is the General Manager for People & Policy. Karen is responsible for company and corporate communications, human resources and external water policy. She is an MI delegate and Deputy Chair of the National Irrigators' Council.

Dominic Puntoriero

BBus (Acc/Legal), CA, GAICD

General Manager – Finance
Dominic Puntoriero began at MI in May 2018 as Commercial Manager and was appointed as General Manager, Finance in June 2021. Dominic is responsible for providing sound financial stewardship to the organisation.

Andrew Pasquetti

BIT, MBA (Computing)

General Manager – Information Systems
Andrew Pasquetti joined the Company in 2008 and is the General Manager for Information Systems. Andrew is responsible for managing MI's Information Systems, Technology and Communications infrastructure strategy and performance.

Our Leadership Team is driving the once in a generation transformation of our region.

Employee performance and remuneration processes

At the heart of MI's success in delivering excellence for customers, lie our people. Being seen as an employer of choice, both locally and in the wider workforce, is critical to ensuring that we keep our pipeline of talent filled. In addition to offering competitive remuneration packages, we support our employees with a range of non-salary benefits, such as salary packaging, paid parental leave and life insurance cover, as well as relevant health and wellness programs.

MI also recognises the importance of offering career pathways and continuous learning to develop capability and support retention of valued employees and maintain the skills of our people. In a world where technology is forcing changes to jobs and the nature of work itself is evolving, we need to be flexible and support employees to transition to new roles within the organisation. This occurs through a mix of training, secondment opportunities and mentoring.

In a commitment to nurturing our local talent, as well as apprentices in electrical and mechanical trades, we engage business administration trainees in their first year after graduating from school. To support our bid to engage specific skills from further afield, including graduates, we recognise the need to promote not just the benefits of working at MI, but the opportunities and attraction of living in the region.

We place the wellbeing, safety and health of our employees at the centre of who we are, as evidenced by an organisation-wide focus on safety which has seen us achieve more than 18 months without a Significant Injury and more than 2 years without a Lost Time Injury.

Diversity and gender balance

MI is committed to gender balance within its operations and annually submits its Workplace Gender Equality Agency (WGEA) public report. Gender diversity is supported by several strategies and policies across MI's operations. This includes offering flexible working arrangements, parental leave and strategies to identify and develop high potential women and 'gender blind' promotion and recruitment processes.

To maintain an environment conducive to women progressing within the organisation, we have ongoing internal training and mentoring for our emerging leaders. Our philosophy very much allows for employees to drive their own growth and learning pathways, which MI fully supports.

Corporate governance overview

MI is committed to ensuring that its corporate governance framework, policies, and processes reflect a culture of compliance.

To deliver on this objective, MI's Board requires a clear understanding of current governance requirements and practices, while also keeping up to date with emerging trends and changing expectations of its stakeholders.

This overview outlines selected components of MI's corporate governance framework, highlighting the key focus areas for the Board around governance in FY22. To review MI's full Corporate Governance Statement (**CGS**), visit www.mirrigation.com.au/company/shareholders.

Throughout FY22, MI's corporate governance approach was guided by Australian Standard AS8000: Good Governance Principles and was consistent with the best practice Corporate Governance Principles and Recommendations (**CGPR**), fourth edition. As an unlisted public company, MI is committed to continuous improvement and ensuring compliance to relevant standards of corporate governance, and delivering in the best interests of all MI stakeholders.

Board composition, skills and areas of focus

In accordance with the Constitution, the following changes were made to the composition of the Board in FY22:

- Following a recruitment process led by external consultants, Johnson Partners, Lil Bianchi was offered the position of Independent Director by the Board and was appointed at the conclusion of the 2022 AGM for a period of three years.
- Following a member-director election process, Allan (Grant) Delves was offered the position of A class director and was appointed at the conclusion of the 2022 AGM for a period of three years.
- Following a member-director election process, Hayley Sergi was offered the position of B class director and was appointed at the conclusion of the 2022 AGM for a period of four years.

The difference in terms between appointment of the A class director and the appointment of the B class director is a result of an amendment to the Constitution in 2018 to stagger vacancies of member directors to provide ongoing opportunities for refreshing the Board, and more effective Director succession planning.

The Board Skills Matrix (Table 1) summarises the range of essential knowledge, experience and skills assessed as ideal for the MI Board to hold to drive MI's current strategic direction and effectively govern. The Board considers that its current members have an appropriate mix of skills and experience to discharge its responsibilities and deliver on our organisation's strategic objectives.

When Directors join the Board, they are required to become members of, and to undertake training provided by, the Australian Institute of Company Directors and other professional organisations which add to the value, capability, and competency of Directors. During the past year, Directors undertook several training and development sessions both individually and as a group.

The key areas of focus for the Board during FY22, in addition to standing agenda items, are set out in Table 2. The focus areas for the Board Committees, in addition to standing agenda items, are set out in Table 3, and Director attendance is set out in Table 4.

Underpinning the Board's priorities is oversight of MI's risk management framework which includes legal and regulatory, strategic, financial, reputational, people and culture and business/operations to ensure appropriate management of actual or potential risks. See MI's full CGS for more detail.

Table 1: Board skills matrix

Key skill	Demonstrated by these attributes
Water and irrigation industries	Good working knowledge of, and ability to influence, the structure, operations and challenges of water policy and the irrigation industry.
Financial/commercial	Demonstrated achievements in financial management, commerce, investment management and internal control systems.
Engineering, infrastructure, construction, and project management expertise	Knowledge and experience in infrastructure and engineering, including the prioritisation, delivery, and management of investments in infrastructure assets.
Risk management	Proven knowledge, background, experience balancing commercial imperatives with the agreed risk appetite in delivering company objectives.
Organisational culture and strategic HR management	Experience and ability to promote and monitor MI's culture; mentor, support and evaluate the performance of the CEO; and oversee and provide input to strategic human resources management.
Information systems and data management	Knowledge and experience in information and control systems including systems integration, cybersecurity, data driven decision making and customer information management.
Corporate and business governance	Skills, knowledge and experience in contemporary corporate governance and ability to apply those skills, knowledge and experience to MI.

Board composition

Board qualifications

Collectively, Board members have qualifications in the following fields: agriculture, engineering, finance, marketing, infrastructure technology and data management, political advocacy, water policy and risk management.

Industry experience

The Board views relevant skills and experience as adding strength to the Board. Directors' collective experience includes irrigated agriculture, water policy, infrastructure technology and data management, engineering, project management, financial and commercial management, strategy and governance.

Directors' average tenure

The Board considers it has an appropriate mix of new, mid, and longer tenured Directors. The average tenure of the current directors is 2.5 years.

Diversity

The Board values and is mindful of achieving a balance of diversity in Director experience, skills and qualifications, and strives to increase diversity in terms of gender and age.

Table 2: Board key focus areas for FY22

Board key focus areas for FY22	
Health and safety	Building on company values and culture to embed behavioural safety to keep people safe at work, home and in the community, and invest in programs that support employee wellbeing.
Modernisation and automation projects	Continuing the long-term investment in modernisation projects to deliver operational and financial benefits to the Company and its customers.
Company culture, values, and leadership	Oversight of the continued investment in enhanced company culture, promotion of MI's corporate values, and developing and empowering emerging leaders.
Water Policy	Continue the Company's investment in advocacy to prioritise Murrumbidgee Valley risks, particularly around the completion of the Sustainable Diversion Limit Adjustment Mechanism (**SDLAM**) projects.

Table 3: Board Committees' key focus areas for FY22

Board Committees' key focus areas for FY22	
Audit and Risk Committee	Oversight of risk management, governance, compliance, and culture, with a continued focus on data governance, asset reserves, and investments.
Remuneration and Nominations Committee	Focus on strategic employment and remuneration issues, succession planning and managing the process for attracting and assessing suitable applicants for independent director positions.
Operational Risk Committee	Expanded its purpose to focus on operational risks, such as safety and environmental risks, in addition to delivery of capital projects. Continued development of asset management, cyber security, infrastructure technology, and project management governance practices.

The names of the persons who have been Directors, or appointed as Directors, during the financial period and up to the date of this Annual Report are outlined as follows, together with their tenure, qualifications, and other directorships.

