

ANNUAL 2021/22 REPORT



TABLE OF CONTENTS

01	Reports	2
	Chairman and Chief Executive Officer's Report	3
	Sinking Fund Report	8
	External Matters Report	9
02	Financial Statements	10
	Directors' Report	12
	Consolidated Income Statement	17
	Consolidated Statement of Changes in Equity	17
	Consolidated Balance Sheet	18
	Consolidated Statement of Cash Flows	19
	Notes to the Financial Statements	20
	Directors' Declaration	46
	Independent Audit Report	47
03	Biographies	49
	Director Biographies	50
	Management Biographies	52
04	Business Data And Trends	54
	Business Data	55
	Your Co-operative at a Glance	56
	Business Trends	57

01 REPORTS



CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S REPORT

FY2022 was the first full financial year following the incorporation of the assets of Coleambally Irrigation Mutual Co-operative Limited (CIMCL) into Coleambally Irrigation Co-operative Limited (CICL) and the subsequent winding up of CIMCL. As noted last year, CICL entered into a deed which made it responsible for any unsettled CIMCL liabilities, and we are pleased to report that in line with expectations, to date no such liabilities have arisen. In addition, CICL has honoured its deed poll undertaking and only expended the transferred CIMCL sinking fund on maintenance, replacement and refurbishment of its irrigation assets. CICL continues to manage its sinking fund in accordance with Rule 126 of CICL's Rules. For FY2022's report on the sinking fund, please refer to page 8.

On 1 July 2021 a 30% general security allocation announcement was made by NSW' Department of Planning and Environment (DPE) which led to a 100% announced allocation in November 2021. This was the second 100% allocation year in a row following three years of low allocations and drought conditions. The 2021/22 irrigation season had regular rainfall events and full dams, resulting in supplementary access water being available for much of the year. An issue faced by the dam operators and the DPE early in the season was the availability of airspace in the dams which is required for allocations to be increased. To create airspace, and hence irrigators receiving an increase in allocation, usage is needed, and this generally occurs once irrigation of summer crops begins. The creation of airspace is difficult to manage in conditions like we had in the past water year, and we anticipate similar conditions for the coming season. Hence it is likely that allocation increases this water season will occur in a similar pattern to that of 2021/22.

Following CICL's 2021 winter works programme, the main offtake was opened on Monday 9th August with water available to members from Friday 20th August. For the 2022 winter works programme, the offtake was closed on 23rd May with draining of the channels commencing on 1st June and delivery ceasing on 6th June. This resulted in a longer delivery period for general security delivery entitlement holders than the 200 days as per CICL's Delivery Entitlement policy and highlights management's commitment towards delivery flexibility and meeting the needs of our customers. It is important to note that extended delivery periods, such as this past season, may not always be possible.

CICL was in a position to offer a 10% member benefit on 1st July 2021. This was made possible due to efficiency savings and was at no cost and based on Delivery Entitlement (DE) held. In addition, in August 2021 a 4% water offer, at a discounted price and based on DE, was offered to members. This compares to the previous water season when an 8% additional water allocation was made at no cost in early July, a 6% member benefit at no cost at the end of July, and a 3% water offer at a discounted price in February. The magnitude of these substantial benefits to members cannot be underestimated and often underpin the viability of our members' farms and the local community. Member benefit allocations, additional water allocations, and water offers arise due to efficiency savings and in some years, CICL's carryover. We take the opportunity to remind readers of the Annual Report that CICL and its members, over nearly two decades, have invested significantly in enhancements made to CICL's delivery system, and these enhancements, coupled with member foresight, enable CICL to provide its member benefit. Management remain very cognisant of optimising carryover where possible and will continue to do so when circumstances allow. The ability of CICL to provide a member benefit and to make additional water offers early in a water season, coupled with realistic, early season water allocation announcements by the DPE, enable irrigators to make early decisions as to whether they will plant a crop or trade their available water on the temporary market. The early announcement of a member benefit continued in the 2022/23 water season with a 10% announcement on 1st July 2022. CICL will continue, where possible, to make early announcements regarding member benefit and additional water offers, however, we remind members that this will not always be possible and not to rely on receiving a member benefit when making their business decisions.

For FY2022, the Board continued to provide stable pricing for its members by announcing no increase to its water access charges and reduced the sinking fund levy by 2%. For FY2023, following a period when CICL did not increase its charges due to the positive effect of CICL becoming a non-distributing, tax-exempt co-operative, and the transfer of CIMCL's assets to CICL, members were advised that CICL's charges were increased by approximately 4.90%. This increase was below the consumer price index (CPI) of 5.10% at the time, which is the Board's stated intent, and appears to be below other major irrigation infrastructure operators' increases. The Board is aware of the increase in farm production input costs and the impact they have on members' businesses, however, due to the price increases on its input costs, unfortunately CICL had to increase its charges.

These unavoidable increases have resulted in the general security access charges and compliance fee for FY2023 being \$11.82/DE (FY2022 was \$11.27/DE) compared to 2009's charge of \$12.50/DE and the sinking fund levy being \$3.15/DE (FY2022 was \$3/DE) compared with \$3.11/DE in 2009. Despite these increases, the Board remains pleased that the FY2023 charges for general security access charges, compliance levy and sinking fund levy, which amounts to \$14.97/DE, remains below the 2009 total of \$15.61/DE. As mentioned last year, it is very seldom that service providers are able to keep charges below those of 14 years ago. When one considers the effects of inflation over this period, this reduction in costs is significant. As has been mentioned in previous reports, the Board's policy of stable pricing together with the additional water from carryover and water efficiency savings provides considerable value to members and significantly enhances the value of DE.

Chairman and Chief Executive Officer's Report

As was initiated for the first time last year, in order to determine CICL's water access and compliance charges for FY2022, management undertook an analysis of funds required in order to ensure that it could cover all operational expenses for a period of three years should a prolonged business downturn occur. This analysis is now undertaken biannually and considers expense levels (both capital and operational) and likely investment returns. The aim of this analysis is to ensure stability of charges to members whilst protecting the business from unforeseen financial downturn.

CICL made a loss before tax of \$3.2m in FY2022 compared to a profit before tax of \$12.2m in FY2021. This result is mainly due to the negative investment returns achieved in FY2022 (-\$1.6m) compared to very good investment returns (\$9.9m) achieved in the previous year, and the reimbursement from CIMCL for maintenance/refurbishment costs received in FY2021 (\$3.1m) which were no longer applicable in FY2022. The economic side-effects of COVID-19, global geopolitical factors, high inflation and increases in interest rates all contributed to the significant negative impact on returns in the second half of FY2022. The investment return of negative \$0.2m on the operating fund was significantly lower than the \$5.5m gain of FY2021. The sinking fund's investment return was negative \$1.4m which was significantly below the positive \$4.5m of the previous year. Whilst we were disappointed with the investment returns, we note, however, that our investment portfolios performed better than the Vanguard Diversified Growth Index which we use to benchmark our two portfolios' performance. This indicates that the defensive strategies that we employ are performing as expected. Operating revenue was lower than in FY2021 due to CICL no longer receiving a maintenance/refurbishment reimbursement from CIMCL. Expenses were below those of FY2021 mainly due to lower material and contractor expenses (\$0.7m). Employee benefit expenses were 4.8% greater than in FY2021 owing to a general CPI increase and the hiring of a couple of additional staff members.

The FY2022 irrigation season's system fill started with all the major winter works that were scheduled completed. Significant effort was spent desilting and dewatering the Boona Channel, a channel that had weed and silting issues at the start of the 2021 irrigation season which resulted in restrictions. During the season there were the normal weed and bank repairs required, however, in overall terms the season was uneventful with the majority of irrigators' demands being met.

With the change of irrigators' production from rice to row cropping, forward ordering remains a challenge, particularly when assessing the needs of irrigators following a climatic (rain or heatwave) event. Providing water on a 2 hour order basis has its challenges and management implores irrigators to think ahead and place an order early (24-48hrs ahead of a start time) so that CICL can make its 7 day orders with WaterNSW as accurate as possible. The mismatch between the 7 day order and irrigators' requirements leads to either insufficient water being taken into the system or water being rejected. Insufficient water being taken at the offtake could result in restrictions being imposed on irrigators. We regularly notice irrigators who have not provided us with advance orders ordering two hours in advance of their requirements. If this demand is substantial and there is not sufficient "slack" in the system and restrictions need to be applied, irrigators who have done the right thing and ordered 7 days in advance are impacted by irrigators who have not had foresight and treat their water orders as if they were turning on a tap. As mentioned last year, CICL only has limited storage capacity, and whilst it is actively used, it cannot take large volumes of water when there is a large cancellation of orders and similarly, it only can supply limited volumes when demand for water is greater than the 7 day orders. In order to assist CICL in meeting all orders, your assistance is requested to place your forward order as accurately as possible and giving CICL as much advance notice as is possible. While CICL does work closely with WaterNSW and Murrumbidgee Irrigation with regards to river operations, there is room for improvement and members can assist in this regard.

Management have also noted that some irrigators are using the emergency stop on their FlumeGates to stop their orders. Given we are operating under total channel control, there is an impact on the system's operation when sudden stops are implemented rather than them being in a controlled manner. Again, to assist in a smoother operation of the system, please give Water Operations notice of when you need to stop your order and please phone through your needs rather than activating the emergency stop.

Due to the regular rainfall events throughout the season, irrigator usage was not as high as anticipated, but similar to the previous year. Due to low late season demand, more water was drained from the system at the end of the season than over the past few years and consequently, the season's losses were higher than last season's. We thank CICL's staff for continuing to manage the water delivery and drainage system in a professional manner with the overall goal of optimising the delivery of water to members.

Work, health and safety (WHS) continues to be a priority for the business, and we continue to make every effort to ensure our staff, contractors and visitors are provided with a safe working environment. After a series of years without a lost time injury, this past year we had a lost time injury count of 3 days. Whilst having any lost time injury is disappointing, fortunately the injury was not serious and it was a timely reminder to staff not to become complacent from a WHS perspective. During the year, in addition to ensuring the health and safety of our staff, we also improved our WHS processes with our contractors by working collaboratively with them. During the year our ISO45001:2018 WHS accreditation was audited and no major non-conformities were reported.

Chairman and Chief Executive Officer's Report

During FY2022 we continued to take the COVID-19 pandemic very seriously with strict mask wearing, hygiene, isolating and distancing measures imposed in line with Government requirements. The Board, following consultation with staff and legal advice, implemented a policy that requires all staff to be fully vaccinated unless they are medically exempt and able to provide a Medical Contraindication Certificate issued by a medical practitioner. Staff have also been strongly encouraged to have their COVID-19 booster doses when they are able. For many months of the pandemic, provided they were contactable by their peers and customers, staff were allowed to work from home and many did take up this option. We do thank our members for their understanding and for respecting our decisions during the pandemic and we do not believe that the measures we took have significantly compromised our services.

In addition to the abovementioned, focus areas of the Board and Management in FY2022 included:

- Managing investment funds of circa \$100m in accordance with investment policy and strategy. Given the volatility of the market, which was impacted by geopolitical, interest rate and inflationary issues, significant effort was invested in ensuring CICL's investment strategy was appropriate for the circumstances. This involved numerous meetings with our investment advisor, Lonsec, and a multitude of existing and prospective fund managers.
- Continuing to maintain appropriate levels of day-to-day asset maintenance e.g.: desilting; controlling weeds; repairing banks; fixing yabby holes; clearing access tracks; repairing and refurbishing FlumeGates; and repairing guardrails.
- Undertaking numerous winter works' projects e.g.: stabilising bridge abutments; installing culverts; completing the Node 6000 communication tower upgrade; installing the new Node 1000 communications tower and starting the upgrade; upgrading regulators; continuing the drainage inlet replacement program; replacing stock stops and fencing; treating concrete cancer; upgrading the Rotorks at the offtake, and installing a new discharge pipe for the Col Bore.
- Continuing with monthly flow verifications at the offtake and twice yearly tip testing of irrigator FlumeGates, including independent testing.
- Following on from the success of FY2021, working with the DPE and the Commonwealth Environmental Water Holder (CEWH) to increase our environmental watering program to a greater volume and more sites. This was achieved with the assistance from some members and favourable response has been received from both DPE and CEWH. We anticipate that this program will continue to increase over the coming years. We were also able to assist WaterNSW/DPE to deliver water for anticipated blackwater events in the Yanco Creek.
- Complying with EPA requirements. It was again disappointing that we had issues with chemical, especially Metolachlor, tainted water being released into our drainage system, however, management is pleased that the Board adopted their recommendation to impose fines on the transgressors. Management and the Board are aware of the potential risks imposed by chemical contamination of drainage or supply water and CICL will continue to act against those that do not comply with our Rules and directions. There was also an incident where spray drift damaged the vegetation on a CICL managed trust block. We understand that this is not an isolated incident and we request that irrigators ensure that they and their spray contractors are aware of the ramifications of potential spray drift when undertaking their spraying activities.
- Having consultants assist with an evaluation and feasibility study of the potential to increase CICL's storage and a river optimisation study.
- Working with DPE, WaterNSW and a Duly Qualified Person to ensure CICL is fully compliant with the NSW metering requirements for CICL's bores and offtake prior to 1st December 2022.
- Reviewing the strategic plan and continuing to work through the strategic objectives and initiatives as per the CICL Strategic Plan 2018-2023.
- Continuing to raise concerns to governments, industry bodies and politicians regarding the SDLAM projects and the impacts on irrigators should the anticipated savings from these projects not eventuate when the Basin Plan reconciliation occurs. Our concern is that any potential impact of a reduction in the consumptive pool will have a direct impact on our members.
- Continuing to advocate for the rainfall runoff exemption that we see is critical for members to continue to implement best management practices and capture rainfall runoff in irrigation tail water systems without fear of prosecution.
- Managing the WaterMart platform.
- Continuing the review of the unauthorised use of CICL's assets, including land, channels, and drainage areas.
- Providing members with relevant and timely information by way of the member newsletter.
- Reviewing and updating the CICL website, the policy, procedures and induction manual, and numerous fact sheets.

