Coleambally IRRIGATION

a world class water company

COLEAMBALLY IRRIGATION CO-OPERATIVE LIMITED

ANNUAL REPORT 2010 - 2011

Our Vision:

A world class water company

Our Mission:

To acquire, trade and deliver water in order to further the long-term interests of our shareholders

Our Values:

We value:

- water because it is critical to our business, that of our shareholders and mankind;
- the land and our environment and we recognise that its bounty is in direct proportion to the extent that we care for them;
- our shareholders and customers without whom there would be no demand for our product;
- our employees for their knowledge and dedication and commit to valuing their contribution fairly and to providing opportunities for their development;
- our reputation as an industry leader and an entity that is socially responsible;
- the resilience of our local community and the commitment of its residents to each other;
- innovation and science because they allow us to do more with less and assist us to understand the consequences of our actions;
- collaboration and engagement because they hold the key to shaping industry, community and Government thinking; and
- our country because it provides us with freedoms, opportunities and a quality of life that are denied to so many.

Contents

Our Vision, Mission and Values	Inside Cover
Chairman's Report	2
Chief Executive Officer's Report	4
Financial Statements for year ended 30 June 2011	7
Director Biographies	34
Management Biographies	36
Business Data	39
Business Trends	41
Frequently Asked Questions	42
Staff	46
Shareholder Notes	47
Your Company at a Glance	Inside Back Cover

Chairman's Report

For the year ended 30 June 2011

In my report last year, I reflected on the extent to which the breaking of the drought and the Basin Plan were cause for optimism on the one hand and concern on the other and 12 months later that remains the case.

For the first time since 1996-1997, we received our full allocation and with the dams at near full going into the end of the season, there's a similar prospect for the 2011-2012 season. Mother Nature is rarely about one factor only though and with the return of decent rainfall, the challenge of weed control was magnified for many and we were all affected by the mice plague. While the first problem was predictable, the second was less so and with the related damage to crops reported to have been in the order of between 10-20% hopefully we've seen the last of the mice in such numbers and will be spared from any form of pestilence this season. Looking ahead, if I had three other wishes, they would be for an increase in commodity prices, an easing in the value of our dollar and the arrival of a balanced Basin Plan.

The delay in releasing the draft Basin Plan was disappointing but the Board's position is that while we want certainty, we didn't need the certain disaster that would have come had the solution in the MDBA's Guide been imposed on us. The CEO has provided some detail on where the Basin planning process appears to be headed in his report; suffice to say, if the delay assists in the delivery of a balanced plan, and I would have to say at this point in time that's a big IF, the wait will have been worthwhile. I think it appropriate to observe, as I did in my report last year, that our interests are being well served by both the NSW and National Irrigators' Councils – both continue to highlight the inconsistencies between the Government's rhetoric and the MDBA's planning and to indicate the ways in which a balanced plan might be achieved. I also consider that the Murrumbidgee Valley Stakeholders' Group is working well. Getting consensus on issues as significant as the ones posed by the Basin Plan is not an easy task amongst the many bodies that belong to the Group, but presenting a unified front is vital to our collective interests.

On the subject of delay, it was with considerable relief to CICL, and I am sure to many of you, that our PIIOP funding agreement with the Commonwealth Government was finally signed in January this year. We anticipated that a $44m transaction, the largest CICL has entered into, would involve some challenges and as it transpired it did; however since the signing, the progressive exchange of water to the Commonwealth and funding to CICL has occurred in accordance with the agreed timelines. That 66 of CICL's shareholders have committed to PIIOP is testimony to their commitment to innovation and that CICL was able to secure this contract and is administering it within its resources is testimony to the talent and commitment of our staff. It is important that we all keep in mind the purpose of the related investments and that is to ensure the sustainability of our businesses by doing works that improve the efficiency of water delivery and use. We should also keep in mind that in the process of returning water to the environment, we also contribute to off-setting the Sustainable Diversion Limits in our valley.

Taking into account the impact of the drought and the cessation of the LWMP, the Board fixed the 2010-2011 water access charges at a rate which was 8% less, allowing for CPI movements, than in 2009-2010. Careful management; better than expected returns on our investments; and some off-setting of appropriate business expenses against a fee CICL is being paid by the Commonwealth to administer PIIOP resulted in a higher profit than forecasted this year and has allowed the Board to leave water access charges at the same rate for 2011-2012. Allowing for inflation, this represents a decrease of 11% in real terms over the last two seasons.