Current

Hayden Cudmore

GAICD

Chair – Shareholder-elected Director
Director since 2017; Chair since November 2021

Board Committees as at 30 June 2022
Chair, Murrumbidgee Irrigation Limited

Chair, Remuneration and Nominations Committee

Chair, MI Holdings Pty Ltd

Sole Director, MI Energy Pty Ltd and MI EasyTrade Pty Ltd (both dormant)

Lil Bianchi

BSc (Economics), MSc (Computer Science), GAICD

Independent Director
Director since 2021

Board Committees as at 30 June 2022
Member, Operational Risk Committee

Other Directorships as at 30 June 2022
Chair of Audit and Risk Committee & Non-Executive Director, 4D Medical Limited

Non-Executive Director, Qscan Group Holdings Pty Ltd

Director, Lirio Consulting Services Pty Ltd

Michael Carter

BEng (Mining), DipFinServ, GradCertMarketing, CertGovPrac&RiskMgmt, GAICD, FGIA

Independent Director and Deputy Chair
Director since 2019, **Deputy Chair since February 2022**

Board committees as at 30 June 2022
Chair, Audit and Risk Committee

Chair, Investment Working Group

Member, Remuneration and Nominations Committee

Other Directorships
Director, Qualia Financial Group Pty Ltd

Director and Responsible Manager, GWP Financial Services Pty Ltd

Non-Executive Director, Sydney Institute of Traditional Chinese Medicine

Allan (Grant) Delves

BSc

Shareholder-elected Director
Director since 2021

Board committees as at 30 June 2022
Member, Operational Risk Committee

Hayley Sergi

BPharm, AAICD

Shareholder-elected Director
Director since 2021

Board committees as at 30 June 2022
Member, Audit and Risk Committee

Member, Remuneration and Nominations Committee

Tracey Valenzisi

BBus

Shareholder-elected Director
Director since 2019

Board committees as at 30 June 2022
Chair, Operational Risk Committee

MI delegate, National Irrigators' Council

Brett Jones

BE (Hons), MEngSc, GradDipAppFin, HBS AMP, FIE (Aust), MAIPM, MAICD

Chief Executive Officer (CEO) and Managing Director (MD)
CEO since October 2015; MD since July 2016

Board committees as at 30 June 2022
Director, MI Holdings Pty Ltd

Board of Directors

Steve Whan

BA GradCertMgt, GAICD

Independent Director
Appointed March 2021

Board committees as at 30 June 2022
Member, Audit and Risk Committee

Director, MI Holdings Pty Ltd

Member, Investments Working Group

Other Directorships as at 30 June 2022
Director, Club Plus Superannuation

Member, Club Plus advisory committee with Australian Super

Member, Watertrust Australia 'influence' advisory committee

Company Secretary

The following persons held the position of Company Secretary during the reporting period:

Michael Turnell

LLB, BCom, GradDip Legal Practice, GAICD

Dominic Puntoriero

BBus (Acc & Legal), CA, GAICD

Former

The following persons retired from the position of Director on 8 November 2021:

James (Nayce) Dalton

AdvDipAg, GAICD

Chair – Shareholder-elected Director (resigned 8 November 2021)
Director since 2013; Chair since March 2019

Board Committees as at 8 November 2021
Chair, Murrumbidgee Irrigation Limited

Chair, Remuneration and Nominations Committee

Other Directorships:
Chair, Yenda Producers Co-operative Society Pty Ltd

Director, Yenda Producers Distribution Pty Ltd

Peter Borrows

BE, Grad Dip in Bus Admin, FIE (Aust), FAICD

Independent Director (resigned 8 November 2021)
Director since 2015

Board Committees as at 8 November 2021
Member, Operational Risk Committee

Other Directorships
Director, Kedron Consulting Pty Ltd

Member, Advisory Committee of Wide Bay Water & Waste

Antonio (Tony) Sergi

Shareholder-elected Director (resigned 8 November 2021)
Director since 2005

Board committees as at 8 November 2021
Member, Remuneration and Nominations Committee

The following person retired from the position of Company Secretary on 30 July 2021:

Helen Bourne

BBus (Acc), CPA, MBA MAICD

The following person retired from the position of Company Secretary on 31 August 2021:

Dorian Radue

BA, MBA, MSc (Strategic Focus), GradDipACG, ACMA, FGIA, FCIS, CA, GAICD, JP

Independent Board review

In line with good practice, the Board regularly reviews its own performance, and invites a suitably qualified external business to provide an independent assessment of governance, effectiveness, and composition.

Following the independent board review conducted by Johnson Partners completed in June 2021, the Company reviewed the findings in a special workshop and agreed to introduce several changes designed to improve productivity and effectiveness. Overall, however, the review found the Board operates with a suitable governance framework, designed to take account of the prescribed composition (member elected and independent directors) with all Directors understanding and acquitting their duties well.

Directors' remuneration

At the Annual General Meeting held on 7 November 2016, shareholders approved a change to the method of remunerating directors. Aggregate remuneration is limited through an annual cap for directors' fees, escalating by CPI at the start of each year. The cap for FY22 was $467,878 (inclusive of superannuation contributions), and actual compensation for the year was below the cap (FY21 $450,750).

Information on Directors' aggregate compensation for the financial year is shown in Note 28 to the financial statements.

Directors' and managers' interests

Current and former shareholder directors Hayden Cudmore, Nayce Dalton, Allan (Grant) Delves, Antonio (Tony) Sergi, Hayley Sergi and Tracey Valenzisi all have interests in contracts with Murrumbidgee Irrigation Limited to own and deliver water. These contracts are based on normal customer terms and conditions. The individual contracts are not subject to discussion at Directors' meetings. All Directors declare any interests in matters relevant to the Company as they arise, and formally table standing disclosures of their interests at least annually. When matters are discussed in which a material personal interest might exist, or be perceived to exist, for an individual Director, that Director will excuse him or herself from the meeting and take no further part in decisions relating to those matters unless the remaining Directors determine that it is in the Company's best interests for the Director to participate.

Directors acknowledge that their overriding duty is to the Company and that Board decisions must be made in the best long-term interests of the Company. Directors and managers are required to place the Company's interests ahead of their personal business interests, and refrain from actions which constitute competing with the Company or taking personal advantage of information provided to them in their capacity as directors.

Our Constitution prohibits the independent Directors and the Managing Director from holding voting shares in the Company. In addition, the Board has determined that independent directors, the CEO and the General Manager Finance may not own or trade water entitlements in the Southern Connected Basin. Leadership team members (excluding the CEO and General Manager Finance) may only hold voting shares in the Company if formally approved.

Aggregate information on shares and commercial transactions of key management personnel with the Company are shown in Note 28 to the financial statements.

Table 4: Directors' attendance at meetings

Director	Directors' Meetings		Audit and Risk Committee		Remuneration and Nominations Committee		Operational Risk Committee	
	Possible	**Attended**	**Possible**	**Attended**	**Possible**	**Attended**	**Possible**	**Attended**
James (Nayce) Dalton (resigned 8 November 2021)	3	3			2	2		
Hayden Cudmore	8	8	1	1			3	3
Lil Bianchi (appointed 8 November 2021)	5	5					2	2
Peter Borrows (resigned 8 November 2021)	3	3					1	1
Michael Carter	8	8	3	3	3	3		
Allan (Grant) Delves (appointed 8 November 2021)	5	5					2	2
Antonio (Tony) Sergi (resigned 8 November 2021)	3	2			2	1	1	1
Hayley Sergi (appointed 8 November 2021)	5	5	2	2	1	1		
Tracey Valenzisi	8	8					3	3
Steve Whan	8	8	3	3				
Brett Jones	8	8						

Directors' report

Directors present their report on the Company and its controlled entities, listed at Note 4, for the financial year ended 30 June 2022.

Directors

The persons who served as directors of Murrumbidgee Irrigation Limited during the year in review and up to the date of this report are listed on pages 22–23.

Company Secretary

The persons who served as Company Secretary during the year in review and up to date of this report are listed on pages 22–23.

Meetings

The Board met either in person or via videoconference 8 times during the year. The duration of meetings was one to two days, including committee meetings, field trips, site visits, customer meetings, training and a strategy session. Meetings are preferably held on-site and face-to-face, however teleconference and electronic meeting technology was used extensively during the first part of the year due to COVID-19 government-imposed travel restrictions.

The agenda for meetings is set through consultation between the Chair, the Chief Executive Officer and the Company Secretary. Prior to each meeting, directors are provided with briefing papers on matters to be considered and are encouraged to participate in debate and to bring to meetings independent views on all relevant issues. Details of attendance at Board meetings are shown in Table 4 of the Corporate Governance Overview on page 25.

Principal activities

The consolidated entity continued its principal activity of water delivery and related services to all customers while maintaining a competitive, resilient business through prudent fiscal management. This primary goal continues to guide the consolidated entity in supporting sustainable irrigation in our area.

There were no significant changes to the nature of the consolidated entity's principal activities during the financial year.

Significant changes in the state of affairs

The commencement of projects funded by the Commonwealth government has seen an increase in staffing and commercial transactions for the consolidated entity, and year-on-year variations in the entity's financials. There are no other significant changes to the state of affairs of the consolidated entity and the Commonwealth government funded projects have not impacted the entities principal activities or operations.

Financial statements

The financial statements for the 2021/22 year in review are contained within this report.

Basis of preparation of financial statements

The financial statements for the year in review are presented as consolidated entity statements. They incorporate the results of the Company and its controlled entities: MI Holdings Pty Ltd, the Hanwood Estate Property Trust, MI Energy Pty Ltd and MI EasyTrade Pty Ltd on a consolidated basis, as required by Australian Accounting Standards (Simplified Disclosure).

Shares, options and loans

Company shares are not listed on any share trading exchange.

There are no securities under option or in respect of which options have been created, nor have any options been exercised.

On winding up of the Company, any remaining assets may not be distributed to shareholders but must be transferred to another irrigation corporation in the Murrumbidgee Irrigation Area (**MIA**), or an entity with similar purposes to the Company.