Chairman and Chief Executive Officer's Report

CICL continues to be very active in representing the interests of its members through the NSW and National Irrigators' Councils, with our delegates being Peter Sheppard and Jenny McLeod, respectively. Jenny serves on the Board of National Irrigators and Peter the NSWIC Board. Following a period when CICL was unsure whether it should remain a member of NSWIC, we are pleased to report that in our opinion, NSWIC is providing an acceptable level of service and support. In FY2022 Peter Sheppard continued to serve as CICL's delegate to WaterNSW' Murrumbidgee Customer Service Committee and the River Operations Stakeholder Consultation Committee, Keith Thompson serves as a Member of the Murrumbidgee Environmental Water Advisory Group (EWAG) and Steve Oosthuysen, General Manager Operations, on the Yanco Creek Technical Advisory Committee that has been advising on the Yanco Creek SDLAM projects.

FY2022 remained extremely busy from an advocacy perspective, especially given the federal election, with many meetings and video conferences attended and lodging numerous submissions. In addition to representations to the NSW Water Ministers (present and former) and local Members (Murray and Albury) on various topics, submissions were also made regarding: the WaterNSW and Water Administration Ministerial Council charges to the NSW Independent Pricing and Regulatory Tribunal; Regional Water Strategies; Water Legislation Amendment Inquiry; Upper House Floodplain Harvesting Inquiry; IVT Rules; and the Roadmap for Water Market Reform. During the year we met with the former Federal Water Minister, Keith Pitt, the former Shadow Minister for Water, Terri Butler, the former Federal Minister for the Environment, Sussan Ley, Senator Perin Davey, and the Inspector-General, Troy Grant. With the change in Federal Government, we are in the process of building new relationships, and have issued invitations to visit CICL to the new Water Minister, Tanya Plibersek. We are hopeful she will accept our invitation and visit CICL in due course. From a NSW Government perspective, we met with the former Water Minister, Melinda Pavey, Member for Albury, Justin Clancy, the Shadow for the Water Portfolio, Rose Jackson, and the Shooters, Fishers and Farmers Member of the Legislative Council, Mark Banasiak. We have also briefly met the new Water Minister, Kevin Anderson, and invited him to visit us. For further information on advocacy matters, please refer to the External Matters' Report on page 9.

CICL has joined the One Basin CRC, which has received a \$50m commonwealth government grant, as a tier 3 partner. The aim of this CRC is to collaboratively achieve a more productive, resilient and sustainable Murray-Darling Basin by creating and assessing new sustainable water and agricultural technologies and promoting their adoption by farmers and water managers to increase agricultural production while improving environmental outcomes.

This past year, due mainly to COVID-19, we did not conduct breakfast meetings. These restarted in August 2022 with a presentation by DPE and WaterNSW and we were pleased with the attendance. We aim to continue with similar meetings while circumstances allow.

With regards to changes in CICL personnel, since the last Annual Report we appointed the following: Chris McKersie as a Maintenance Officer; George Payne, a Grant Latta Bonded Scholarship holder, as the Quality Assurance Officer; Jacqueline Marks as a Receptionist/Finance Officer; Jacob Breed as a Maintenance Officer; DanQing Xie as an Environmental & Compliance Officer; and Caitlin Edwards as a Water Systems Operator who will be mainly responsible for after hours' duties. We are fortunate to have recruited a former employee, Steve Edwards, to the role of the Total Channel Control Supervisor. Steve has replaced Eric Hutchinson and he has fitted in seamlessly given his previous knowledge of TCC, members and staff. Toward the end of the financial year we restructured the HR/WHS Coordinator role with Alison Hayes taking on responsibility for the Human Resources in addition to her finance duties and Kathie Okely accepting the WHS Officer duties in addition to her administrative assistant role. We thank both of them for taking on these important roles.

Unfortunately, during the year the following staff left CICL: Shane Taylor, Graeme Rayner, Mark Stratford, Avinash Gurram and Jane McIntyre. Whilst we wish these staff members well in their future careers, we are always disappointed when staff leave without completing their employment contracts. Replacing staff, in these times of low unemployment, is difficult and time consuming, especially finding staff who are willing and able to fit into small, rural communities.

In December 2022 Mark Robb, Environmental & Compliance Officer, will be retiring from CICL after 27 years to concentrate on his own business. In advance of Mark's retirement, we thank him for his service to CICL and the passion, dedication and knowledge he brought to his role and the business.

CICL continues to recognise its wider responsibility to the Coleambally Community and its staff take on many voluntary roles in many aspects of the community including: Murrumbidgee Council; Business Chamber; sporting committees; as honorary auditors for various charities and sports clubs; or are members of divisions of the Rural Fire Service. CICL continues to provide funding and in-kind support to many community organisations, charities and sporting clubs, and continues to do the accounting and payroll function for the Coleambally Community Club. CICL continues to sponsor swimming lessons at the two local primary schools which incorporate strong messages regarding the dangers of swimming in CICL channels and this practice being prohibited.

Chairman and Chief Executive Officer's Report

During FY2022 the Board had the following committees: Asset Refurbishment & Maintenance Committee; Audit Risk & Corporate Governance Committee; Sinking Fund Committee; and the Coleambally Environmental & Reference Committee. During the year, the Board and Committees reviewed their effectiveness and composition and the Board undertook an analysis of Directors' skills and attributes with a view to determining where there were gaps and what training could be undertaken to develop skills to overcome the identified gaps.

Bruce Brown, independent director, is due to retire at the 2022 AGM and has renominated. The Board fully supports Bruce's renomination as independent director until March 2024 when he intends to retire. We ask you to endorse Bruce's reappointment as independent director. Keith Burge, a highly valued member director, following three terms of service, is not seeking re-election. On behalf of the Board and Management, we thank Keith for his significant contribution to CICAL and its members. Nominations for the member director position have been called and will close on 21st September. Following the closing of nominations, should a ballot be required, ballot papers will be sent on 22nd September with the closing date for the return of ballot papers on 25th October.

CICAL's continued success rests with all of us and particularly you, our members. We appreciate your continued willingness to support major propositions put to you by the Board and your compliance with CICAL's Rules.

The Board and management remain collaborative and aligned in pursuing CICAL's goals and strategy and we thank our committed staff and Directors who continue to work in the best interests of CICAL and its members.



Peter Sheppard
Chairman



Clifford Ashby
Chief Executive Officer

SINKING FUND REPORT

As required under CICL's Rule 126.20, following is the annual update to members on the sinking fund. The members of the Sinking Fund Committee are: Sharon Smith (Chair); Bruce Brown; Peter Sheppard; Craig Perkins; and Iain Stewart. The Sinking Fund Committee held 4 formal meetings during FY2022.

At 30 June 2022 the sinking fund's value was \$46.4m (FY2021- \$47.6m) which included the funds transferred from CIMCL in FY2021 and which at 30 June 2022 amounted to \$25.1m (FY2021 - \$31.5m). The sinking fund's investment return for the year was negative \$1.4m compared to a positive \$4.5m the previous year. As mentioned in the Chairman's and CEO's report, the economic side-effects of COVID-19, global geopolitical factors, high inflation and increases in interest rates all contributed to the significant negative impact on returns in the second half of FY2022 and whilst we were disappointed with the investment returns, the sinking fund portfolio did perform better than the Vanguard Diversified Growth Index which dropped 9% over the year. The index is used to benchmark the portfolio's performance.

At year end the sinking fund had a receivable of \$1.5m owing for the sinking fund levy and casual usage charge for FY2022 which was invoiced in June and will be invested when it is received in July/August. During the year, \$1.3m was reimbursed to CICL's operating reserves for allowable capital expenditure incurred in FY2022 (FY2021 - \$1.3m).

As mentioned in the Sinking Fund Report last year, the funds transferred from CIMCL are being separately accounted for and can only be expended on future expenses to be incurred for the maintenance, replacement and refurbishment of CICL's irrigation assets. The CIMCL funds will be utilised first and will consequently reduce to zero over time.

All funds in the sinking fund continue to be invested in accordance with the "growth portfolio with alternatives" strategy which is targeting a return of 4.9% with a growth:defensive strategy weighting of 90:10.

Following a reduction in the Sinking Fund levy from \$3.06/DE to \$3/DE for FY2022, the Committee recommended to the Board that the sinking fund levy for FY2023 be increased by 5% to \$3.15/DE. This increase is slightly below CPI, which at the time the decision was made, was 5.1%. This increase was approved by the Board and advised to Members in June 2022. The Committee believes that it is imperative that the sinking fund continues to grow to meet the future asset maintenance, replacement and refurbishment requirements as forecast by management and assessed in the MEERA and Mercer reports.

The fund's investment portfolio (including cash) is spread across investment categories as follows:

	FY2022	FY2021
Australian Equities	25.9%	25.3%
Global Equities	22.5%	23.6%
Emerging Markets	3.8%	4.0%
Property and Infrastructure	24.1%	16.5%
Growth Alternatives	8.7%	14.3%
Defensive Alternatives	4.9%	4.9%
Fixed Interest and Diversified Income	9.0%	9.2%
Cash	1.1%	2.2%

CICL's capital expenditure which meets the criteria for reimbursement from the sinking fund for FY2022 was \$0.9m (\$1.5m budgeted) with the major items being: FlumeGate replacements; drainage inlet replacements; the upgrading of control equipment of radial gates; regulator upgrades; road culvert replacements; replacing a communications tower and nodes; replacing berm drains; and replacing piezometers. This amount will be reimbursed to CICL's operating fund in August 2022.

The CICL budgeted capital expenditure for which funding will be sought from the sinking fund for FY2023 is \$1.8m with the major items being: regulator upgrades; upgrade to control equipment at the main offtake radial gates; FlumeGate replacements; drainage inlet and berm drain replacements; upgrading of communications infrastructure; meter and meter outlet upgrades; escape upgrades; road culvert upgrades; and piezometer replacements.



Sharon Smith
Chairman



Clifford Ashby
Chief Executive Officer

EXTERNAL MATTERS REPORT

The highlight of the 2021/22 water year was extended periods of high inflows in the Murrumbidgee catchment, which resulted in full allocations for entitlement holders, extended periods of access to supplementary water, and water for the environment. Prolonged periods of unregulated flows in the Murrumbidgee River relieved the pressure on the accuracy of CICL's advance order and is a welcome change to drought operations. WaterNSW managed the two main storages in flood operations for many months and airspace management is continuing in the new water year.

A key concern for CICL is the limited progress made by the NSW government on the important, albeit complex, Sustainable Diversion Limit Adjustment Mechanism (SDLAM) projects. These projects will protect communities like ours from the risk of further buyback whilst delivering equivalent environmental outcomes. NSW has announced its "Better Baaka and Better Bidgee" programs which CICL broadly supports, however, these projects lack detail, are not ready for implementation and there is no agreement with the Commonwealth that they will contribute to the 605GL of SDLAM offsets. CICL is also frustrated by failure of the NSW Department of Planning and Environment (DPE) and the Murray Darling Basin Authority to finalise the Water Resource Plans, originally due to be in place from 1 July 2019. NSW does have agreements that demonstrate it is committed to implementation of the new Sustainable Diversion Limits, however, the fact the NSW Water Resource Plans are the only state plans not finalised is damaging to NSW irrigators' reputation. The first year of water use compared to the sustainable diversion limit in 2019/20 was released in August 2021 and showed that water use in the Murrumbidgee was only 69 percent of the permitted take and across the Basin surface water use was nearly 18 percent less than the permitted take.

The conflict and divergent views on floodplain harvesting resulted in the rainfall runoff and the other regulations required to implement the NSW government's floodplain harvesting policy being rejected by the NSW Parliament. The rainfall runoff exemption is essential for providing confidence to all irrigators that they can continue to implement best management practices and capture rainfall runoff in irrigation tail water systems without fear of prosecution.

The NSW Independent Pricing and Regulatory Tribunal (IPART) released their final determinations for both WaterNSW and the Water Administration Ministerial Council for the next four years in September. Disappointingly, the determination resulted in significant price increases above the consumer price index for government charges. CICL has argued the increases delivered in this determination cannot continue in the next determination and that irrigators are paying for public good activities. Peter Sheppard has been appointed for another term on the WaterNSW Customer Advisory Group (CAG). Better engagement for the next pricing determination is a key priority for the CAG.

The NSW Government released the first draft of the Regional Water Strategy for the Murrumbidgee for public comment in April. CICL believes there are major failings with this document and with the DPE's approach to engagement with stakeholders materially affected by implementation of the final strategy. CICL believes the next version of the strategy, due for release later this year, must detail NSW's approach to the Murray-Darling Basin Plan, include robust cost benefit analyses, and propose an integrated approach to actions.