The return on our investment portfolio, of 10.8%, is particularly noteworthy given the uncertainty of the global investment markets but your Board, CEO and Financial Services Manager have been very active in the face of such uncertainty. Although CICL's investment portfolio was already conservatively based and highly diversified, the Board took decisions during the year to move to a new financial advisory service[1]; to reduce the size and range of our overseas investments and to hedge

[1] CICL's financial advisory services are provided by 358 Australia Pty Ltd.

Chairman's Report

For the year ended 30 June 2011

them against currency movements; and to increase our holdings of cash and term deposits. It is important to note though that our investments are not simply a 'nest egg' as a significant portion of the funds is earmarked for quite specific purposes such as off-setting the impact of terminated Delivery Entitlement; PIIOP; provision for the payment of deferred tax liabilities; and the maintenance of infrastructure and the biodiversity trust blocks. Further information on the investment portfolio is provided at page 40.

The Board has also sought throughout the reporting period to examine ways in which shareholders might enjoy greater benefit from the ownership of Delivery Entitlement and in this regard took decisions to permit the trade of Delivery Entitlement and to allow Delivery Entitlement to be employed more flexibly across single farm units.

It is often said that an organisation's most valuable asset is its people. Sadly, we lost one of our finest in John Payne during the year. John was a pioneer in every sense of the word and as a shareholder could always be relied upon to keep CICL focused on its core business. CICL also bid farewell, but on happier terms, to one of its longest serving employees, Pat Mitchell. Pat started as a Channel Attendant but in later years was instrumental in establishing water trading for the organisation. After 32 years with CICL, Pat has opted for a career change and is now a publican in Darlington Point. Rob Jones also opted to depart after eight years as a Channel Attendant and has returned to farming duties. We also farewelled Sharon Kemp who moved to the Newcastle area. Conversely, we welcomed Terry Inglis (Policy and Communications Manager), Tom Fuller (Channel Technician) and Christine Chirgwin (Administrative Assistant). The position of Policy and Communications Manager is newly created because the business has struggled in recent years to deal with a continuing stream of externally directed policy and regulation reviews and changes, all of which potentially have significant implications on our business. It was also becoming increasingly apparent that in the absence of someone who had the time and experience to analyse the lengthy documents that become the vehicles for such change, CICL was at a distinct disadvantage in its dealings with those who were initiating water reform and regulatory changes. Terry has also been tasked with reviewing our internal policies with a view to improving them where needed and making them more readily accessible to the Board, staff and shareholders.

Any report dealing with the events that impacted on our business and area in 2010-2011 would be incomplete without comment on the takeover offer on SunRice and the commencement of cotton growing within the CIA. CICL's Board took the view that the first matter was not one on which it should take a position but followed what was always going to be a challenging issue for rice growers closely. It wishes to place on record its appreciation for the willingness of SunRice's Chairman, Gerry Lawson, to come to Coleambally to speak to the related issues and to Chairman of the RGA's Coleambally sub-branch, David Brain, for his efforts to ensure that Coleambally's rice growers were kept well informed. The commencement of cotton growing in the CIA, while less contentious, was also a significant development. It was made even more significant by the announcement that some of CICL's shareholders have gone a step further by joining a Murrumbidgee Valley-based consortium to establish a cotton gin. The addition of two ethanol production plants over the next 12-18 months in the CIA will provide for further value-adding in our region. Our shareholders have always had a reputation for 'having a go' and the Board wishes those involved in these new enterprises every success.

The Chairs of Boards invariably end their annual report by recording a vote of thanks to their fellow directors and staff and that's appropriate because good businesses rely heavily on these people. It is my view that CICL is well served by its directors and staff and I thank them for their continuing contributions. I also wish to thank you, the shareholders, for your continuing commitment to farming within the CIA and to CICL.

Trent Gardiner

Trent Gardiner
Chairman

Chief Executive Officer's Report

For the year ended 30 June 2011

In last year's report I focused on three significant challenges that were confronting CICL and they were the continuation of the drought; getting the PIIOP contact signed and funding flowing; and resolution of the Basin Plan. I am pleased to report that the first two challenges are now behind us.

While a 100% allocation in 2010-2011, and the prospect of the same in 2011-2012, has provided a much needed boost to our individual and collective morale, CICL is aware that it will take more than one good season for shareholders to recover from ground lost during the drought. The good rainfall impacted on our works program to the extent that it was not possible to complete the removal of all Dethridge wheels in accordance with the timeframes in our Water Smart Australia agreement with the Commonwealth Government. However, on balance this was a nice problem to have following the drought and we have been able to negotiate an extension with the Commonwealth.