Shares held by Directors are disclosed in Table 1 in the Directors' Report.

No loan has been granted to any director during the 2021/22 financial year (2020/21: Nil).

Auditor's independence

Audit firm Grant Thornton Audit Pty Ltd has no representation on the Board or Board committees, nor is there any relationship between company officers and the auditor other than the normal business relationship between auditor and client.

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* (Cth).

The Auditor's Independence Declaration is included with the financial statements. Fees paid to the external auditors for audit and non-audit services are fully disclosed in the notes to the financial statements.

Risk management

Directors confirm that robust risk management processes and practices are in place, and that strategic, financial, reputational, and operational risks, including business continuity, continue to be managed appropriately. The Board has formally adopted a statement of risk appetite which it applies when making decisions on behalf of the Company, and which it reviews at least annually.

Compliance

Our practices for managing significant regulatory compliance areas continued to be a focus of the Company during the past year, with the introduction of ReadiNow as our compliance management system. The Board is satisfied that compliance is satisfactorily managed to discharge our legal obligations.

Review of operations

An overview of the operations of MI for the year in review can be found throughout pages 3–15.

The underlying earnings from the normal operations of MI for FY22 was $9.9M (FY21: $10.4M). This number represents the Earnings Before Interest, Tax, Depreciation and Amortisation (**EBITDA**) and is a measure of the Company's operating performance. This excludes earnings from government funded programs, and also excludes any customer contribution. Revenue from normal operations, including customer operations, water savings and investments was $42.2M, and expenditure was $32.3M (FY21: revenue was $42.0M and expenditure was $31.6M).

The Company continues to aim to match its earnings from normal operations to its capital renewal requirements over a rolling 5-year period. Water delivery in FY22 was down from previous years due to higher-than-average rainfall for the year. In FY22, capital expenditure on asset renewal (excluding government funded projects) was $21.0M which was covered by the EBITDA for the year and secured debt funding of $15M.

MI continued with its automation strategy in FY22 using the secured debt funding facility to complete works across the winter 2021 period. To maintain maximum investment returns the Company also maintains a working capital funding facility of $5M. The debt facilities combined were drawn down $2M at FY22 year end.

The Company maintains a strong financial position due to its fully funded asset reserve and 5-year financial plan.

Furthermore, in April 2022, MI was successful in receiving funding from the Commonwealth government of $124M to fund en-route storages and to complete the automation program. The funding will be used over the next three financial years to achieve these projects.

Matters subsequent to the end of the year

Between the end of the financial year and the date of this Directors' Report, no events have occurred, which in the opinion of Directors, have the potential to significantly affect the state of affairs of the consolidated entity.

Future developments

It is anticipated that significantly high water allocations, supported by full water storages, will underpin supplementary water allocations commencing early in the season, which in turn will enable a large winter cropping program and a strong season for our customers. This will require MI to be agile and proactive in using our integrated network to deliver the greatest value possible for customers.

The One Basin CRC, which aims to develop long term solutions to reduce exposure to climate, water and environmental threats in the Murray-Darling Basin, represents an opportunity for MI to partner on the development of research, data collection and industry led solutions. In May 2022, the One Basin CRC was successful in its bid, receiving a grant of $50 million from the Commonwealth Government Co-operative Research Centre Program, which together with $106.5 million from 85 partners, will be used to drive research and solutions for the benefit of water users and water reliant communities across the Basin. As a Tier Two member of this national consortium, led by the University of Melbourne, MI will house one of the CRC's four regional hubs and has already secured funding for two projects relating to irrigation network efficiency.

Water reform

MI believes that the likely failure of the NSW SDLAM projects is the single most acute threat to our region. We continue to advocate for urgent action and have collaborated with Murray Irrigation Limited and Coleambally Irrigation Co-operative Limited for a more active approach to consultation with decision makers and engagement with our communities. In addition, the new Federal Government's policy position on water reform presents a renewed challenge to the business. MI will continue to advocate for the protection of our region and will actively monitor the developments in this space.

Effective advocacy in water policy from an MI perspective is based on widespread understanding of the value of irrigation, the true state of water resources in the Southern Basin and the initiatives underway in the MIA. Initiatives such as Big Water continue to enhance understanding about value of the Murrumbidgee to the wider community, and to facilitate genuine and open discussion about issues that are important in this space.

We note that the ACCC review of water markets has underscored the critical role of water markets but has also made recommendations as to changes which would promote more open, fair, and transparent trading. We are cognisant that our customers and our Company rely on fair and efficient water markets and need to remain alert to opportunities to advocate for increased transparency and simplification of trading rules on behalf of our customers.

Environmental regulation

Murrumbidgee Irrigation Limited holds an operating licence under the *Water Management Act 2000 (NSW)* to carry out the business and function of water delivery within its Area of Operations. A requirement of this operating licence is to hold an Environmental Protection Licence (**EPL**) under the *Protection of the Environment Operations Act 1997 (NSW)*. The EPL is issued by the Environmental Protection Authority (**EPA**) and, among other conditions, requires monitoring and reporting of specified water quality parameters at sites that discharge water outside MI's Area of Operation.

MI met the requirements of our EPL for this reporting year.

To satisfy the requirements of our licences, MI prepares and submits an Annual Compliance Report covering the licensed activities. A copy of our latest available report is located on our website: www.mirrigation.com.au.

Indemnifying Directors and Officers

Murrumbidgee Irrigation Limited indemnifies directors and leadership team members for liabilities to third parties arising from their role as officers of the Company, unless that liability arises out of conduct involving a lack of good faith or a pecuniary penalty or compensation order under the *Corporations Act 2001* (Cth). The Company also provides an indemnity for directors and leadership team members against the cost of successfully defending themselves against civil or criminal proceedings. The Company has insurance policies that provide cover for permitted situations.

During FY22, the Company paid a premium of $91,890 (exclusive of GST and stamp duty) (FY21: $80,870) to provide liability insurance cover for directors and officers and the Company. The insured liabilities include any legal costs that may be incurred in defending civil or criminal proceedings which may be brought against the Company or its officers when acting in that capacity, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, unless such liabilities arise out of conduct involving a wilful breach of duty by the officers, or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company.

It is not possible to apportion the premium between amounts relating to legal costs and other liabilities, or between officers' cover and company cover.

Proceedings on behalf of the Company

No proceedings have been brought or intervened in on behalf of the Company, nor has any such application been made, under section 237 of the *Corporations Act 2001* (Cth).

Dividends

The Company's Constitution prohibits it from declaring any dividends.

Table 5: Particulars of directors' interests in Shares and Delivery Entitlements at 30 June 2022:

Director	Shares			Delivery Entitlements
	A Class	B Class	C Class	
Hayden Cudmore	–	2,103	–	3,232
Grant Delves	549	–	–	687
Hayley Sergi	355	3,175	–	5,948
Tracey Valenzisi	149	–	2	151
Lil Bianchi	–	–	–	–
Michael Carter	–	–	–	–
Steve Whan	–	–	–	–
Brett Jones	–	–	–	–

Directors statement

Directors are satisfied that the auditor, Grant Thornton Audit Pty Ltd, has met the general standard of independence for auditors imposed by the *Corporations Act 2001* (Cth).

This report is made in accordance with a resolution of the directors.

Hayden Cudmore
Chair

Hanwood NSW 2680
30 August 2022

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* (Cth) is set out below:

GrantThornton

Grant Thornton Audit Pty Ltd
Level 22 Tower 5
Collins Square
727 Collins Street
Melbourne VIC 3008
GPO Box 4736
Melbourne VIC 3001

T +61 3 8320 2222

Auditor's Independence Declaration

To the Directors of Murrumbidgee Irrigation Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Murrumbidgee Irrigation Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

A C Pitts
Partner – Audit & Assurance

Melbourne, 30 August 2022

www.grantthornton.com.au
ACN-130 913 594

Financial statements

Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2022

Revenue

	Notes	2022 $'000	2021 $'000
Operations	6	33,833	34,537
Government and other	6	9,782	5,298
Investments	6	8,350	7,598
Total revenue		**51,965**	**47,433**

Expenditure

	Notes	2022 $'000	2021 $'000
Contractors and consultants – operating	7	1,512	1,416
Depreciation	14	14,755	14,568
Employment related	7	19,069	18,853
Net loss on disposal of assets	7	7,528	1,968
Operation and materials		6,056	5,928
Other	7	4,265	3,903
Utilities		1,364	1,363
Total expenditure		**54,549**	**47,999**
Profit/(loss) before tax		**(2,584)**	**(566)**
Income tax benefit/(expense)	15	(1,222)	(3,323)
Profit/(loss) for the year		**(3,806)**	**(3,889)**
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss			
Financial asset at FVOCI[1] revaluation gain/(loss)		(77)	248
Income tax benefit/(expense) on items recognised directly in equity		23	(74)
Items that will not be reclassified subsequently to profit or loss			
Actuarial gain of defined benefits plan recognised directly in equity		481	1,399
Income tax benefit/(expense) on items recognised directly in equity		(144)	(420)
Other comprehensive income for the year net of tax	5	**283**	**1,153**
Total comprehensive income for the year		**(3,523)**	**(2,736)**

The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

[1] Fair Value through Other Comprehensive Income (FVOCI).