In response to the ACCC Murray-Darling Basin Water Markets Inquiry Final Report, the Commonwealth Government appointed Daryl Quinlivan as the Principal Advisor to develop a Roadmap for Water Market Reform. He was asked to develop a Roadmap with a phased implementation, that is practical and cost effective, and supported by the Basin states. CICL has engaged with the Principal Advisor on issues which will impact on CICL, including WaterMart, and I have been involved in an Advisory Group established to provide advice on the roadmap. The Principal Advisor provided a progress report called the December Advice which indicated there is general agreement between the states and with stakeholders for a Commonwealth mandatory intermediary code, Commonwealth regulation of market conduct, and improved data and system integration. The final advice was expected to be provided to Tanya Plibersek, the new Water Minister, in July.

The change in Commonwealth government impacts on our external environment and they do not have strong links to rural and regional communities in the Murray-Darling Basin. Labor's election platform included a five-point plan to safeguard the Murray-Darling. Our key concern is Labor's commitment to deliver on the 450GL and we will be working directly and with National and NSW Irrigators' Councils to advocate strongly for government to be strategic and not implement programs which harm communities. CICL has congratulated the new Minister and invited her to Coleambally. We have also congratulated Sussan Ley on her re-election and election as Deputy Leader of the Liberal Party, along with Senator Perin Davey who is the shadow water minister and Deputy Leader of the National Party.



Jenny McLeod
Policy and Communication Manager

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FINANCIAL STATEMENTS



Coleambally Irrigation Co-operative Limited

ABN 75 951 271 684

30 June 2022

FINANCIAL STATEMENTS

Directors' Report	12
Consolidated Income Statement	17
Consolidated Statement of Changes in Equity	17
Consolidated Balance Sheet	18
Consolidated Statement of Cash Flows	19
Notes to the Financial Statements	20
Directors' Declaration	46
Independent Audit Report	47

DIRECTORS' REPORT

Your Directors present their report on Coleambally Irrigation Co-operative Limited for the year ended 30 June 2022.

DIRECTORS

The following persons were Directors of the Co-operative during the whole of the financial period and up to the date of this report:

P T Sheppard	Member Director (Chairman)	A T Mannes	Member Director
B M Brown	Independent Director	C M Perkins	Member Director
K H Burge	Member Director	S Smith	Independent Director

PRINCIPAL ACTIVITIES

During the year, the principal continuing activities of the Co-operative consisted of the provision of irrigation and agricultural services to Member landholders connected to the system of channels within the Coleambally Irrigation District.

REVIEW OF OPERATIONS

A summary of consolidated results is set out below:

	2022	2021
	\$'000	\$'000
Profit/(loss) before income tax expense	(3,201)	12,249
Income tax (expense)/credit	(2)	(2)
Net profit/(loss) after income tax	<u>(3,203)</u>	<u>12,247</u>

The financial result achieved during FY2022 needs to be seen in the context of:

- Another year of 100% General Security water allocation and the provision of an additional 10% of DE held at no cost;
- CICL access charges remained unchanged from FY2021 announced prices, CICL sinking fund levy decreased by 2% whilst the compliance levy and infrastructure charges remained unchanged;
- delivery of 249,873 Megalitres, down from 258,881 Megalitres in FY2021;
- revenue from the sale of water allocation of \$1,580,000, up from \$1,230,000 in FY2021;
- no revenue from the sale of water entitlements;
- no revenue for the reimbursement of maintenance expenditure received from Coleambally Irrigation Mutual Co-operative Limited (CIMCL), following the transfer of its assets to CICL during the prior financial year, down from \$3,117,000 in FY2021;
- casual usage charge revenue of \$286,000, up from \$178,000 in FY2021;
- a net loss of \$134,000 on our investment portfolio, down from a gain of \$5,543,000 in FY2021. The reduction in FY2022 was attributable to the economic crisis caused by war in Ukraine, higher interest rates, an increase in inflation and the ongoing COVID-19 pandemic;
- a net loss of \$1,428,000 on our Sinking Fund investment portfolio, down from a gain of \$4,453,000 in FY2021. The reduction in FY2022 was attributable to the economic crisis caused by war in Ukraine, higher interest rates, an increase in inflation and the ongoing COVID-19 pandemic;
- higher WaterNSW charges due to the higher prices and demand.

CICL's loss from its core business was \$3,156,000 compared to a corresponding loss of \$2,390,000 in the previous year.

*Directors' Report****SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS***

There have been no significant changes in the state of affairs of the Co-operative during the financial year.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

No matter, transaction or event of a material and unusual nature has arisen since the end of the financial year likely, in the opinion of the Directors, to affect significantly the operations of the Co-operative, the results of those operations, or the state of affairs of the Co-operative, in subsequent financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Information on likely developments in the Co-operative's operations and the expected results from operations has not been included in this report because the Directors believe it may result in unreasonable prejudice to the Co-operative.

ENVIRONMENTAL REGULATION

The Co-operative is subject to significant environmental regulation under licencing in respect to its irrigation undertaking. The Directors, in submitting the Annual Compliance Report to Government Agencies, are conscious of the need for compliance with licence conditions. The Co-operative has complied with the licences issued by Government. The Board is aware of increasing risk and has planned works and measures to assist compliance with licence conditions. The Board, in setting the Co-operative's sustainability goals, is aware of the need to go beyond licence compliance and has developed the necessary systems to do so.

INSURANCE OF OFFICERS

During the financial year the Co-operative paid a premium of \$9,871 (2021: \$9,626) to insure its Directors and Officers in respect to liabilities that may arise from their position as Directors and Officers of the Co-operative.

Directors' Report**INFORMATION ON DIRECTORS**

Director	Experience	Special Responsibilities
P T Sheppard	<p>Commenced as a Director of the Co-operative on 9 November 2012.</p> <p>Previous Chairman of CIMCL from 27 November 2003 to 8 November 2012.</p> <p>Irrigation farmer.</p> <p>Graduate of the Australian Institute of Company Directors (GAICD).</p>	<p>Chairman of CICL since November 2015.</p> <p>Member of the Sinking Fund Committee.</p> <p>Board representative on the Coleambally Environmental and Reference Committee.</p> <p>Member of Murrumbidgee Customer Advisory Group.</p> <p>Member of River Operations Stakeholder Consultation Committee.</p> <p>Board Member NSW Irrigators' Council.</p>
B M Brown	<p>Commenced as a Director of the Co-operative on 20 July 2004.</p> <p>Director of CIMCL from 1 March 2007 to 18 May 2021.</p> <p>Senior management roles with a number of large agribusiness entities.</p> <p>In additional he has served on a number of government committees including National Rural Advisory Committee (1999-2005). He is currently a NSW Natural Resource Access Regulator Board Member.</p>	<p>Chairman of the Audit, Risk and Corporate Governance Committee.</p> <p>Member of the Sinking Fund Committee.</p>
K H Burge	<p>Commenced as a Director of the Co-operative on 8 November 2013.</p> <p>Irrigation farmer.</p> <p>Member of the Australian Institute of Company Directors.</p>	<p>Member of the Asset Refurbishment and Maintenance Committee.</p>
A T Mannes	<p>Commenced as a Director of the Co-operative on 30 October 2015.</p> <p>Irrigation farmer.</p> <p>Graduate of the Australian Institute of Company Directors (GAICD).</p>	<p>Member of the Asset Refurbishment and Maintenance Committee.</p> <p>Member of the Audit, Risk and Corporate Governance Committee.</p>
C M Perkins	<p>Commenced as a Director of the Co-operative on 31 October 2014.</p> <p>Irrigation farmer.</p> <p>Graduate of the Australian Institute of Company Directors (GAICD).</p>	<p>Deputy Chairman of CICL since November 2015.</p> <p>Chairman of the Asset Refurbishment and Maintenance Committee.</p> <p>Member of the Audit, Risk and Corporate Governance Committee.</p> <p>Member of the Sinking Fund Committee.</p> <p>Board representative on the National Irrigators' Council.</p>
S Smith	<p>Commenced as a Director of the Co-operative on 26 October 2018.</p> <p>Chartered Accountant.</p> <p>Graduate Diploma in Applied Finance.</p> <p>Senior management roles within a number of industries including water.</p> <p>Graduate of the Australian Institute of Company Directors (GAICD).</p>	<p>Chairman of the Sinking Fund Committee.</p> <p>Member of the Audit, Risk and Corporate Governance Committee.</p>

Directors' Report

MEETINGS OF DIRECTORS

Committees of the Board are as follows:

1. Audit, Risk and Corporate Governance Committee
2. Asset Refurbishment and Maintenance Committee
3. Coleambally Environmental and Reference Committee
4. Sinking Fund Committee

The number of meetings of the Co-operative's Board of Directors and each Board Committee held during the year ended 30 June 2022, and the number of meetings attended by each Director was:

	Board Meetings	Audit, Risk and Corporate Governance Committee	Asset Refurbishment & Maintenance Committee	Coleambally Environmental and Reference Committee	Sinking Fund Committee
Number of meetings held	12	4	1	1	4
B M Brown	12	4	*	*	4
K H Burge	11	*	0	*	*
A T Mannes	12	4	1	*	*
C M Perkins	12	4	1	*	4
P T Sheppard	12	*	*	1	4
S Smith	12	4	*	*	4

* = not a member of this committee

Directors' Report**AUDITORS' INDEPENDENCE DECLARATION**

A copy of the Auditors' independence declaration as required by the Co-operatives' National Law is set out below.

ROUNDING OF AMOUNTS

The Co-operative is of a kind referred to in Class Order 98/0100 issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the Directors' report and financial statements. Amounts in the Directors' report and financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

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



Peter Sheppard
Director

Coleambally
24 August 2022

AUDITORS' INDEPENDENCE DECLARATION

As lead Auditor of the audit of Coleambally Irrigation Co-operative Ltd 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 in relation to the audit;
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.



Stephen Clarke
Director

Albury
24 August 2022

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2022	Notes	2022	2021
		\$'000	\$'000
Income	3	16,660	25,063
Employee benefits expenses		(4,824)	(4,603)
Materials and contracts expenses		(5,292)	(4,550)
Bulk water supply expenses	4	(3,103)	(1,734)
Depreciation and amortisation expenses	4	(1,853)	(1,835)
Other expenses	4	(4,789)	(92)
Profit/(loss) before income tax expense	30	(3,201)	12,249
Income tax (expense)/credit	5	(2)	(2)
Profit/(loss) for the year		(3,203)	12,247
Other comprehensive income		0	0
Total comprehensive result for the year		(3,203)	12,247

The above consolidated income statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022	Notes	Contributed Equity	Sinking Fund	Retained Earnings	Total
		\$'000	\$'000	\$'000	\$'000
Balance as at 30 June 2020		132,479	8,776	47,950	189,205
Profit/(loss) for the year		-	-	12,247	12,247
Sinking Fund Investment Return	18	-	4,453	(4,453)	-
Sinking Fund Levy and Casual Usage Charge	18	-	1,525	(1,525)	-
Transfer of CIMCL Sinking Fund	18	-	-	31,056	31,056
Other transfers	18	-	32,899	(32,899)	-
Other comprehensive income		-	-	-	-
Balance as at 30 June 2021		132,479	47,653	52,376	232,508
Profit/(loss) for the year		-	-	(3,203)	(3,203)
Sinking Fund Investment Return	18	-	(1,428)	1,428	-
Sinking Fund Levy and Casual Usage Charge	18	-	1,517	(1,517)	-
Other transfers	18	-	(1,296)	1,296	-
Other comprehensive income		-	-	-	-
Balance as at 30 June 2022		132,479	46,446	50,380	229,305

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET

As at 30 June 2022	Notes	2022	2021
		\$'000	\$'000
ASSETS			
Current assets			
Cash and cash equivalents	6	3,941	6,287
Trade and other receivables	7	11,298	9,299
Other current assets	8	365	299
Total current assets		15,604	15,885
Non-current assets			
Other financial assets	9	93,912	97,107
Property, plant and equipment	10	50,546	50,089
Intangible assets	11	75,892	75,892
Total non-current assets		220,350	223,088
Total Assets		235,954	238,973
LIABILITIES			
Current liabilities			
Trade and other payables	12	2,518	2,219
Current tax liabilities	13	0	2
Provisions	14	935	897
Other	17	149	149
Total current liabilities		3,602	3,267
Non-current liabilities			
Provisions	15	58	60
Members' shares	16	485	485
Other	17	2,504	2,653
Total non-current liabilities		3,047	3,198
Total Liabilities		6,649	6,465
Net Assets		229,305	232,508
EQUITY			
Contributed equity		132,479	132,479
Sinking Fund	18	46,446	47,653
Retained profits		50,380	52,376
Total Equity		229,305	232,508

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2022	Notes	2022	2021
		\$'000	\$'000
Cash flows from operating activities			
Receipts from customers		11,098	18,786
Payments to suppliers and employees		(12,931)	(10,353)
		(1,833)	8,433
Government grants		71	30
Interest received		52	94
Income tax (paid)/received		(4)	0
Net cash inflow/(outflow) from operating activities	24	(1,714)	8,557
Cash flows from investing activities			
Payments for property, plant and equipment		(2,491)	(2,580)
Payments for investments		(8,255)	(22,832)
Transfer of CIMCL Sinking Fund Investments (net of cash transferred)	29	-	(28,562)
Proceeds from sale of property, plant and equipment		278	3
Proceeds from sale of investments		9,836	9,829
Net cash inflow/(outflow) from investing activities		(632)	(44,142)
Net increase/(decrease) in cash held			
		(2,346)	(35,585)
Cash at the beginning of the financial period		6,287	10,816
Transfer of CIMCL Sinking Fund	29	-	31,056
Cash at the end of the financial year	6	3,941	6,287

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

NOTES TO THE FINANCIAL STATEMENTS

Note 1	Summary of Significant Accounting Policies	21
Note 2	Parent Entity Disclosure	26
Note 3	Income	27
Note 4	Expenses	28
Note 5	Income Tax	28
Note 6	Cash and Cash Equivalents	29
Note 7	Trade and Other Receivables	29
Note 8	Other Current Assets	30
Note 9	Other Financial Assets	30
Note 10	Property, Plant and Equipment	31
Note 11	Intangible Assets	32
Note 12	Trade and Other Payables	33
Note 13	Current Tax Liabilities	33
Note 14	Current Provisions	33
Note 15	Non-current Provisions	33
Note 16	Members' Shares	34
Note 17	Other Liabilities	34
Note 18	Sinking Fund Reserve	35
Note 19	Financial Instruments	36
Note 20	Remuneration of Auditors	37
Note 21	Contingent Liabilities	37
Note 22	Commitments for Expenditure	38
Note 23	Employee Entitlements	38
Note 24	Reconciliation of Net Profit/(Loss) After Income Tax to Net Cash Inflow/(Outflow) From Operating Activities	39
Note 25	Related Parties	40
Note 26	Subsidiary	41
Note 27	Events Occurring After the Reporting Date	41
Note 28	Financial Risk Management	42
Note 29	Business Combination	43
Note 30	Segmental Reporting	45

Notes to the Financial Statements

The consolidated financial statements and notes represent those of Coleambally Irrigation Co-operative Limited and Controlled Entity (the “consolidated group” or “group”).