Consolidated statement of financial position as at 30 June 2022

Assets

	Notes	2022 $'000	2021 $'000
Current assets			
Cash and cash equivalents	9	19,124	2,632
Trade and other receivables	10	21,127	22,327
Inventories	11	1,906	5,166
Other Assets	12	644	352
Non-current assets held for sale	17	7,893	–
Financial Assets	13	–	33
Total current assets		**50,694**	**30,510**
Non-current assets			
Financial assets	13	4,961	5,142
Property, plant and equipment	14	469,833	460,086
Intangible assets	16	137,124	144,925
Shares in co-operative		32	35
Total non-current assets		**611,950**	**610,188**
Total assets		**662,644**	**640,698**

Liabilities

	Notes	2022 $'000	2021 $'000
Current liabilities			
Trade and other payables	18	13,950	11,314
Provisions	19	3,615	3,666
Borrowings	20	1,875	–
Deferred revenue	21	19,777	49
Total current liabilities		**39,217**	**15,029**
Non-current liabilities			
Provisions	19	515	454
Deferred tax liabilities	15	48,473	47,130
Borrowings	20	125	–
Other liabilities	22	–	248
Total non-current liabilities		**49,113**	**47,832**
Total liabilities		**88,330**	**62,861**
Net assets		**574,314**	**577,837**

Equity

	Notes	2022 $'000	2021 $'000
Contributed equity	24	273,734	273,734
Retained earnings	25	249,296	252,765
Reserves	26	51,284	51,338
Total equity		**574,314**	**577,837**

The consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity for the year ended 30 June 2022

	Share Capital $'000	FVOCI Reval Reserve* $'000	Asset reserve $'000	Retained Earnings $'000	Total $'000
Balance as at 1 July 2020	**273,734**	**(71)**	**51,236**	**255,674**	**580,573**
Profit/(loss) for the year	–	–	–	(3,889)	(3,889)
Other comprehensive income for the year	–	173	–	980	1,153
Total comprehensive income for the year	–	173	–	(2,909)	(2,736)
Balance as at 30 June 2021	**273,734**	**102**	**51,236**	**252,765**	**577,837**
Profit/(loss) for the year	–	–	–	(3,806)	(3,806)
Other comprehensive income for the year	–	(54)	–	337	283
Total comprehensive income for the year	–	(54)	–	(3,469)	(3,523)
Balance as at 30 June 2022	**273,734**	**48**	**51,236**	**249,296**	**574,314**

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.
** Fair Value through Other Comprehensive Income (FVOCI) revaluation reserve – refer to notes 1(p) and 1(t).*

Consolidated statement of cash flows for the year ended 30 June 2022

	Notes	2022 $'000	2021 $'000
Cash flows from operating activities			
Receipts from customers (including GST)		44,794	33,212
Payments to suppliers and employees (including GST)		(39,499)	(39,014)
Cash (used)/receipted by operations		**5,295**	**(5,802)**
Receipts from annual water savings and leasing of water and land		3,387	3,843
Receipts from government contributions		32,450	–
Interest and other finance costs paid		(126)	(33)
Net cash generated by operating activities		**41,006**	**(1,992)**
Cash flows from investing activities			
Payments to acquire financial assets		(3,414)	(3,972)
Proceeds on sale of financial assets		3,500	4,005
Payments for property, plant and equipment		(35,359)	(18,955)
Proceeds on sale of property, plant and equipment		1,166	3,194
Payments for water investments		(92)	(1,682)
Interest and investment income received		7,685	7,579
Net cash used in investing activities		**(26,514)**	**(9,831)**
Cash flows from financing activities			
Proceeds from borrowings		2,000	–
Net cash used in investing activities		**2,000**	**–**
Net decrease in cash and cash equivalents		**16,492**	**(11,823)**
Cash and cash equivalents at the beginning of the year		2,632	14,455
Cash and cash equivalents at the end of the year	9	**19,124**	**2,632**

The consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements as at 30 June 2022

Note 1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. Where there has been a change in presentation format, prior year comparatives have been changed accordingly.

(a) Basis of preparation

The Company's principal purpose is to provide cost effective services to its customers rather than to generate profits, as such, the directors have determined that the Company is a not-for-profit entity as defined under Australian Accounting Standards – Simplified Disclosure.

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets and financial instruments for which the fair value basis of accounting has been applied.

The financial statements have been prepared on a going concern basis based on forecasts prepared for future years demonstrating the Company's solvency, the Company has financial reserves held in cash, deposits and convertible investments, and there are no known threats to the Company's viability.

Murrumbidgee Irrigation Limited (the "Company") is a limited company incorporated in Australia. The registered office and principal place of business of Murrumbidgee Irrigation Limited is:

86 Research Station Road, Hanwood NSW 2680.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of Murrumbidgee Irrigation Limited and its controlled entities MI Holdings Pty Ltd as trustee for the Hanwood Estate Property Trust, MI EasyTrade Pty Ltd and MI Energy Pty Ltd. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Control is achieved where Murrumbidgee Irrigation Limited:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

(c) New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new and amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

- AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities.

  The consolidated entity has adopted AASB 1060 from 1 July 2021. The standard provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs. As a result, there is increased disclosure in these financial statements for key management personnel, related parties, tax and financial instruments.

The adoption of these Accounting Standards and Interpretations has not had a material effect on the consolidated entity.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The consolidated entity has considered Accounting Standards and Interpretations which have been issued but are not yet effective, identifying the following which are relevant to the consolidated entity:

- AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as current or non-current;
- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates.

When these amendments are first adopted for the year ending 30 June 2024 there will be no material impact on the financial statements.

Other Accounting Standards and Interpretations which have been issued but are not yet effective are not relevant to the consolidated entity, or their impact is editorial only.

(d) Revenue recognition

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

(i.) **Customer Revenue:** Revenue from the supply of water and drainage services comprises both access and usage-based charges which are billed GST-free annually to all customers. Revenue is recognised as the services are delivered to customers and the associated performance obligation is fulfilled.

(ii.) **Contract and other revenue:** Other revenue is raised from the provision of contract works, including the installation of irrigation supply infrastructure, earthmoving and hire of plant, and is recognised using a percentage completion method based on the input cost method.

(iii.) **Government contributions for Off Farm Efficiency Program (OFEP):** Contributions received from the government for infrastructure improvements are recognised as revenue on a percentage of completion basis, utilising the input cost method which includes labour and materials, as the relevant expenditure is incurred and when water entitlements are returned. As this arrangement constitutes a bundled contract, revenue relating to each element is recognised proportional to their fair value at contract date as if they were sold and performed independently of each other. As the consolidated entity is obliged under the terms of the funding agreement to undertake the relevant infrastructure works or refund the money, any unexpended funds, equivalent to any unperformed work, at balance date are brought to account as a liability.

(iv.) **Leasing of water and property:** Revenue is recognised on a straight line basis over the term of the lease.

(v.) **Interest income:** Interest income is recognised as it accrues.

(vi.) **Revenue from the sale of assets:** Revenue from the sale of fixed assets is recognised when risks and rewards of ownership have passed to the buyer.

(vii.) **Temporary transfer of water:** Revenue from the temporary transfer of water is recognised when the risks and rewards have passed to the buyer.

(viii.) **Termination charges:** A charge is levied on cancellation of delivery entitlements. This charge for 2021/22 was based on a multiple of 10 times fixed charges in accordance with ACCC water charge rules.

(e) Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the national income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction that, at the time of the transaction, did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses, only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(f) Trade and other receivables

Trade receivables are recognised at fair value. Trade receivables are raised at the end of April for fixed charges and the end of June for water use based charges and are due for settlement no more than 28 days from the date of raising of the invoices. Other debtors are due for settlement in no more than 28 days. Collectability of receivables is reviewed on an ongoing basis.

Debts which are known to be uncollectable are written off. An allowance for expected credit loss is established when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms. The amount of movement in the allowance for expected credit loss is recognised in the consolidated statement of profit or loss and other comprehensive income.

Chapter 7, Part 4, clauses 354 to 362 of the *Water Management Act 2000* ('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 the service or services to which the unpaid services relate.

Based on the above provisions of the *Water Management Act 2000* the consolidated entity considers the allowance for expected credit losses to be appropriate.

(g) Inventories

Raw materials and stores are stated at the lower of cost and net realisable value. Costs are assigned to individual items of stock on the basis of weighted average costs. No inventory is held for resale.

(h) Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The cost of non-current assets constructed by the consolidated entity includes the cost of all materials used in construction, direct labour on the project, and an appropriate proportion of overheads. Land is not depreciated.

Depreciation on other assets is calculated using the straight-line method to allocate their cost over their estimated useful life, as follows:

	Years
Earth channels and drains	100
Infrastructure	10–100
Buildings and cottages	40
Plant	6–15
Office and scientific equipment	3–15
Motor vehicles	4–7

Assets are not depreciated until they have been commissioned. The assets' residual values and useful life are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (refer Note 1 (w)(iii)). Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the consolidated statement of profit or loss and other comprehensive income.