The separate financial statements of the parent entity, Coleambally Irrigation Co-operative Limited, have not been presented within this financial report as permitted by amendments made to the Corporations Act 2001.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, and the Co-operatives National Law as amended.

The following is a summary of material accounting policies adopted by the Co-operative in preparation of the financial statements. The accounting policies have been consistently applied unless otherwise stated.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Coleambally Irrigation Co-operative Limited as at 30 June 2022 and the results of all subsidiaries for the year then ended. Coleambally Irrigation Co-operative Limited and its controlled entities together are referred to in these financial statements as the consolidated entity. The effects of all transactions between entities in the consolidated entity are eliminated in full.

A list of controlled entities is contained in Note 26. All controlled entities have a 30 June financial year end.

(a) COVID-19

The COVID-19 global pandemic has seen the Federal and State governments implement a range of measures and restrictions to protect the Australian Community from the spread of COVID-19. These measures and restrictions have adversely impacted the global and Australian economies, and this financial report has been prepared within that context.

The Co-operative has taken a number of measures to monitor and mitigate the effects of COVID-19 including maintaining social distancing, working from home and securing the supply of materials that are essential to operations.

As at 30 June 2022, the impact of COVID-19 on the Co-operative's operations and finances has not been significant. The Co-operative continues to monitor business activity and economic conditions to support this ongoing assessment.

(b) Basis of preparation

The financial statements are prepared in accordance with the historical cost convention, except for certain assets which, as noted, are at valuation.

Because the Co-operative's principle purpose is to provide cost effective services to its members, rather than the generation of profit, the Directors have determined that the Co-operative is a not-for-profit entity as defined by Australian Accounting Standards. Accordingly, the Co-operative has applied Accounting Standards as they apply to not-for-profit entities.

The accounting policies adopted have been consistently applied to all years presented. Comparative figures have been adjusted to conform with any changes in presentation in the current financial year.

(c) Income recognition

Amounts disclosed as income are net of duties and taxes paid. Income is recognised for the major business activities as follows:

(i) Fixed Water Charges

Fixed water charges are levied on Members based on their Delivery Entitlement and reflect a fixed charge for access to the water conveyance infrastructure. Income is recognised over time on a pro-rata basis to reflect Members' continuous access but not invoiced to Members until June each year.

Government fixed water charges (Access Fees) are levied on Members based on their Water Entitlement and reflect a fixed charge for their water licence. Income is recognised over time on a pro-rata basis to reflect Members' continuous access but not invoiced to Members until June each year.

(ii) Variable Water Sales and Water Charges

Water sales from conveyance efficiency savings are billed in May and the revenue recognised then as the Co-operative has the right to receive consideration based on the volume of water delivered to Members.

Government variable water charges (Usage) are billed annually in June but revenue is recognised over time as the Co-operative has the right to receive consideration based on the volume of water delivered to Members. Variable water charges are recognised as income upon delivery of the water.

Notes to the Financial Statements**(iii) Reimbursements**

In the prior year, reimbursements for maintenance expenditure incurred on irrigation and drainage assets were recognised as income at the point in time expenditure was approved by CIMCL and performance obligations in the underlying service agreement are satisfied. Re-imbursements were billed twice yearly in arrears.

(iv) Termination Fees

Termination fees are charged and recognised at the time Delivery Entitlements are terminated.

(v) Government Grants

Amounts received from Government are recognised as income at the point in time when the Co-operative satisfies its performance obligations as specified in the underlying agreement. Government grants received where the performance obligation remains unsatisfied are deferred and reflected in the balance sheet as a liability titled "Amounts held on behalf of Government".

(vi) Interest

Interest income is recognised on an accrual basis taking into account the interest rates applicable to the financial assets.

(vii) Long Term Supply Agreements

Income from long term supply agreements is recognised over time as the performance obligations under the agreements are satisfied, which are expected to occur over 25 years. Income received where the performance obligation remains unsatisfied is deferred and reflected in the balance sheet as unearned revenue. (Refer Note 17)

(d) Income Tax

The Co-operative is exempt from income tax pursuant to section 50-1 of the Income Tax Assessment Act 1997 because it is deemed a public authority constituted under Australian law as described in section 50-25 of the Income Tax Assessment Act 1997. Income Tax continues to be accrued on the profits derived by the Co-operative's subsidiary Watermart Coleambally Pty Ltd.

(e) Cash and cash equivalents

Cash and cash equivalents include deposits at call which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value.

(f) Trade and other receivables

Water charges for services provided by the Co-operative are billed annually in June each year. Water charges representing the recoupment of the bulk charges received for water delivered by the State are now billed annually having previously been billed quarterly. All water charges are due in 30 days. Interest is charged on overdue amounts at the rate of 6% above the prevailing RBA Cash Rate. As at the 30 June 2022 the rate was 6.85% (2021: 6.1%) per annum. Sales of goods or services are invoiced on delivery and are due and receivable in 30 days.

Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance for expected credit losses is made based on an assessment of historical credit losses and other impairment factors. Debtor recoverability has been assessed in light of COVID-19 and no material impact is expected to the Co-operative's expected credit loss.

(g) Other financial assets at fair value through the profit and loss

Financial assets at fair value through the profit and loss are financial assets that are managed and their performance evaluated on a fair value basis, in accordance with a documented investment strategy (summarised at Note 28), and information about these investments is provided and monitored internally by the Board on a regular basis. These financial assets comprise investments in managed funds and listed equities and are reflected at fair value based on advice from the fund managers. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Changes in the fair value of "financial assets at fair value through the profit and loss" are recognised in the income statement in the period in which they arise. The economic consequences of COVID-19 had a material impact on world markets and the value of financial assets.

The volatility in equity markets was reflected through the investment valuation loss at the balance date.

Notes to the Financial Statements**(h) Property, plant and equipment**

All property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost is determined as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Depreciation is calculated on a straight line basis to write off the net cost of each item of property, plant and equipment (excluding land) over its expected useful life to the Co-operative. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The expected useful lives are as follows:

Buildings	40 years
Plant and equipment	3 to 15 years
Water Distribution Assets	100 years
Water Infrastructure	10 to 100 years

(i) Maintenance and repairs

All repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

(j) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and its value in use.

As the Co-operative is a not-for-profit entity, value in use is taken to be the depreciated replacement cost provided that the Co-operative would, if deprived of the asset, replace it.

Accordingly, the Co-operative's non-current assets may be carried at amounts significantly different to the values that would be applied if the Co-operative were a "for profit" entity in accordance with the Accounting Standards and if it was required to apply the impairment rules of a "for profit" entity.

(k) Non-current assets constructed by the Co-operative

The cost of non-current assets constructed by the Co-operative includes the cost of all materials used in construction, direct labour on the project, borrowing costs incurred during construction and an appropriate proportion of variable and fixed overhead.

(l) Trade and other payables

These amounts represent liabilities for goods and services provided to the Co-operative prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(m) Goods and Services Tax

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

Notes to the Financial Statements**(n) Employee entitlements****(i) Short-term employee provisions**

Provision is made for the Co-operative's obligation for short-term employee benefits. Short-term employee benefits are benefits that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the amounts expected to be paid when the obligation is settled.

(ii) Other long-term employee provisions

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in the income statement as a part of employee benefits expense.

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

(o) Intangible assets

Water licences are brought to account at cost. The licences have indefinite useful lives and accordingly no amortisation is charged. The licences are checked for impairment annually (refer Note 1(j)).

(p) Member's Shareholdings

Under the Co-operative's constitution, Members have the unconditional right to redeem their shares. Consequently, all the Co-operative's share capital is described as a liability in accordance with UIG2 "Members Shares in Co-operative entities and similar interests".

(q) Sinking Fund Reserve

Under the Co-operative's Rule 126 the Co-operative is required to collect a levy and establish a sinking fund for the purpose of providing funds for capital expenditure for the construction, refurbishment and replacement of existing and future irrigation and drainage assets of the Co-operative. The fund is managed by an independent committee and is required to report annually to Members on its activities.

Coleambally Irrigation Mutual Co-operative Limited (CIMCL) following approval from its Members, transferred its entire sinking fund amounting to \$31,056,000 to CICL. Under the terms of the Sinking Fund Transfer Deed CICL has agreed that it must only expend the CIMCL sinking fund on future expenses to be incurred after the transfer date in relation to the maintenance, replacement and refurbishment of the irrigation assets, until the sinking fund is fully expended.

Notes to the Financial Statements**(r) Business Combinations**

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary or business comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is credited directly to equity.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

(s) New Accounting Standards and interpretations

The AASB has issued new and amended accounting standards and interpretations for the current and future reporting periods. The Directors have decided not to early adopt any accounting standards not yet effective, as they are not expected to have a material impact on the Co-operative. There have been no new accounting standards in the current reporting period that have a material impact on these consolidated financial statements.

*Notes to the Financial Statements***NOTE 2 PARENT ENTITY DISCLOSURE****Income Statement of parent entity Coleambally Irrigation Co-operative Limited**

	2022	2021
	\$'000	\$'000
Income	16,651	25,043
Employee benefits expenses	(4,824)	(4,603)
Materials and contracts expenses	(5,282)	(4,542)
Bulk water supply expenses	(3,103)	(1,734)
Depreciation and amortisation expenses	(1,853)	(1,835)
Other expenses	(4,789)	(92)
Profit/(loss) before income tax expense	(3,200)	12,237
Income tax (expense)/credit	0	0
Profit/(loss) for the year	(3,200)	12,237
Other comprehensive income	0	0
Total comprehensive result for the year	(3,200)	12,237

Balance Sheet of parent entity Coleambally Irrigation Co-operative Limited

	2022	2021
	\$'000	\$'000
ASSETS		
Current assets	15,600	15,875
Non-current assets	220,350	223,088
Total Assets	235,950	238,963
LIABILITIES		
Current liabilities	3,603	3,264
Non-current liabilities	3,047	3,198
Total Liabilities	6,650	6,462
Net Assets	229,300	232,501
EQUITY		
Contributed equity	132,479	132,479
Sinking Fund	46,447	47,653
Retained profits	50,374	52,369
Total Equity	229,300	232,501

Notes to the Financial Statements

Guarantees

CICL has an enduring guarantee in relation to any debts of its subsidiary Watermart Coleambally Pty Ltd. The value of debts at balance sheet date amounted to \$157 (2021:\$2,497).

Contingent liabilities

At 30 June 2022, CICL had a contingent liability (2021: same) as a consequence of the transfer of Coleambally Irrigation Mutual Co-operative Limited's sinking fund. See Note 29 (h) and (i) for further details. As at balance date no liabilities have come to fruition.

Contractual commitments

At 30 June 2022, CICL had entered into contractual commitments for the acquisition of property, plant and equipment as set out in Note 22.

At 30 June 2022, CICL had entered into a contractual commitment for the investment in a venture capital fund as set out in Note 22.