(i) Intangible assets

Licenced water share components are brought to account at cost. The licences have indefinite useful life and accordingly no amortisation is charged. The licenced water shares are checked for impairment annually (refer Note 1 (w)(iii)).

(j) Maintenance expenditure

Routine maintenance expenditure of a regular and ongoing nature is charged as an operating expense to the profit or loss as and when incurred. Major refurbishments in respect of earth supply and drainage channels and other infrastructure are capitalized in accordance with Note 1 (h).

(k) Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity up to the reporting date which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(l) Employee benefits

(i.) **Short-term and long-term employee benefits:** A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long-term employee benefits, are measured at the present value of the estimated future cash outflows to be made by the Company in respect of services provided by employees up to the reporting date.

(ii.) **Retirement benefit obligations:** All employees of the consolidated entity are entitled to benefits on retirement, disability or death. Plans are either defined contribution or defined benefit. The defined benefit plan provides defined lump sum or pension benefits based on years of service and final average salary and is administered by the Active Super Scheme.

Under the accumulated plans, the consolidated entity makes contributions as determined by legislation.

A liability or asset in respect of defined benefit superannuation plans is recognised in the consolidated statement of financial position and is measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains, less unrecognised actuarial losses, less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost.

The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Movements in the value of the defined benefits plans' assets and liabilities are recognised directly to other comprehensive income. Post service costs and net interest expense or income are recognised in profit or loss in the period. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(m) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand and cash at bank.

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(o) Rounding of amounts

The Company is of a kind referred to in Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

(p) Financial assets

(i.) Recognition, initial measurement and derecognition

Financial assets are recognised when the Company becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurements of financial assets are described below. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

(ii.) Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss (FVPL)
- equity instruments at fair value through other comprehensive income (FVOCI)
- debt instruments at fair value through other comprehensive income (FVOCI).

Classifications are determined by both:

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

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

(iii.) Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows;
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as government bonds that were previously classified as held-to-maturity under AASB 139.

Debt instruments at fair value through other comprehensive income (Debt FVOCI)

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of collecting the contractual cash flows and selling the assets are accounted for at Debt FVOCI. Any gains or losses recognised in other comprehensive income will be reclassified to profit or loss upon derecognition of the asset. This category includes corporate bonds that were previously classified as 'available-for-sale' under AASB 139.

Impairment of financial assets

AASB 9's impairment requirements use more forward looking information to recognise expected credit losses – the 'expected credit losses (ECL) model'. Instruments within the scope of the requirements include loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Company considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses.

In using the practical expedient, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Classification and measurement of financial liabilities

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

(q) Financial liabilities

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

(r) Provisions

Provisions are recognised when the consolidated entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

(s) Leasing

For any new contracts entered into on or after 1 July 2020, the Company considers whether a contract is, or contains, a lease. At lease commencement date, a right-of-use asset and a lease liability is recognised on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The right-of-use assets are depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

At the commencement date, the lease liability is measured at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

(t) Reserves

The Constitution provides that directors may, at their discretion, set aside reserves out of Company profits, to be used for any purpose that the profits of the Company can be properly applied. Such reserves can be used in the business of the Company or reinvested as the directors think fit.

(i.) **Asset Reserve:** The purpose of the Asset Reserve is to set aside funds for future investment in infrastructure. The revenue that the Company derives from the Asset Reserve investments funds the ongoing asset renewal program of the business.

(ii.) **Fair Value through Other Comprehensive Income Reserve (FVOCI):** The purpose of the FVOCI Reserve is to accumulate unrealised gains or losses on financial asset revaluations.

(u) Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Non-current assets are classified as held for sale only when the Company is committed to the sale and the sale is expected to qualify for recognition as a completed sale within one year from the date of classification.

(v) Critical accounting judgments and key sources of estimation uncertainty

In the application of the consolidated entity's accounting policies, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(i.) **Climate change:** Where specific impacts of climate change are identified, there may be impacts on useful lives of assets (increasing depreciation charged and reducing carrying values) and there may be changes to the basis of accounting for intangible assets. It is not possible, at the present time, to state the expected quantum of these impacts.

(ii.) **Assets held for sale:** The Company has entered into contracts to transfer water over the period 2022 – 2024, which it has classified as held for sale. As these assets were previously held at cost, and their fair value is higher than their cost, there has been no impact other than reclassification from the change in treatment.

Management have determined that the assets are held for sale as the Company is committed to the sale, the assets are immediately available for transfer, and the only reason assets may not be transferred within 12 months is out of the control of the Company.

If the assets held for sale were deemed to not be held for sale, they would be recorded as intangible assets. There would be no impact on the statement of profit and loss.

(w) Significant estimates

(i.) **Property, plant & equipment:** Depreciation is charged on property, plant and equipment as outlined in Note 14. Management have determined useful lives based on historical experience, as outlined within that note. Given the quantum of assets held by the Company, this is a significant estimate.

If the useful lives of assets were to reduce by 5% (an average of 2.2 years), depreciation would increase by $0.7M per annum.

(ii.) **OFEP revenue recognition:** Revenue relating to the OFEP funding is recongnised as infrastructure projects are completed. The revenue is recognised over time as progress is made against budgeted expenditure on infrastructure projects. There is a risk that spend on these infrastructure projects may be higher or lower than budgeted, with any changes in the forecast costs to complete having a consequential impact on the revenue which would be recognised.

Management do not consider there to be a significant risk of a material adjustment in the next 12 months based on historical experience of major infrastructure projects.

If forecast costs to complete were +/- 5% against the original budget in the current year, the Company would have recognised +/- $0.5m of OFEP revenue.

(iii.) **Impairment of assets:** Assets are reviewed annually for impairment or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

As the Company is a not-for-profit entity and the future economic benefits of the Company's assets are not primarily dependent on their ability to generate cash flows, value in use is taken to be current replacement cost provided that the Company would, if deprived of the asset, replace it.

Intangible assets with indefinite useful lives are reviewed annually as to whether their carrying value exceeds their recoverable amount.

The commencement of the OFEP project created an expectation that a significant portion of the Company's capital assets will be replaced or decommissioned in future years. Where the Company has been able to make a reasonable estimate of such items, the carrying amount of the relevant assets has been reduced to their recoverable amount. That reduction is recognised as an impairment loss through the consolidated statement of profit or loss.

It is impracticable as at 30 June 2022 to estimate the impact of planned replacements over the medium-to-longer term as these are subject to management and Board decisions, ongoing availability of funding, progress against current infrastructure projects and workforce capacity.

(x) Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations, and comply with other requirements of the law. Accounting Standards include Australian Accounting Standards – Simplified Disclosures.

The financial statements were authorised for issue by the directors on 30 August 2022.

(y) Comparatives

Unless otherwise stated, all accounting policies applied are consistent with those of prior years. Where necessary, comparatives have been reclassified for consistency with current year disclosures.

Note 2. Segment reporting

Revenue and expenses by activities

2022 $'000	Customer operations	Water savings	Investments	Government and other activities	Hanwood Estate Property Trust	Inter-company	Total
Revenue	30,585	3,248	7,684	9,782	1,447	(781)	**51,965**
Expenses	(45,954)	–	–	(7,929)	(1,447)	781	**(54,549)**
(Loss)/profit before tax	**(15,369)**	**3,248**	**7,684**	**1,853**	**–**	**–**	**(2,584)**

2021 $'000	Customer operations	Water savings	Investments	Government and other activities	Hanwood Estate Property Trust	Inter-company	Total
Revenue	30,836	3,708	7,480	5,298	877	(766)	**47,433**
Expenses	(45,812)	–	–	(2,076)	(877)	766	**(47,999)**
(Loss)/profit before tax	**(14,976)**	**3,708**	**7,480**	**3,222**	**–**	**–**	**(566)**

Note 3. Parent entity disclosure

Statement of profit or loss and other comprehensive income of the parent entity Murrumbidgee Irrigation Limited

	2022 $'000	2021 $'000
Operations revenue	41,520	42,024
Government and other revenue	9,782	5,298
Total revenue	**51,302**	**47,322**
Customer expenditure	46,119	45,989
Government and other expenditure	7,929	2,076
Total expenditure	**54,048**	**48,066**
(Loss)/profit before tax	(2,746)	(743)
Income tax expense	(1,222)	(3,323)
(Loss)/profit for the year	**(3,968)**	**(4,066)**
Other comprehensive income		
Actuarial loss of defined benefit plan recognised directly in equity	481	1,399
Financial asset at FVOCI revaluation losses	(77)	248
Income tax (expenses)/benefit on items recognised directly in equity	(121)	(494)
Other comprehensive income for the year net of tax	**283**	**1,153**
Total comprehensive income for the year net of tax	**(3,685)**	**(2,913)**

Statement of financial position of the parent entity Murrumbidgee Irrigation Limited

Current assets	51,497	30,740
Non-current assets	627,618	625,717
Total assets	**679,115**	**656,457**
Current liabilities	42,780	17,565
Non-current liabilities	62,560	61,431
Total liabilities	**105,340**	**78,996**
Net assets	**573,775**	**577,461**
Contributed equity	273,734	273,734
Reserves	51,284	51,338
Retained earnings	248,757	252,389
Total equity	**573,775**	**577,461**

Note 4. Subsidiaries

Information about the composition of the Company at the end of the reporting period is as follows.