NOTE 3 INCOME

	Notes	2022 \$'000	2021 \$'000
Continued operations			
Revenue from contracts with customers	(a)	13,207	14,970
Revenue from outside the operating activities	(b)	3,453	10,093
Total income		16,660	25,063
Disaggregated revenue			
(a) Revenue from contracts with customers			
Sale of water		1,580	1,230
WaterNSW Charges		2,839	1,513
CICL Charges		7,065	6,979
CICL Sinking Fund Levy and Casual Usage Charge		1,517	1,525
CIMCL Reimbursements		0	3,117
Other sales		206	606
Total revenue		13,207	14,970
Timing of revenue recognition			
Products and services transferred to customer			
- at a point in time		206	3,723
- over time		13,001	11,247
		13,207	14,970
(b) Revenue from outside the operating activities			
Interest		52	94
Rentals		58	66
Net gain on distributions and changes in fair values of financial assets measured at fair value through profit or loss		3,175	9,903
Net gain on sale of property plant and equipment		97	0
Federal and State Government Grants		71	30
		3,453	10,093

*Notes to the Financial Statements***NOTE 4 EXPENSES**

	2022	2021
	\$'000	\$'000
Expenses include the following specific items:		
Cost of sales of goods – bulk water charges	3,103	1,734
Depreciation		
Buildings	45	54
Plant and equipment	322	251
Water Distribution and Infrastructure	1,486	1,530
Total depreciation	1,853	1,835
Other expenses		
Net loss on distributions and changes in fair values of financial assets measured at fair value through profit or loss	4,789	0
Net loss on disposal of non-current assets	0	92
Total Other expenses	4,789	92

NOTE 5 INCOME TAX

	2022	2021
	\$'000	\$'000
(a) Income tax expense		
Current tax	2	2
Deferred tax	0	0
Aggregate income tax expense/(credit)	2	2

(b) Numerical reconciliation of income tax expense to prima facie tax payable

The aggregate amount of income tax attributable to the financial year differs from the amount calculated on the operating profit and extraordinary item. The differences are reconciled as follows:

Net profit/(loss) before income tax	(3,201)	12,249
Income tax expense/(credit) calculated @ 25% (2021: 26%)	(800)	3,185
Effect of change to tax-exempt status	802	(3,183)
Income tax expense/(credit) attributable to operating profit	2	2

Notes to the Financial Statements
NOTE 6 CASH AND CASH EQUIVALENTS

	2022	2021
	\$'000	\$'000
Cash at bank and on hand	3,941	6,287

Restrictions on use of cash and investments

Access to the above funds and to other financial assets (see Note 9) is restricted as the funds are held for specific purposes as follows:

Cash at bank and on hand (above)	3,941	6,287
Other financial assets (Note 9)	93,912	97,107
	97,853	103,394

These funds are set aside for the following purposes:

Security for Termination Fees (Note 12)	751	770
Unused Termination Fees	207	248
Bio-diversity Crown Land Management funds	63	72
Infrastructure maintenance reserve	355	1,244
Sinking Fund Reserve (Note 18)	46,446	47,653
Unearned revenue (Note 17)	2,653	2,802
Unrestricted funds	47,378	50,605
	97,853	103,394

NOTE 7 TRADE AND OTHER RECEIVABLES

	2022	2021
	\$'000	\$'000
Trade debtors	11,315	9,316
Less: Allowance for expected credit losses	(17)	(17)
	11,298	9,299

Ageing

The ageing of trade debtors for the consolidated entity at balance date was:

Not past due	11,315	9,316
Past due 31 to 60 days	0	0
Past due 61 to 90 days	0	0
Over 90 days	0	0
	11,315	9,316

*Notes to the Financial Statements***NOTE 8 OTHER CURRENT ASSETS**

	2022	2021
	\$'000	\$'000
Prepayments	<u>365</u>	<u>299</u>

NOTE 9 OTHER FINANCIAL ASSETS

	2022	2021
	\$'000	\$'000
Financial assets at fair value through the profit and loss	<u>93,912</u>	<u>97,107</u>

These are units in managed funds and listed equities managed in accordance with a documented investment strategy described at Note 28. Access to these funds is restricted as the funds are held for specific purposes (refer Note 6).

*Notes to the Financial Statements***NOTE 10 PROPERTY, PLANT AND EQUIPMENT**

	2022	2021
	\$'000	\$'000
Land and Buildings		
Freehold land - At cost	1,784	1,804
Buildings - At cost	2,199	2,199
Less: Accumulated depreciation	(1,615)	(1,569)
	584	630
Total land and buildings	2,368	2,434
Plant and Equipment		
Plant and equipment – At cost	1,808	1,569
Less: Accumulated depreciation	(650)	(818)
	1,158	751
Motor Vehicles – At cost	1,315	1,181
Less: Accumulated depreciation	(677)	(731)
	638	450
Office Equipment and Software – At cost	1,282	1,262
Less: Accumulated depreciation	(1,201)	(1,136)
	81	126
Total Plant and Equipment	1,877	1,327
Water Distribution and Infrastructure		
Earth Channels – At cost	12,418	12,418
Less: Accumulated depreciation	(2,633)	(2,509)
	9,785	9,909
Infrastructure – At cost (a)	54,703	53,555
Less: Accumulated depreciation and impairment	(19,272)	(18,087)
	35,431	35,468
Total Water Distribution and Infrastructure	45,216	45,377
Capital Works in Progress		
At cost	1,085	951
Total Capital Works in Progress	1,085	951
Total Property, Plant and Equipment	50,546	50,089

Notes to the Financial Statements**(a) Leasehold Infrastructure**

Infrastructure includes road bridges and road culverts in the Coleambally Irrigation District with a net carrying value of \$1.89 million (2021: \$1.963 million) which are constructed on land owned by local government. However, the Co-operative has control of these assets and it is responsible for maintaining them. Accordingly, these assets have been brought to account as assets of the Co-operative on the basis of control.

(b) Reconciliations

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

	Land & Buildings	Plant & Equipment	Water Infrastructure	Construction In Progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2021	2,434	1,327	45,377	951	50,089
Additions	0	922	484	1,085	2,491
Disposals	(21)	(50)	(110)	0	(181)
Transfers	0	0	951	(951)	0
Depreciation expense	(45)	(322)	(1,486)	0	(1,853)
Provision for impairment	0	0	0	0	0
Carrying amount at 30 June 2022	2,368	1,877	45,216	1,085	50,546

NOTE 11 INTANGIBLE ASSETS

	2022	2021
	\$'000	\$'000
Conveyance licence at cost	74,572	74,572
Other water entitlements at cost	1,320	1,320
	75,892	75,892

Movement in intangible assets

	Conveyance Licence	General Security Tradeable	G Class High Security Non-Tradeable	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2021	74,572	794	526	75,892
Additions	0	0	0	0
Disposals	0	0	0	0
Transfers	0	0	0	0
Provision for impairment	0	0	0	0
Carrying amount at 30 June 2022	74,572	794	526	75,892

Valuation of Conveyance Licence

The Co-operative currently holds 117,342 ML (2021: 117,342 ML) of Conveyance Licence. The percentage of water allocated against this licence has varied between 86% and 100% over the last 10 years in line with the varying general security allocation. There is currently no active market for Conveyance Water however, in the opinion of the Directors, Conveyance Water has similar attributes to High Security Water Entitlements, which does have an active market. The volume weighted average price of High Security Water Entitlements for the financial year was \$7,987 per ML (2021: \$7,560). Based on this value the Directors believe that the value of the Conveyance Licence is between \$804 million and \$937 million (2021: \$762 million and \$887 million).

Notes to the Financial Statements

NOTE 12 TRADE AND OTHER PAYABLES

	2022	2021
	\$'000	\$'000
Trade creditors	252	220
Accrued expenses	1,452	1,157
Amounts held on behalf of Members as security for Termination Fees	751	770
Amounts held on behalf of Coleambally Biodiversity Reserve	63	72
	<u>2,518</u>	<u>2,219</u>

NOTE 13 CURRENT TAX LIABILITIES

	2022	2021
	\$'000	\$'000
Income Tax	<u>0</u>	<u>2</u>

NOTE 14 CURRENT PROVISIONS

	2022	2021
	\$'000	\$'000
Employee entitlements - Annual Leave	534	509
Employee entitlements - Long Service Leave	357	349
Employee entitlements - Other	44	39
	<u>935</u>	<u>897</u>

NOTE 15 NON-CURRENT PROVISIONS

	2022	2021
	\$'000	\$'000
Employee entitlements - Long Service Leave	<u>58</u>	<u>60</u>

*Notes to the Financial Statements***NOTE 16 MEMBERS' SHARES**

	2022	2021
	Shares	Shares
Ordinary shares - fully paid @ \$1.00	485,256	485,256

Movement in Ordinary Shares			
Details	No of Shares	Issue Price	\$
Balance 30 June 2020	485,445	\$1.00	485,445
Issue of shares 2020/21	0	\$1.00	0
Cancellation of shares 2020/21	(189)	\$1.00	(189)
Balance 30 June 2021	485,256	\$1.00	485,256
Issue of shares 2021/22	0	\$1.00	0
Cancellation of shares 2021/22	0	\$1.00	0
Balance 30 June 2022	485,256	\$1.00	485,256

Under the Co-operative's rules it has an obligation to repay the paid up capital amount in respect of any shares that become inactive. As the Co-operative does not have an unconditional right to refuse this repayment this amount is brought to account as a liability rather than as equity.

NOTE 17 OTHER LIABILITIES

	2022	2021
	\$'000	\$'000
Unearned Revenue relating to long term supply agreements		
Current	149	149
Non-Current	2,504	2,653
	2,653	2,802

*Notes to the Financial Statements***NOTE 18 SINKING FUND RESERVE**

	2022	2021
	\$'000	\$'000
Balance as at beginning of financial year	47,653	8,776
Transfers from Retained Earnings (CIMCL Maintenance reimbursement and transfer of Infrastructure Fund)	0	3,117
Transfers to Retained Earnings (CICL Capital Expenditure)	(1,296)	(1,274)
Transfer from CIMCL (Note 29)	0	31,056
Sinking Fund Levy and Casual Usage Charge	1,517	1,525
Sinking Fund Investment Return for the year	(1,428)	4,453
Balance as at end of financial year	46,446	47,653
Represented by:		
Cash at bank and on hand (Note 6)	513	1,034
Trade Debtors (Note 7)	1,456	1,486
Other financial assets (Note 9)	44,477	45,133
	46,446	47,653

The purpose of the Sinking Fund Reserve is providing funds for capital expenditure for the construction, refurbishment and replacement of existing and future irrigation and drainage assets of the Co-operative. The fund is managed by an independent committee and is required to report annually to Members on its activities.

Coleambally Irrigation Mutual Co-operative Limited (CIMCL) following approval from its Members, transferred its entire sinking fund amounting to \$31,056,000 to CICL during the prior financial year. Under the terms of the Sinking Fund Transfer Deed CICL has agreed that it must only expend the CIMCL sinking fund on future expenses to be incurred after the transfer date in relation to the "maintenance, replacement and refurbishment of the irrigation assets, until the sinking fund is fully expended".

The value of the CIMCL Sinking Fund after crediting the investment return and charging allowable expenditure was \$25,121,000 (2021: \$31,547,000).

Notes to the Financial Statements

NOTE 19 FINANCIAL INSTRUMENTS**(a) Credit risk exposures**

The credit risk on financial assets which have been recognised in the balance sheet is generally the carrying amount, net of any provisions for doubtful debts.

(b) Interest risk exposure

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table:

2022		Fixed Interest Maturing In					Total
		Floating interest rate	1 year or less	Over 1 to 5 years	More than 5 years	Non-interest bearing	
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets							
Cash and cash equivalents	6	2,946	995	0	0	0	3,941
Receivables	7	0	0	0	0	11,298	11,298
Financial assets at fair value through the profit and loss	9	0	0	0	0	93,912	93,912
		2,946	995	0	0	105,210	109,151
Weighted average interest rate		0.75%	2.25%				
Financial liabilities							
Trade and other payables	12	0	0	0	0	2,518	2,518
		0	0	0	0	2,518	2,518
Net financial assets/(liabilities)		2,946	995	0	0	102,692	106,633

2021		Fixed Interest Maturing In					Total
		Floating interest rate	1 year or less	Over 1 to 5 years	More than 5 years	Non-interest bearing	
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets							
Cash and cash equivalents	6	2,285	4,002	0	0	0	6,287
Receivables	7	0	0	0	0	9,299	9,299
Financial assets at fair value through the profit and loss	9	0	0	0	0	97,107	97,107
		2,285	4,002	0	0	106,406	112,693
Weighted average interest rate		0.27%	0.45%				
Financial liabilities							
Trade and other payables	12	0	0	0	0	2,219	2,219
		0	0	0	0	2,219	2,219
Net financial assets/(liabilities)		2,285	4,002	0	0	104,187	110,474

Notes to the Financial Statements**(c) Net fair value of financial assets and liabilities***Financial assets at fair value through the profit and loss*

The Co-operative measures and recognises its financial assets at fair value through the profit and loss on a recurring basis after initial recognition.

AASB 13: Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

- Level 1 - Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 - Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - Measurements based on unobservable inputs for the asset or liability.

The Co-operative's financial assets at fair value through the profit and loss are classified as Level 1. There has been no change in the valuation technique used to calculate the fair values disclosed in the financial statements.

Other financial assets and liabilities

The carrying value of other financial assets and liabilities approximates fair value.

NOTE 20 REMUNERATION OF AUDITORS

During the year the auditor of the group earned the following remuneration:

	2022	2021
	\$'000	\$'000
Audit of the financial statements	32	34
Other assurance services	0	0
Total audit and other assurance services	32	34
Taxation services	0	3
Other consulting services	0	1
Total other services	0	4
Total remuneration	32	38

NOTE 21 CONTINGENT LIABILITIES

At 30 June 2022, CICL had a contingent liability (2021: same) as a consequence of the transfer of Coleambally Irrigation Mutual Co-operative Limited's sinking fund. See Note 29 (h) and (i) for further details. As at balance date no liabilities have come to fruition.

*Notes to the Financial Statements***NOTE 22 COMMITMENTS FOR EXPENDITURE**

	2022	2021
	\$'000	\$'000
Capital commitments		
Commitments for the acquisition of plant and equipment contracted for at the reporting date but not recognised as liabilities, payable:		
Not later than one year	181	822
Between 1 and 5 years	0	0
	<u>181</u>	<u>822</u>
The current year balance of \$181,000 (2021: \$822,000) relates to ongoing capital works		
Investment commitments		
Commitments for an additional investment in a venture capital fund that has been contracted for at the reporting date but not yet called or recorded as a liability, payable:		
Not later than one year	400	0
Between 1 and 5 years	0	0
	<u>400</u>	<u>0</u>

NOTE 23 EMPLOYEE ENTITLEMENTS

	2022	2021
	\$'000	\$'000
Employee entitlement liabilities		
Provision for employee entitlements		
Current (Note 14)	935	897
Non-current (Note 15)	58	60
Aggregate employee entitlement liability	<u>993</u>	<u>957</u>

Superannuation Fund

Superannuation contributions have been paid into compliant superannuation funds of employee choice in accordance with statutory requirements. The Co-operative had a liability of \$0 at year end (2021: \$292).

*Notes to the Financial Statements***NOTE 24 RECONCILIATION OF NET PROFIT/(LOSS) AFTER INCOME TAX TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES**

	2022	2021
	\$'000	\$'000
Net profit/(loss) after income tax	(3,203)	12,247
Depreciation and amortisation	1,853	1,835
Net (profit)/loss on sale of non-current assets	(97)	92
(Increase)/decrease in fair value of financial assets	1,614	(9,903)
Change in operating assets and liabilities		
(Increase)/decrease in trade debtors	(1,999)	3,860
(Increase)/decrease in prepayments	(66)	3
Increase/(decrease) in trade creditors and accruals	159	214
Increase/(decrease) in Coleambally Biodiversity Reserve funds held	(9)	28
Increase/(decrease) in employee provisions	36	179
Increase/(decrease) in net tax liabilities	(2)	2
Net cash inflow/(outflow) from operating activities	<u>(1,714)</u>	<u>8,557</u>

Notes to the Financial Statements**NOTE 25 RELATED PARTIES****Key management personnel**

The names of persons who were Directors of the Co-operative at any time during the financial period are as follows:

P T Sheppard, B M Brown, K H Burge, A T Mannes, C M Perkins and S Smith.

The following Executive Officers had authority and responsibility for planning, directing and controlling the activities of the Co-operative, directly or indirectly, during the financial year:

C Ashby (Chief Executive Officer), P Clarke (General Manager Finance & Environmental Compliance), S Oosthuysen (General Manager Water Operations) and B Vearing (Company Secretary).

	2022	2021
	\$'000	\$'000
Key management personnel compensation		
Short-term employee benefits	1,412	1,374
Post-employment benefits	141	130
	1,553	1,504

Included in the above amount are Directors' fees totalling \$324,232 (2021: \$293,209). The AGM approved ceiling is \$375,000 (2021: \$325,000). At the AGM held on 28 October 2021, members resolved that the ceiling would increase by CPI each year.

Loans to key management personnel

There were no loans to key management personnel or their related entities.

Transactions with related parties concerning shares

No shares were issued by the consolidated entity to key management personnel or related entities during the year (2021: 0). The numbers of shares held directly, indirectly or beneficially by key management personnel or their related entities at balance date:

	2022	2021
	Number	Number
P T Sheppard	4,238	4,238
K H Burge	5,300	5,300
A T Mannes	1,390	1,390
C M Perkins	3,559	3,559
	14,487	14,487

Notes to the Financial Statements

Other transactions with related parties

During the year the Co-operative sold water to key management personnel of the Co-operative or their related entities on terms and conditions no more favourable than those which it is reasonable to expect would have been adopted if dealing with them at arm's length in the same circumstances.

During the prior year the Co-operative utilised the water broking services of an entity controlled by a key management person to trade \$82,500 of water allocation on terms and conditions no more favourable than those which it is reasonable to expect would have been adopted if dealing with them at arm's length in the same circumstances.

During the year the Co-operative utilised the real estate and equipment sale services of an entity controlled by a key management person to sell residential land for a value of \$36,000 and the sale of vehicles and equipment for the value of \$166,100 on terms and conditions no more favourable than those which it is reasonable to expect would have been adopted if dealing with them at arm's length in the same circumstances.

The total value of transactions and balances with key management personnel and their related entities during the year and at balance date is set out below:

	2022	2021
	\$'000	\$'000
Value of transactions (incl GST)		
Water sales to related parties	350	280
Commission on water sale paid to related party	-	2
Commission on land, vehicle and equipment sales paid to related party	8	-
Balances at the reporting date		
Receivable from related parties	349	280
Payable to related parties	0	0

Other related parties

There are no other related party transactions.

NOTE 26 SUBSIDIARY

Name of Entity	Country of Incorporation	Class of Shares	2022	2021
			%	%
Watermart Coleambally Pty Ltd	Australia	Ordinary	100	100

Watermart Coleambally Pty Ltd continues to trade providing online temporary water trading services and is consolidated for accounting purposes. The tax exempt status of CICL does not extend to Watermart Coleambally Pty Ltd. Profits made by this entity are subject to normal company income tax.

NOTE 27 EVENTS OCCURRING AFTER THE REPORTING DATE

No other matter or event has arisen since the reporting date that is considered likely to have a significant effect on the Co-operative in future financial years.

Notes to the Financial Statements**NOTE 28 FINANCIAL RISK MANAGEMENT**

The Co-operative's activities expose it primarily to the financial risks of liquidity and credit risk. The Board of Directors and senior management are responsible for monitoring and managing the financial risks of the Co-operative. They monitor these risks through monthly Board meetings where monthly management reports are presented and analysed. The Co-operative does not enter into derivative financial instruments and does not speculate in any type of financial instrument.

(a) Liquidity risk

Liquidity risk is the risk that the Co-operative will not be able to meet its financial obligations as they fall due. The Co-operative has both short term and long term facilities which enable sufficient cash to be available to settle obligations as they fall due. The Chief Executive Officer monitors the cash position of the Co-operative on a regular basis. The Co-operative's financial liabilities are disclosed at Note 19. All financial liabilities as at balance date are due for payment in less than 12 months from balance date.

(b) Credit risk

Credit risk is the risk of financial loss to the Co-operative if a party to a financial instrument fails to meet its contractual obligations. Credit risk arises from the financial assets disclosed in Note 19. Cash deposits are held with reputable banking institutions.

Units in managed funds and listed equities are managed in accordance with a documented investment strategy. The investment strategy has been developed to optimise the investment return and minimise the risk of volatility over the time the funds are expected to be held. As at 30 June 2022 the investment portfolios (excluding cash) are spread across the following:

	2022	2021
Australian Equities	23.3%	22.6%
Global Equities	22.9%	24.4%
Property and Infrastructure	21.0%	15.8%
Growth Alternatives	10.1%	12.1%
Defensive Alternatives	4.4%	4.4%
Fixed Interest and Diversified Income	18.3%	20.7%

The performance of these investments are reported to, and monitored by the Board each month. In addition, the performance of our investment advisor is also closely monitored.

In respect of debtors the risk is significantly mitigated by a charge over customers' water entitlements afforded by the Water Management Act 2000.

(c) Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect the Co-operative's cash on call and term deposits. The following table summarises the sensitivity of the Co-operative's financial assets and liabilities to a 1% movement in the interest rate:

	1%	1%	-1%	-1%
	Profit	Equity	Profit	Equity
	\$'000	\$'000	\$'000	\$'000
Cash on call and term deposits	39	39	(39)	(39)

Notes to the Financial Statements**NOTE 29 BUSINESS COMBINATION**

During the prior financial year the Co-operative entered into a Sinking Fund Transfer Deed (Deed) with Coleambally Irrigation Mutual Co-operative Limited (CIMCL) whereby CIMCL's sinking fund was transferred to Coleambally Irrigation Co-operative Limited (CICL). The CIMCL sinking fund constituted the entire business operation of CIMCL. The transfer of the CIMCL sinking fund was therefore regarded as a business combination achieved without the transfer of consideration as contemplated by paragraph 43 of Australian Accounting Standards Board Statement 3 – Business Combinations.

The standard requires disclosure of the following matters:

(a) The acquiree

The acquiree is Coleambally Irrigation Mutual Co-operative Limited. (CIMCL)

(b) Acquisition date

The effective date was 1 March 2021.

(c) Percentage of voting equity acquired

No voting equity interests were acquired.

(d) The primary reasons

On the 15th February 2021 a Disclosure Statement was sent to all members of CIMCL outlining that the current operation of the co-operative was incompatible with the Water Management Act 2000 (NSW) and that there may be a risk of future non-compliance with that act (in relation to future infrastructure ownership). It noted that after careful consideration, the CIMCL Board had decided that it was in the members' best interests that CIMCL transfer its sinking fund to CICL. Additionally, there is also a benefit to having CICL hold the sinking fund as CICL will not be required to pay income tax on the investment returns derived from the sinking fund for so long as CICL remains an income tax-exempt entity.

(e) The major steps in the process

The major steps in the process were:

- amending CICL's rules to, among other things, allow CICL to convert from a distributing to a non-distributing co-operative and establish its own sinking fund, the levy of which will be collected by CICL, and be managed and maintained solely for the purpose of irrigation asset construction, refurbishment and replacement. Members' approval of these amendments was obtained in March 2020;
- converting CICL to a non-distributing co-operative, which ensures CICL's sinking fund could never be distributed for purposes other than the construction, refurbishment and replacement of irrigation assets;
- obtaining a private binding ruling from the ATO under which CICL qualified as a "public authority", and is therefore an income tax-exempt entity for the purposes of the ITAA. This ruling was obtained on 14 January 2020;
- CIMCL amending its rules so that it was not obligated to raise a levy for the sinking fund. Members' approval of these amendments was obtained in October 2020;
- CIMCL ceasing to collect a levy for the sinking fund and CICL starting to collect a levy for its sinking fund;
- CIMCL obtaining a private binding ruling under which the ATO confirmed that its sinking fund's status as non-assessable income is not jeopardised by the transfer. This ruling was obtained on 14 October 2020;
- CICL and CIMCL entering into a Sinking Fund Transfer Deed on 12 February 2021;
- CIMCL members voting in a special postal ballot to approve the transfer of the CIMCL sinking fund to CICL;
- CIMCL members giving approval, by way of special resolution, for the Board to pass the necessary resolutions to wind up CIMCL and to appoint the liquidator approved by members after the transfer has taken place;
- approval of the special resolution by the Registrar of Co-operatives on 16 April 2021;
- the transfer of the sinking fund taking place;
- the Board of CIMCL resolving to appoint a liquidator on 18 May 2021; and
- the deregistration of CIMCL on 17 November 2021.

(f) Acquisition-date fair value of assets acquired

The assets acquired consisted of the investment funds amounting to \$28,562,000 and cash amounting to \$2,494,000, totalling \$31,056,000.

Notes to the Financial Statements**(g) Liabilities acquired**

The obligation to settle the cost of liquidation of CIMCL was accepted by CICL under the terms of the transfer deed. The cost was \$10,500 and has been settled.

(h) Contingent liabilities acquired

With effect from the transfer date, CICL is responsible for all obligations and liabilities of CIMCL which arose before the transfer date and remain outstanding on the transfer date; and which arise on or after transfer date. No such liabilities have come to fruition.

(i) Additional undertakings by CICL

Under the terms of the Sinking Fund Transfer Deed CICL has undertaken two material commitments. CICL has agreed that it must only expend the CIMCL sinking fund on future expenses to be incurred after the transfer date in relation to "the maintenance, replacement and refurbishment of the irrigation assets, until the sinking fund is fully expended". CICL has entered into a Deed Poll in favour of each person who is a member of CIMCL on the date on which CIMCL is wound up and who continues, from time to time, to be an "Active Member" (as that term is defined in CICL's rules) of CICL, in which CICL will undertake to only expend the sinking fund for the purposes set out above.

(j) The resulting entries in the books of the acquirer

The net asset value acquired of \$31,056,000 was credited directly to an equity account in the books of CICL. The account is named CIMCL Sinking Fund.

(k) The surplus derived from the date of acquisition until 30 June 2021

The gross surplus derived from the transfer of the CIMCL sinking fund from 1 March 2021 to 30 June 2021 amounted to \$2,422,000.

(l) The surplus that would have been derived had the acquirer owned the acquiree for the entire 2020/21 financial year

The gross surplus that would have been derived in the prior financial year if the transfer had occurred on 1 July 2020 would have amounted to \$4,171,000.

Notes to the Financial Statements

NOTE 30 SEGMENTAL REPORTING

There are three distinct segments of the Co-operative's business as follows:

Irrigation

This is the core business undertaking which manages the irrigation infrastructure and the delivery of water and services to customers.

Investment

The Co-operative invests funds held for the long-term stable pricing of access charges.

Sinking Fund

The sinking fund was established under Rule 126. The purpose of the Sinking Fund Reserve is providing funds for capital expenditure for the construction, refurbishment and replacement of existing and future irrigation and drainage assets of the Co-operative. The fund is managed by an independent committee and is required to report annually to Members on its activities.

The contributions of each of these segments to the Co-operative's consolidated profit/(loss) for the year are set out below:

	Irrigation		Investment		Sinking Fund		Consolidated	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Sales & other revenue	11,845	10,394	0	0	1,517	1,525	13,362	11,919
CIMCL Reimbursement Transferred to Sinking Fund	0	0	0	0	0	3,117	0	3,117
Interest	0	0	51	93	1	1	52	94
Other investment income	0	0	1,306	5,450	1,869	4,453	3,175	9,903
Government Grants	71	30	0	0	0	0	71	30
Total Revenue	11,916	10,424	1,357	5,543	3,387	9,096	16,660	25,063
Employee expenses	4,824	4,603	0	0	0	0	4,824	4,603
Operating expenses	10,248	8,211	0	0	0	0	10,248	8,211
Investment Losses	0	0	1,490	0	3,299	0	4,789	0
Total expenses	15,072	12,814	1,490	0	3,299	0	19,861	12,814
Underlying profit/(loss)	(3,156)	(2,390)	(133)	5,543	88	9,096	(3,201)	12,249
Termination fees	0	0	0	0	0	0	0	0
Consolidated profit/(loss)	(3,156)	(2,390)	(133)	5,543	88	9,096	(3,201)	12,249

DIRECTORS' DECLARATION

The Directors declare that the financial statements and notes set out on pages 17 to 45 are in accordance with the Co-operatives National Law, including:

- (a) complying with Accounting Standards and other mandatory professional reporting requirements; and
- (b) giving a true and fair view of the Co-operative'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 financial year ended on that date.