Name of Entity	Principal activity	Place of incorporation	Number of wholly-owned subsidiaries		Proportion of interest and voting	
			2022	2021	2022	2021
MI Holdings Pty Ltd	Trustee Company	Australia	1	1	100%	100%
Hanwood Estate Property Trust	Investment	Australia	1	1	100%	100%
MI EasyTrade Pty Ltd	Not active	Australia	1	1	100%	100%
MI Energy Pty Ltd	Not active	Australia	1	1	100%	100%
Number of wholly-owned subsidiaries			4	4		

Note 5. Amounts recognised directly in equity

The following amounts were recognised directly to equity:	2022 $'000	2021 $'000
Actuarial profit/(loss) of defined benefits plan recognised directly in equity	481	1,399
Financial asset at FVOCI revaluation profit/(loss)	(77)	248
Income tax (expense)/benefit on items recognised directly in equity	(121)	(494)
Net profit/(loss) recognised directly in equity	**283**	**1,153**

Note 6. Revenue

Customer Revenue	2022 $'000	2021 $'000
Fixed charges	21,127	20,396
Usage	8,012	9,042
Bulk water conveyance	988	1,078
Contract and other	458	313
Total customer revenue	**30,585**	**30,829**
Water savings	3,248	3,708
Total operating revenue	**33,833**	**34,537**
Government and other revenue		
Off Farm Efficiency Program (OFEP) – infrastructure funding	9,743	–
Customer contributions	39	5,298
Total government and other revenue	**9,782**	**5,298**
Investment revenue		
Interest	412	382
Water allocation	7,938	7,216
Total investment revenue	**8,350**	**7,598**

Note 7. Expenses

The statement of profit or loss and other comprehensive income includes the following expenses:

	2022 $'000	2021 $'000
Salaries and wages	13,972	14,138
Superannuation	1,442	1,238
Labour on-costs	3,655	3,477
Total employment related	**19,069**	**18,853**
Legal	170	291
Consultants	1,082	955
Audit and taxation advisors	128	114
Environmental	132	56
Total contractors and consultants – operating	**1,512**	**1,416**
Insurance	1,266	1,020
Information Technology	1,638	1,684
Fees and charges	(50)	(139)
Bulk water conveyance	483	559
Other	928	779
Total other	**4,265**	**3,903**
(Gain)/loss on disposal of non – infrastructure assets	(342)	636
Infrastructure disposals*	7,870	1,332
Total net loss on disposal of assets	**7,528**	**1,968**

** Infrastructure disposals include impairments of infrastructure assets, taken up due to the pending replacement of the assets under the scheduled OFEP capital works.*

Note 8. Remuneration of auditors

	2022 $	2021 $
(a) Auditor of the parent entity		
Audit of the financial report	75,000	68,000
Taxation services	50,825	31,940
Total other	**125,825**	**99,940**
(b) Other auditors		
Audit or review of the financial report of Hanwood Estate Property Trust	2,367	3,003
Other assurance services*	–	11,031
	2,367	**14,034**

** Other assurance services (other auditors) relate to audits of the Murrumbidgee Irrigation Area Renewal Alliance (MIARA) expenditure by Pitcher Partners in 2021.*

Note 9. Cash and cash equivalents

	2022 $'000	2021 $'000
Cash at bank and on hand	19,124	2,632
Total cash and cash equivalents	**19,124**	**2,632**

Included in the above cash and cash equivalents are the following:

Cash held for Off Farm Efficiency Program (OFEP)	17,818	–
Unrestricted operational cash	1,306	2,632
Total cash and cash equivalents	**19,124**	**2,632**

Note 10. Trade and other receivables

Current trade and other receivables:

	2022 $'000	2021 $'000
Trade receivables	5,025	5,148
Less: Expected credit losses	(25)	(24)
	5,000	**5,124**
Other receivables	16,128	17,203
Less: Expected credit losses	(1)	–
	16,127	**17,203**
Total current receivables	**21,127**	**22,327**
Total receivables	**21,127**	**22,327**

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost. No interest is charged on trade receivables for the first 28 days from the date of the invoice. Thereafter, interest is charged at the maximum rate permissible under the *Water Management Act 2000* on the outstanding balance. In accounting for the loss allowance for trade and other receivables, the consolidated entity uses the simplified approach to recognise this equal to the expected lifetime credit losses. The consolidated entity uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Movement in the allowance for credit losses:	2022 $'000	2021 $'000
Balance at the beginning of the year	24	26
Impairment (gains)/losses recognised on receivables	2	(2)
Amounts written off during the year as uncollectable	–	–
Amounts recovered during the year	–	–
Balance at end of the year	**26**	**24**

Note 11. Current assets – inventories

	2022 $'000	2021 $'000
General inventory, chemicals and construction materials – at cost	1,906	5,166
Total inventories	**1,906**	**5,166**

Note 12. Other assets – other

	2022 $'000	2021 $'000
Prepayments	439	352
Retirement benefit asset	205	–
Total other assets	**644**	**352**

Note 13. Financial assets

	Notes	2022 $'000	2021 $'000
Financial assets at FVOCI		4,961	5,175
Total financial assets		**4,961**	**5,175**
Included in the above financial assets at FVOCI are the following:			
Financial assets held for asset reserve	24	2,779	–
Unrestricted financial assets at FVOCI		2,182	5,175
Total financial assets		**4,961**	**5,175**
Current		–	33
Non-current		4,961	5,142
Total financial assets		**4,961**	**5,175**

Note 14. Property, plant and equipment

Net book values:

	2022 $'000	2021 $'000
Land	9,709	9,845
Earth channels, infrastructure and drains	421,555	429,052
Buildings and cottages	8,809	9,244
Plant	3,291	2,764
Office and scientific equipment	998	1,189
Motor vehicles	1,859	1,781
In course of construction	23,612	6,211
Balance as at 30 June	**469,833**	**460,086**

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below:

	Land ($'000)	Earth channels and infrastructure ($'000)	Buildings and cottages ($'000)	Plant ($'000)	Office and scientific equipment ($'000)	Motor vehicles ($'000)	In course of construction ($'000)	Total ($'000)
Carrying amount at 1 July 2021	**9,845**	**429,052**	**9,244**	**2,764**	**1,189**	**1,781**	**6,211**	**460,086**
Acquisitions	–	299	50	924	208	671	30,420	32,572
Disposals	(136)	(1,399)	–	–	–	(62)	–	(1,597)
Depreciation	–	(12,943)	(485)	(397)	(399)	(531)	–	(14,755)
Impairment	–	(6,473)	–	–	–	–	–	(6,473)
Transfers in/(out)	–	13,019	–	–	–	–	(13,019)	–
Balance at 30 June 2022	**9,709**	**421,555**	**8,809**	**3,291**	**998**	**1,859**	**23,612**	**469,833**

The consolidated entity's policy for accounting for depreciation of assets is described in Note 1(h).

Note 15. Income taxes

Tax benefit comprises:

	2022 $'000	2021 $'000
Current tax benefit in respect of the current year	–	–
Total current tax benefit	–	–
Deferred tax benefit/(expense) relating to the recognition and reversal of temporary differences	(1,235)	(3,427)
Research and development tax offset	13	104
Total deferred tax (expense)/benefit	**(1,222)**	**(3,323)**
Total current tax (expense)/benefit relating to continuing operations	**(1,222)**	**(3,323)**

The benefit/(expense) for the year can be reconciled to the accounting profit as follows:

	2022 $'000	2021 $'000
Profit from continuing operations	(2,584)	(566)
Income tax (benefit)/expense calculated at 30%	775	170
Effect of net PIIOP revenue/expense that is exempt	(2,347)	(2,318)
Under/over – R&D and tax losses	–	213
Under/over – property, plant and equipment	343	(1,428)
Reversal of prior year under/over – property, plant and equipment	7	40
Income tax (expense)/benefit recognised in profit or loss	**(1,222)**	**(3,323)**

Deferred tax balances are presented in the statement of financial position as follows:

	2022 $'000	2021 $'000
Capital allowances and depreciation	62,814	54,924
Retirement obligation	61	(476)
Employee entitlements	(1,471)	(1,570)
Asset impairment	(2,484)	(542)
Revenue recognition	(5,927)	–
Tax losses and research and development tax offset	(4,565)	(5,290)
Other	45	84
Deferred tax liabilities	**48,473**	**47,130**

Note 16. Intangible assets

Reconciliation – water	2022 $'000	2021 $'000
Water – conveyance at cost (parent entity)	88,177	91,300
Water – High Security and General Security	48,505	53,183
Water – at cost (controlled entity)	442	442
Carrying amount	**137,124**	**144,925**

Reconciliation – water		
Carrying amount 1 July	144,925	143,243
Water – conveyance sold/held for sale during year	(3,123)	–
Water – High Security and General Security sold/held for sale during year	(5,124)	(946)
Water – High Security and General Security acquired during year	446	2,628
Carrying amount	**137,124**	**144,925**

Intangible assets are carried at the lower of their cost or cost less impairment. The consolidated entity's policy for accounting for water and impairment of assets is described in Notes 1(w)(iii) and 1(i).

Note 17. Non-current assets held for sale

	2022 $'000	2021 $'000
Water – Conveyance at cost	3,123	–
Water – High Security and General Security	4,770	–
Total non-current assets held for sale	**7,893**	**–**

In April 2022, Murrumbidgee Irrigation agreed to sell 6,290ML of Conveyance water entitlements to the Commonwealth Government, in accordance with the Off Farm Efficiency Program funding deed. The sale is expected to be completed before the end of March 2024 and as the OFEP deed has been executed and MI is committed to the sale, the entire volume of water has been recognised.

In May 2022, Murrumbidgee Irrigation decided to sell 3,405ML of High Security and General Security water entitlements. The sale is expected to be completed before the end of September 2022.

The amount recorded as held for sale during the reporting period was measured at the lower of its carrying amount and fair value less costs to sell at the time of the reclassification, resulting in no gain or loss being recognised. The fair value of the water was determined using a market approach (based on quoted prices for similar assets).

Note 18. Trade and other payables

	2022 $'000	2021 $'000
Trade payables	2,284	3,987
Accruals	11,666	7,327
Total trade and other payables	**13,950**	**11,314**

Generally no interest is charged on trade payables for the first 28 days from date of the invoice. Thereafter, interest may be charged on outstanding balances. The consolidated entity has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

Note 19. Provisions

Employee entitlements:

	2022 $'000	2021 $'000
Annual leave	1,299	1,072
Long service leave	2,831	3,048
Total provisions	**4,130**	**4,120**
Current	3,615	3,666
Non-current	515	454
Total provisions	**4,130**	**4,120**

Note 20. Borrowings

Assets pledged as security
The bank loans are secured by first mortgages over the consolidated entity's High Security Water Entitlements WAL11299.

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

Total facilities:

	2022 $'000	2021 $'000
Working capital loan facility	5,000	5,000
Bank loan	13,125	15,000
Total facilities	**18,125**	**20,000**
Used at reporting date:		
Working capital loan facility	–	–
Bank loan	2,000	–
Total used at reporting date	**2,000**	**–**
Unused at reporting date:		
Working capital loan facility	5,000	5,000
Bank loan	11,125	15,000
Total unused at reporting date	**16,125**	**20,000**
Current	1,875	–
Non-current	125	–
Total liability at reporting date	**2,000**	**–**

Any principal repayments due within the next 12 months are classified as current liabilities in the consolidated statement of financial position.

Note 21. Deferred revenue

	Notes	2022 $'000	2021 $'000
Off Farm Efficiency Program	1 (d) (iii)	19,762	–
Other	1 (d) (ii)	15	49
Total deferred revenue		**19,777**	**49**

Note 22. Other liabilities

	Notes	2022 $'000	2021 $'000
Retirement benefit obligation	23	–	248
Total other liabilities		**–**	**248**
Current		–	–
Non-current		–	248
Total other liabilities		**–**	**248**

Note 23. Retirement benefit plans

All employees are entitled to benefits on retirement, disability or death. The entity has two retirement plans, the defined benefits plan and the accumulation plan. The accumulation plan provides benefits on accumulations based on contribution and investment income.

The defined benefits superannuation plans are administered by the Active Super Scheme (the Scheme) in accordance with legislation. The defined benefits plans provide benefits based on years of service and final average salary. Employees contribute to the plans at various percentages of their wages and salaries. In respect of contributions to the defined benefits plans, the Company has applied the rate of employer contribution advised by the actuary and by the Scheme administrators (Active Super Scheme).

The Scheme was established on 30 June 1997 by a Trust Deed made under an Act of the NSW Parliament for the purpose of providing retirement benefits for public sector employees of certain Local Government bodies in NSW. The Scheme has received an exemption from annual actuarial valuation and therefore actuarial valuations are only required triennially.

The last actuarial valuation of the Scheme was performed as at 30 June 2021 by Mercer Consulting (Australia) Pty Ltd. The next actuarial valuation is due as at 30 June 2024 and will be released in the 2024/25 financial year. Actuarial assessments are made in the intervening periods for financial reporting purposes, with Mercer Consulting (Australia) Pty Ltd conducting an assessment as at 30 June 2022. The Directors rely on the assessments and valuations performed by Mercer Consulting (Australia) Pty Ltd to determine the entity's obligation in respect of its defined benefit plans.

There are a number of risks to which the plan exposes the Employer. The more significant risks relating to the defined benefits are:

Interest rate risk	The present value of the defined benefit liability is calculated using a discount rate determined by reference to market yields of high quality corporate bonds. The estimated term of the bonds is consistent with the estimated term of the defined benefit obligation. A decrease in market yield on high quality corporate bonds will increase the entity's defined benefit liability.
Investment risk	The risk that investment returns will be lower than assumed and the Employer will need to increase contributions to offset this shortfall.
Longevity risk	The risk that pensioners live longer than assumed, increasing future pensions.
Indexation risk	The risk that pensions will increase at a rate greater than assumed, increasing future pensions.
Salary growth risk	The risk that wages or salaries (on which future benefit amounts for active members will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.
Legislative risk	The risk is that legislative changes could be made which increase the cost of providing the defined benefits.

A reconciliation of the entity's defined benefit obligation and plan assets to the amount presented in the consolidated statement of financial position for each of the reporting periods is presented below:

	2022 $'000	2021 $'000
Present value of defined benefit obligations	24,630	31,525
Fair value of defined benefit plan assets	(25,852)	(31,277)
Adjustment for effect of asset ceiling	1,017	–
Net (asset)/liability	**(205)**	**248**

For FY22 the retirement benefit plan net asset has been recognised in Other Assets – see Note 12.

The details of the entity's defined benefit obligation are as follows:

	2022 $'000	2021 $'000
Opening present value of defined benefit obligation	31,525	33,417
Current service cost	127	164
Interest cost	876	926
Actuarial (gains)/losses arising from changes in demographic assumptions	1,306	–
Actuarial (gains)/losses arising from changes in financial assumptions	(7,908)	82
Actuarial (gains)/losses arising from liability experience	(127)	(1,191)
Benefits paid	(1,061)	(1,754)
Taxes, premiums and expenses paid	(108)	(119)
Closing defined benefit obligation	**24,630**	**31,525**

The reconciliation of the balance of the assets held for the defined benefit plans is presented below:

	2022 $'000	2021 $'000
Opening fair value of plans assets	31,277	31,807
Interest income	870	882
Movement in value on fund assets less interest income	(5,231)	290
Employer contributions	105	171
Benefits paid	(1,061)	(1,754)
Taxes, premiums and expenses paid	(108)	(119)
Closing fair value of plans assets	**25,852**	**31,277**

All Division B, C and D assets are held in Pool B of the Scheme. As such, assets are not separately invested for each employer and it is not possible or appropriate to disaggregate and attribute fund assets to individual entities, and the disclosures below relate to total assets of Pool B of the Scheme.

	Total ($'000)	Quoted prices in active markets for identical assets Level 1 ($'000)	Significant observable inputs Level 2 ($'000)	Unobservable inputs Level 3 ($'000)
Unlisted and listed Securities Employer Reserve	1,826,127	755,411	640,946	429,770
Unlisted and listed Securities Member Investment Choice	1,600,948	743,855	483,401	373,692
Total	**3,427,075**	**1,499,266**	**1,124,347**	**803,462***

** Includes the value of Challenger annuity policy held by Trustee valued on the AASB119 basis.*

As shown in the table above some Active Super assets are invested in accordance with member investment choices.
For Active Super assets supporting the Employer Reserve, the percentage invested in each asset class at the reporting date is:

	2022	2021
Equities	41%	56%
Property	11%	11%
Fixed Income	28%	18%
Cash	8%	9%
Other*	12%	6%
Total	**100%**	**100%**

** Other includes private equity, private credit, growth alternative and defensive alternative assets.*

The significant actuarial assumptions used for the valuation are as follows:

	2022	2021
Discount rate at 30 June	5.26%	2.83%
Salary growth rate	3.50%	3.50%
Expected rate of CPI increase*	5.30%	2.50%

** The rate of CPI increase has been assessed at 5.30% for FY22, then 2.50% per annum thereafter.*

Note 24. Contributed equity

(a) Ordinary shares – fully paid

	2022 $'000	2021 $'000
Contributed equity	**273,734**	**273,734**

Shares are cancelled or forfeited as a result of customers' water entitlement transactions including sales of water entitlement out of Murrumbidgee Irrigation Limited's water access licences. There is no impact on contributed equity.

(b) Movement in number of shares

	2022 Shares No.	Forfeited or cancelled shares No.	2021 Shares No.
A Class Shares	216,866	(3,124)	219,990
B Class Shares	528,071	(4,698)	532,769
C Class Shares	14,610	(107)	14,717
Total ordinary shares	**759,547**	**(7,929)**	**767,476**

As at 30 June 2022 – 25,852 (2021 – 17,923) previously forfeited shares are under the control of the directors and are available to be re-issued.