In the Directors' opinion there are reasonable grounds to believe that the Co-operative 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.



Peter Sheppard
Director

Coleambally
24 August 2022

INDEPENDENT AUDIT REPORT



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Independent audit report to the members of Coleambally Irrigation Co-operative Limited

Opinion

We have audited the financial statements of Coleambally Irrigation Co-operative Ltd and its controlled entities (the consolidated entity), which comprises the consolidated balance sheet as at 30 June 2022, the consolidated income statement, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of accounting policies, other explanatory notes and the Directors' declaration.

In our opinion, the accompanying financial report of the consolidated entity is in accordance with the *Co-operatives (Adoption of National Law) Act 2012 (NSW)*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Co-operatives (New South Wales) Regulation 2014*.

Basis of 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 consolidated entity in accordance with the auditor independence requirements of the *Co-operatives (Adoption of National Law) Act 2012 (NSW)* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Co-operatives (Adoption of National Law) Act 2012 (NSW)*, which has been given to the directors of the consolidated entity, would be in the same terms if given to the directors as at the time of this auditor's report.

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

The directors of the consolidated entity are responsible for the other information. The other information comprises the information included in the consolidated entity'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.

Independent Audit Report**Independent auditor's report to the members (continued)****Responsibility of the Directors for the Financial Report**

The directors of the consolidated entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Co-operatives (Adoption of National Law) Act 2012 (NSW)* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the consolidated entity'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 consolidated entity or to cease operations, or have no realistic alternative but to do so.

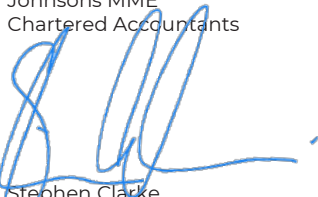
Auditor's Responsibilities for the Audit of the Financial Report

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.

The financial report has been prepared for distribution to members for the purpose of fulfilling the director's financial reporting requirements under the *Co-operatives (Adoption of National Law) Act 2012 (NSW)*. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.

Johnsons MME
Chartered Accountants



Stephen Clarke
Director

Albury
30 August 2022

03

BIOGRAPHIES



DIRECTOR BIOGRAPHIES



Peter Sheppard
Chairman

Peter is involved in running a successful family farming business with his mother, Margaret and wife, Penny.

Peter was elected to the Board of Coleambally Irrigation Mutual Co-operative Limited in 2000 and served as Chairman of the Mutual from November 2003 until he retired to take up a position of Member Director on the CICL Board in November 2012.

Peter is a graduate of the Australian Institute of Company Directors and has served on various sub-committees of the Board.



Anthony Mannes
Member Director

Anthony, along with his wife Amanda, are involved with his father and brothers in their family farming partnership in the CIA.

In 2016, Anthony and Amanda established Mannes Agencies Pty Ltd, an independent livestock and property agency servicing a Riverina based clientele centred in Coleambally.

Anthony is a graduate of the Australian Institute of Company Directors.

Anthony was elected to the CICL Board in October 2015 and has served on various sub-committees of the Board.



Craig Perkins
Member Director

Craig is involved in running a successful family farming business with his wife, Alicia.

Craig has previously participated in the RGA emerging leaders' program run by the Australian Rural Leadership Foundation and represented Coleambally on the Young Irrigators' Network.

Craig received a Bachelor of Applied Science Agriculture from CSU Wagga in 2002 and is a graduate of the Australian Institute of Company Directors.

Craig was elected to the CICL Board in October 2014 and has served on various sub-committees of the Board.



Keith Burge
Member Director

Keith is the son of a pioneering family of Coleambally and together with his wife, Margaret, and family has been farming in the Coleambally area for 40 years. Keith received a Diploma of Applied Science (Hawkesbury Ag College) in 1980.

Keith is a member of the Australian Institute of Company Directors. Keith has taken an active role in the administration of the Murrumbidgee Shire Community Experimental/Demonstration Farm and is recognised as an Honorary Councillor.

Keith joined CICL's Board in November 2013 and has served on various sub-committees of the Board.

Director Biographies



Bruce Brown
Independent Director

Bruce joined CICL's Board in 2004. He has had extensive senior management experience across a number of agribusiness industries. Additionally, he has been a member of a number of government committees including the National Rural Advisory Committee (1999-2005) and is currently a NSW Natural Resource Access Regulator Board Member. His roles at Elders Limited, Commonwealth Development Bank, ANZ and Queensland Cotton have involved profit centre and risk management, strategic planning, business development and marketing activities.

Bruce has a strong network across both the private and government agribusiness sectors. He has served on a number of Australian and State Government reviews into industries/entities such as the Victorian Wool Industry and the National Rural Counselling Service.

He is an honours graduate of both Wagga Agricultural College and UNE (Bachelor of Agricultural Economics) and has in the past served as an Advisory Council Member of Orange Agricultural College. Bruce has lectured in agricultural policy and farm management at Roseworthy Agricultural College, Orange Agricultural College and the University of New England.

Bruce was appointed to the NSW Natural Resource Access Regulator Board in December 2017.



Sharon Smith
Independent Director

Sharon joined the CICL Board in October 2018. She has had extensive Non-Executive Director and Senior Management experience within both private and public utility sectors.

Sharon holds a Bachelor of Commerce Degree, is a Chartered Accountant, has post graduate qualifications in Applied Finance and is a graduate of the Australian Institute of Company Directors.

Sharon has a strong finance and senior leadership background in the Public Water Utility Sector as CFO and later General Manager Finance and Corporate Services for the Hunter Water Corporation for 21 years.

She has a strong corporate governance focus including experience with Boards of Directors, as CEO, Non-Executive Director, Company Secretary and Chair of Audit Committee roles. She is currently Deputy Chair of the National Apprentice Employment Network, Director of the Hunter Trade College and CEO of HVTC (Apprentices and Trainees), employing over 700 apprentices and trainees across all trades in NSW.



Bronwyn Vearing
Company Secretary

Bronwyn joined CICL in August 2008 as its Executive Assistant, after moving to Coleambally with her husband and family.

Bronwyn assumed the role of the CICL Company Secretary in December 2014. Bronwyn continues to focus on ensuring that the business operates in compliance with its own rules and policies and those levied on it by State and Federal Governments and/or their agencies. In addition to her role at CICL, Bronwyn has a two-fold role as the Company Secretary and Director on National Irrigation Corporation Water Entitlement Register Pty Ltd (NICWER).

Bronwyn holds a graduate Diploma of Applied Corporate Governance and a Bachelor of Business (Business Management/Marketing) and is a graduate of the Governance Institute of Australia.

MANAGEMENT BIOGRAPHIES



Clifford Ashby
Chief Executive Officer

Clifford joined CICL in July 2017. He is a Fellow of the Chartered Accountants Australia and New Zealand and holds a Bachelor's degree in Commerce. He is a graduate of the Australian Institute of Company Directors.

Clifford has over 30 years of extensive leadership and general management experience in listed and unlisted companies as Managing Director, Chief Executive Officer, Chief Financial Officer, Executive and Non-Executive Director, and General Manager, building on a corporate finance career. Clifford has lived and worked in South Africa, Europe and Australia and has extensive experience in agribusiness, having been Managing Director of one of Australia's largest horticultural companies.



Paul Clarke
General Manager - Finance and Environmental Compliance

Paul joined CICL in May 2013 as Chief Financial Officer. He was appointed General Manager - Finance & Environmental Compliance in July 2014.

He qualified as a Chartered Accountant in South Africa and has over 30 years' experience in accounting, finance and investment roles including senior financial roles in listed and unlisted businesses in Southern Africa, South East Asia, UK and in Australia.

Paul holds a Bachelor's and a Master's degree and post-graduate qualifications in accounting and tax. In 2020 Paul completed a Graduate Diploma in Applied Finance (Investment Management) graduating with distinction.

He became a member of Chartered Accountants Australia and New Zealand in 2001 and was admitted as a Fellow in December 2020.



Steve Oosthuysen
General Manager - Operations

Steve joined CICL in December 2017 as General Manager - Operations, following ten years in engineering roles at Griffith City Council.

After completing a Bachelor's degree in Civil Engineering, Steve worked for the national Department of Water Affairs in South Africa in catchment management and irrigation scheme management, followed by six years constructing bulk water infrastructure – supply channels, drains, syphons, tunnel, weirs, a pump station, an earth fill embankment dam and a scheme to collect and treat acid outflows from an abandoned coal mine. Steve then spent nine years in the operation and maintenance of large government owned dams, inter-basin water transfer schemes (channels & tunnels) and took part in negotiating and transferring the operations of government owned irrigation and water supply schemes to irrigation boards and local authorities.

Steve (and his family) migrated to Australia in 2007 to take up a position as engineer at Griffith City Council and have subsequently qualified and accepted Australian Citizenship.

Steve is a member of the Australian Water Association and Water Industry Operators Association.

Management Biographies



Kevin Kelly
 Manager - Assets and Maintenance

Kevin’s initial exposure to irrigation in Coleambally was as a share farmer during the period 1979-1986. Following this, he was the Cropping and Irrigation Manager of Corynnia Station at Carrathool.

Kevin returned to Coleambally in 1996 as Coleambally Irrigation’s Operations Manager. In 2006, he became the Assets and Maintenance Manager.

Kevin holds a Diploma of Applied Science (Agriculture) from Melbourne University and a Bachelor of Management, Farming (Sydney University).



Daniel Whittred
 Manager - Information Systems

Daniel grew up on a beef cattle property at Rosevale in South-East Queensland, with exposure to stock work, dairy cattle, small crops and pressurised irrigation.

Daniel joined CICL in December 2006 as an Assistant Engineer and has been a project manager for subprojects in the Water Smart Australia program and PIIOP, as well as developing CICL’s channel capacity and hydraulic models. Daniel took on the role of Manager Water Operations in February 2014, and in October 2017 moved closer to his passion of electronics and ICT with the role of Manager - Information Systems.

Daniel holds a Bachelor of Engineering (Mechatronics – Robotics and Automation) from University of Southern Queensland (Toowoomba), and a Graduate Diploma in Engineering with a focus on water and hydraulic engineering.



Jenny McLeod
 Manager - Policy and Communications

Jenny joined CICL in November 2015 and works closely with the Board and CEO to support CICL’s advocacy efforts to protect and promote irrigated agriculture in the CIA. Jenny has extensive experience with and knowledge of government water reform having worked in the irrigation advocacy sector for several years in NSW. Jenny is CICL’s delegate to National Irrigators’ Council and is a board member of the council.

Jenny operates a mixed irrigation enterprise with her family in Finley, NSW and is also a director of Finley Regional Care.

Jenny holds a Bachelor of Agricultural Science (Hons) and a Master of Arts (Organisational Communication) and is a graduate of the Australian Institute of Company Directors.