(c) Voting rights

	2022	2021
Voting rights attached to A Class shares	1,337	1,375
Voting rights attached to B Class shares	896	921
Voting rights attached to C Class shares	–	–

The Constitution prescribes one vote per landholding.

A Class and B Class shareholders have voting rights at general meetings and for the election of Member Directors in their voting college. Where a shareholder holds both A Class and B Class shares, the holder votes in the college in which they hold the greater number of shares.

C Class shareholders generally have no voting rights other than in respect of matters affecting their class rights.

(d) Rights to assets

Shares carry no rights to, or have residual interest in, any assets remaining on the winding up of the Company.

Note 25. Retained earnings

	Notes	2022 $'000	2021 $'000
Retained earnings at the beginning of the financial year		252,765	255,674
Total comprehensive income for the year		(3,469)	(2,909)
Retained earnings at the end of the financial year		**249,296**	**252,765**

Note 26. Reserves

	Notes	2022 $'000	2021 $'000
Asset reserve at the beginning of the year		51,236	51,236
Asset reserve at the end of the year		**51,236**	**51,236**
Financial asset at FVOCI revaluation reserve at the beginning of the year		102	(71)
Financial asset at FVOCI revaluation profits/(losses)		(54)	173
Financial asset at FVOCI reserve at the end of the year		**48**	**102**
Total reserves at the end of the year		**51,284**	**51,338**
Reserves are funded by the following investments:			
Water investments	16	48,505	51,338
Financial assets	13	2,779	–
Total funding		**51,284**	**51,338**

The purpose of the asset reserve is to set aside funds for future investment in infrastructure. The revenue that MI derives from the Asset Reserve investments funds the ongoing asset renewal program of the business.

Water investments are held at the lower of cost and net realisable value. As at 30 June 2022, the market value of the water investments was approximately $176,000,000 (2021 – $147,000,000).

Note 27. Financial instruments

The consolidated entity's activities expose it primarily to the financial risks of liquidity, credit risk and interest rate risk.

The directors and senior management are responsible for monitoring and managing the financial risks of the consolidated entity. They monitor these risks through board meetings where management reports are presented and analysed.

The consolidated entity manages its capital to ensure that entities in the consolidated entity will be able to continue as going concerns while maximising the returns to the consolidated entity through the optimisation of investment opportunities.

The consolidated entity's overall strategy remains unchanged from 2021. The consolidated entity's financial instruments consist mainly of deposits with banks, fixed and floating rate notes, accounts receivable and accounts payable. The Company is exposed to the following risks through holding financial instruments:

(a) **Credit risk exposures:** Credit risk is the risk of financial loss to the consolidated entity if a party to a financial instrument fails to meet its contractual obligations. In respect of its cash and term deposits, the consolidated entity manages its risk by the application of the consolidated entity's investment policy. In respect of trade debtors, the credit risk is largely mitigated by the security described at Note 1 (f). The consolidated entity establishes allowances for impairment when it is expected that any receivables are not considered collectible.

The maximum exposure to credit risk as at balance date is the carrying amount as disclosed in the statement of financial position.

(b) **Liquidity risk management:** Liquidity risk is the risk that the consolidated entity will not be able to meet its financial obligations as they fall due.

The consolidated entity has both short and long term facilities which enable sufficient cash to be available to settle obligations as they fall due.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which is continuously reviewing practices with the purpose of establishing an appropriate liquidity risk management framework for the consolidated entity's short, medium and long term funding and liquidity management requirements.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Due to the dynamic nature of the underlying businesses, the consolidated entity aims at maintaining flexibility in funding by keeping committed credit lines available. The credit risk on liquid funds is limited because the investment houses are banks with high credit ratings assigned by international credit rating agencies.

(c) **Net fair value of financial assets and liabilities:** The directors consider that the carrying amount of financial assets and financial liabilities recognised at amortised cost in the financial statements approximates their fair values.

Note 28. Key management personnel compensation

(a) The directors and other members of key management personnel of the consolidated entity during the year were:

(i) Directors

Non-executive Chair:	H P Cudmore
Non-executive Directors:	L Bianchi (8/11/21 – 30/6/22), P C Borrows (1/7/21 – 8/11/21), M K Carter, J I Dalton (1/7/21 – 8/11/21), A G Delves (8/11/21 – 30/6/22), A J Sergi (1/7/21 – 8/11/21), H Sergi (8/11/21 – 30/6/22), T C Valenzisi, S J R Whan
Managing Director:	B A Jones

(ii) Leadership team

B A Jones	Chief Executive Officer
H E Bourne	Company Secretary/General Manager Finance & ICT (1/7/21 to 6/8/21)
S J Hansen	General Manager Customer Services
K J Hutchinson	General Manager People and Policy
A R Pasquetti	General Manager Information Systems
D F Puntoriero	Company Secretary/General Manager Finance
D P Radue	General Manager Corporate Services (1/7/21 to 31/8/21)
J J Rudd	General Manager Asset Delivery
A P Shea	General Manager Operations
M J Turnell	Company Secretary/Legal Advisor

(b) Key management personnel compensation:

(i) Directors (excluding Managing Director)	2022 $	2021 $
Short-term benefits	404,656	401,021
Post-employment benefits	40,465	38,097
Total compensation	**445,121**	**439,118**

(ii) Leadership (including Managing Director)	2022 $	2021 $
Short-term benefits (including payment of leave entitlements on termination)	2,377,005	2,122,980
Post-employment benefits	172,200	150,728
Total compensation	**2,549,205**	**2,273,708**

(c) Equity instrument disclosures for key management personnel:

The aggregate numbers of shares in the Company at balance date that key management personnel have an interest in were:

Ordinary shares	2022	Movement	2021
A Class	1,053	(470)	1,523
B Class	5,278	163	5,115
C Class	2	–	2
Total ordinary shares	**6,333**	**(307)**	**6,640**

(d) Other transactions with key management personnel

As active irrigator shareholders of the Company a number of key management personnel entered into normal commercial transactions for the supply of water and drainage services in accordance with the Water Entitlements and Water Delivery Contracts.

Value of transactions:

	2022 $	2021 $
Water supply and drainage services	448,425	178,656
Receivable balance at reporting date	–	2,798

(e) Loans to key management personnel

There are no loans to key management personnel.

Note 29. Related parties

Related party transactions with key management personnel are disclosed in Note 28.

While other related party relationships have been identified by management, there were no material transactions with those related parties in the year-ended 30 June 2022 (2021: none). Other than the entities controlled within the Group, which are consolidated within these financial statements and for which intragroup transactions are not disclosed as a result, no other related parties where control exists have been identified.

Note 30. Commitments

Capital commitments	**2022 $'000**	**2021 $'000**
Commitments for the acquisition of plant and equipment contracted for at the reporting date, but not recognised as liabilities.	9,553	4,239

Note 31. Events occurring after balance date

At the date of this report, no matter or event has occurred since the balance date that has not been disclosed elsewhere in the financial statements.

Note 32. Contingent liabilities

The consolidated entity is not aware of any contingent liabilities at the reporting date (2021 – Nil).

Directors' declaration

The directors declare that the financial statements and notes set out on pages 32 to 61:

(a) comply with Accounting Standards – Simplified Disclosures, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(b) give a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date.

In the directors' opinion:

(c) the financial statements and notes are in accordance with the *Corporations Act 2001*; and

(d) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

Hayden Cudmore
Chair

Hanwood, NSW
30 August 2022

GrantThornton

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Independent Auditor's Report

To the Members of Murrumbidgee Irrigation Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Murrumbidgee Irrigation Limited (the Company) and its subsidiaries (the Group) which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

a giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards *AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* 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 Group in accordance with 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 (including Independence Standards)* (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.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

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

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 Group are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standard – *AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* and the *Corporations Act 2001*. The Directors' responsibility also includes 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 Group's ability 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 Group or to cease operations, or have 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 the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

A C Pitts
Partner – Audit & Assurance

Melbourne, 30 August 2022

Grant Thornton Australia Limited

Company directory

as at 30 August 2022

Murrumbidgee Irrigation Limited

ABN	39 084 943 037
Directors	Hayden Cudmore Lil Bianchi Michael Carter Allan (Grant) Delves Hayley Sergi Tracey Valenzisi Steve Whan Brett Jones
Company Secretary	Michael Turnell Dominic Puntoriero
Registered office and Share Register	86 Research Station Road Hanwood NSW 2680 Tel: 02 6962 0200
Leeton office	Dunn Avenue Leeton NSW 2705 Tel: 02 6953 0100
Postal	Locked Bag 6010 Griffith NSW 2680
Website	www.mirrigation.com.au
Email	info@mirrigation.com.au
Auditor	Grant Thornton Melbourne VIC 3000
Bankers	Commonwealth Bank of Australia Leeton NSW 2705
Insurance brokers	Arthur J. Gallagher North Sydney NSW 2060

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Murrumbidgee Irrigation