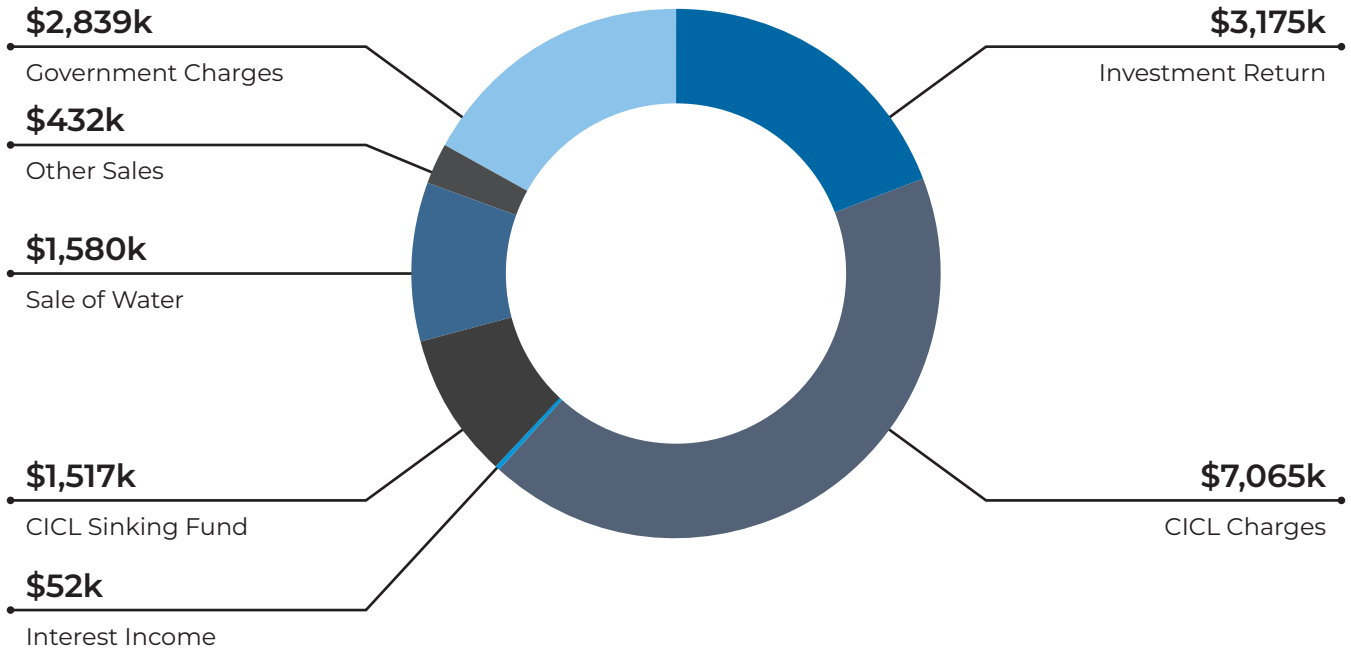
04

BUSINESS DATA AND TRENDS

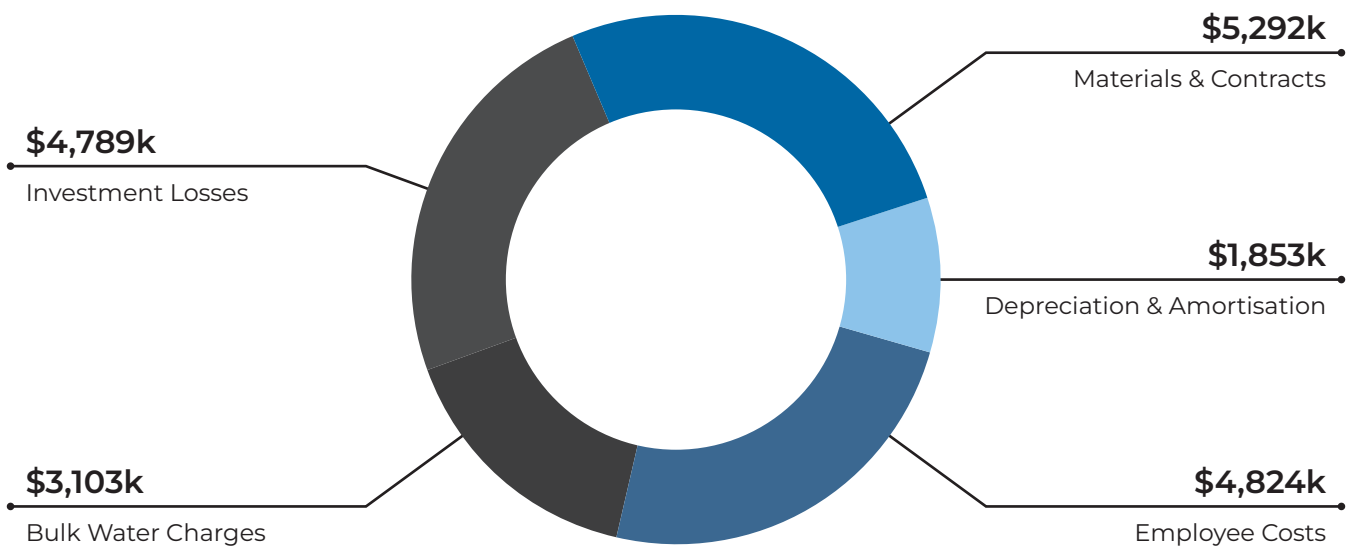


BUSINESS DATA

REVENUE

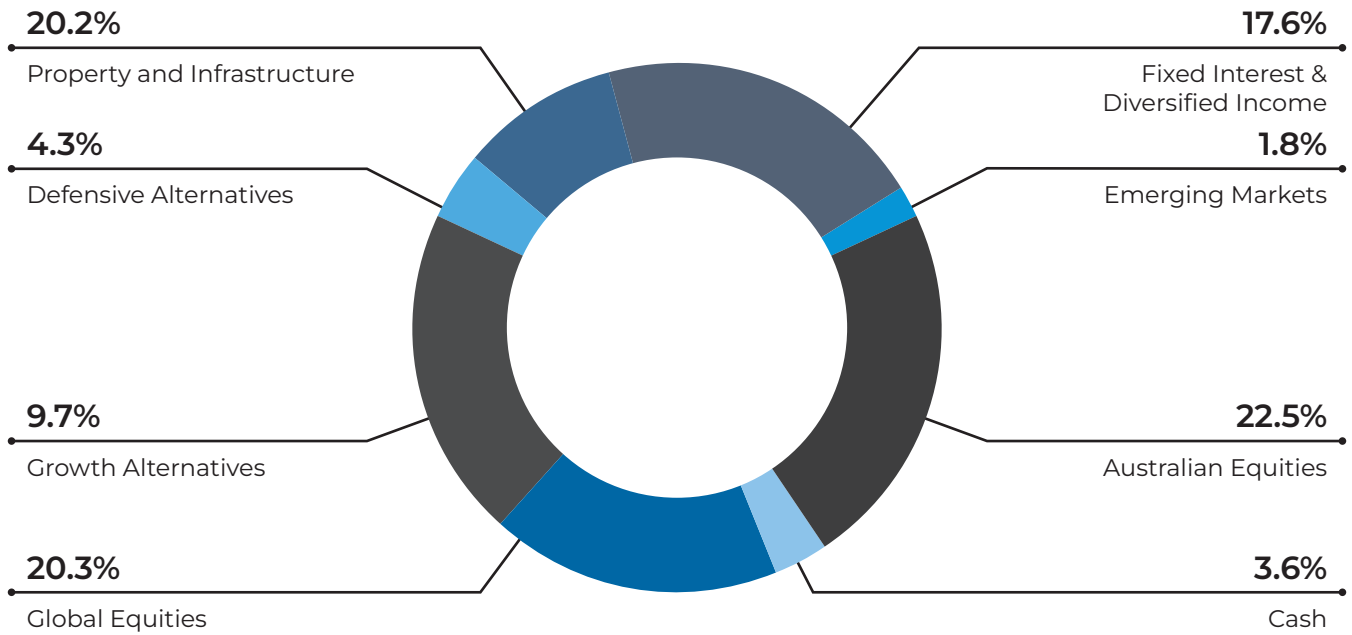


EXPENSES



Business Data

CONSOLIDATED INVESTMENT PORTFOLIO (INCLUDING INVESTMENT CASH)

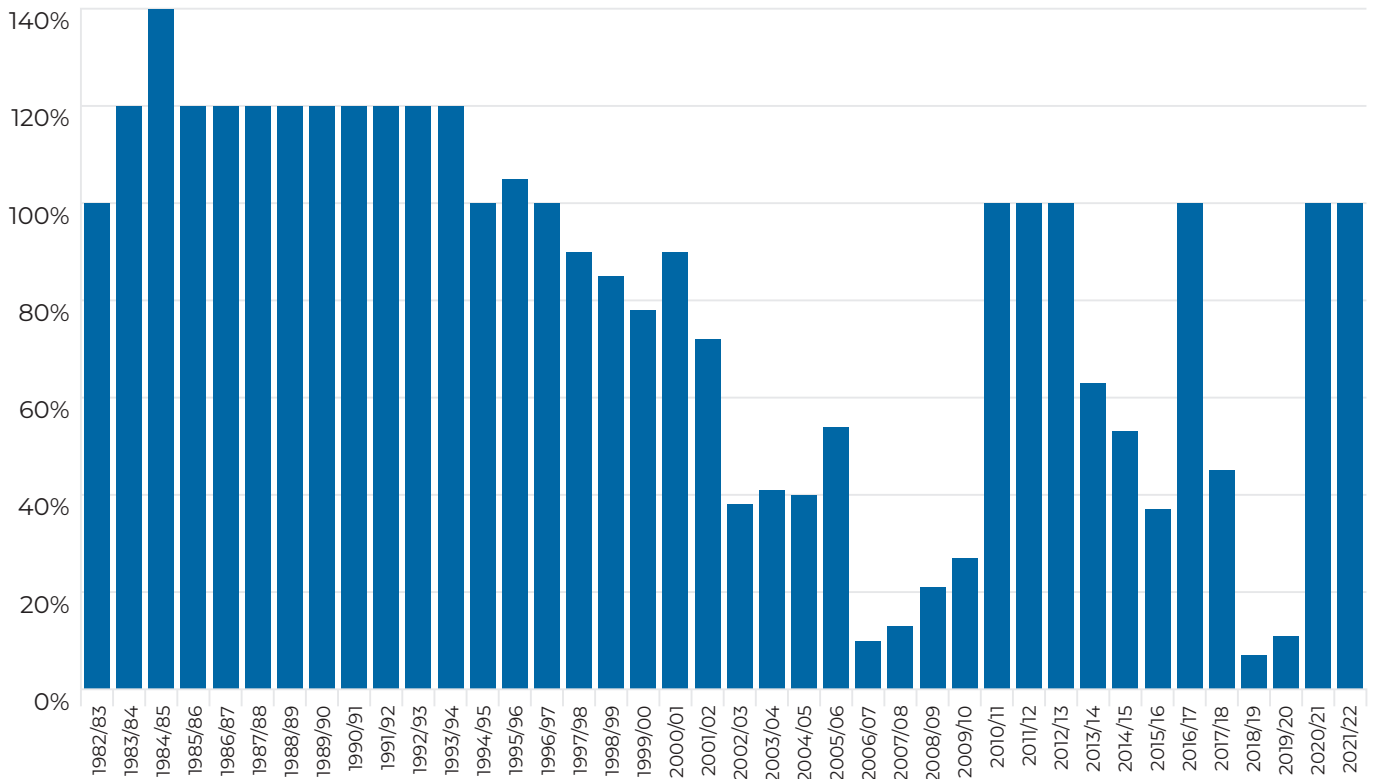


YOUR CO-OPERATIVE AT A GLANCE

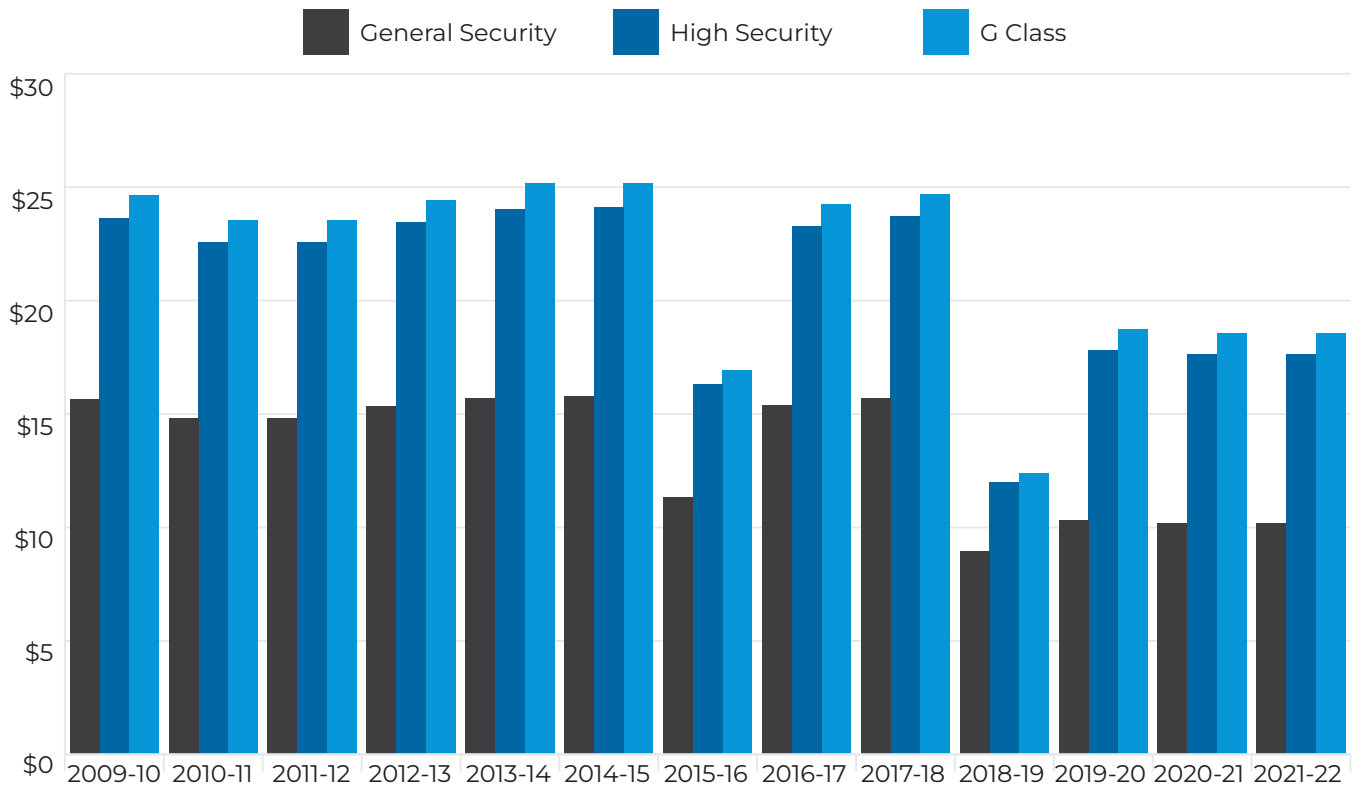
Farms within Coleambally Irrigation District	497
Farms within Coleambally Irrigation Area	438
Number of business entities owning landholdings	326
Number of Shareholders	275
Number of Voting members	234
Area of Operations	456,821 ha

BUSINESS TRENDS

GENERAL SECURITY ALLOCATIONS



WATER CHARGES







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