Resolution of the PIIOP contract was not without its challenges, the first of which was to get some of the clauses that were objectionable to CICL amended. At the same time, we argued for changes to that part of the contract that dealt with the way in which funding and water would be exchanged because this had significant tax implications. Once that was resolved, our tax advisor lodged a request seeking a private binding ruling from the Australian Tax Office to provide us with greater certainty around the tax consequences of entering into an agreement with the Commonwealth based on the amended contract. Having received the ruling, we had to get down to the detail of resolving the schedule around which the water and funding exchanges would occur, agreeing reporting milestones and seeking approval of our work plans. Suffice to say that there was a considerable sense of relief when the first payments from the Commonwealth arrived. By 30 June 2011, a total of $14,949,104 had been received by CICL of which $8,689,186 was distributed for on-farm works. I wish to thank those that are participating in the on-farm works sub-project for their patience throughout the time taken to resolve the contract.

The time taken to resolve the PIIOP contract meant there was less time available to us between the commencement of our call for tender for the clay lining sub-project and the commencement of the first year of related work. We therefore took a decision to modify our approach to the work. Instead of completing three separate sections of clay lining over three years, with each involving drainage, de-silting, slit trenching to confirm the condition of the canal bed, clay lining and compaction, we opted to devote this year to draining, de-silting and slit trenching all three sections. This approach will allow us to go to tender again with information that would have been available for inclusion in the call for tender had the contract with the Commonwealth been signed when originally anticipated. This in turn, will mean that those who re-tender will be able to do so with the benefit of better information and CICL will benefit from firmer pricing.

The installation of five additional regulators along the West Coleambally Channel (WCC) and TCC in the Kerarbury Channel, being funded under PIIOP, will not commence until winter 2012 and will be completed, weather permitting, in December 2012. CICL is directly responsible for the implementation of three of the five PIIOP sub-projects and is responsible for the oversight of the two on-farm sub-projects which encompass works on 66 farms across the CIA and WCC. In respect of the on-farm sub-projects, CICL is obliged to handle the distribution of funding and the processing of the related water exchanges. It is also required to monitor the related works and sign-off their completion; to provide progress reports and an audit trail; and to negotiate changes in the works schedule where necessary. The Commonwealth recognises that all of this comes at a cost and accordingly CICL is being paid an administrative fee for discharging its role as a delivery partner.

In his report, the Chairman has alluded to the factors that have allowed CICL to reduce its water charges in real terms in recent times. In discussions with shareholders, it is not uncommon for me to be asked about how termination fees are utilised by CICL. While there are a variety of purposes to which termination fees can be applied, thus far CICL has utilised the fees to offset water charges. In essence, we calculate how much revenue we need to recover from water access fees in a given year

and calculate what that would mean per megalitre had there been no Delivery Entitlement terminated. We then compare that with how much will be recovered if we charge the same rate against what is the current billing base i.e. the base after taking account of terminated Delivery Entitlement. Termination fees paid to CICL are maintained in a discrete investment account and CICL draws this account down by 10% per annum to offset the difference[2] referred to above. In this way, CICL ensures that for as long as the termination fees last, your water charge will not rise because someone else has opted to terminate their Delivery Entitlement.[3]

This time last year, I observed that by the time of the 2010 AGM "we should have a good sense of what the Basin Plan has in store for us and that I expect that we will be in a fight for our survival". My prediction was based on the fact that the draft Plan was originally due to be released in November of that year. The latest indications are that the draft Plan will be released in November this year, after which there will be 20 weeks of public consultation; that the draft Plan will be introduced into parliament in the spring session in 2012 and that the final Plan is unlikely to be released until late 2012. While we don't yet have a draft Plan, we know that the Sustainable Diversion Limits will not be applied until 2019. This is a major victory for commonsense because it allows more time for proper planning and proper implementation and means that all of the Basin states will cross the start line at the same time. However this outcome was only secured by vigorous representations by those that stood to be affected by a 2014 start, including CICL. We have also heard the Chairman of the MDBA, Craig Knowles, and the Commonwealth Government commit to the delivery of a balanced Plan and the NSW Government state that it will accept nothing less. Mr Knowles has indicated that he wants:

- To use the time between the commencement of implementation of the Plan and 2015 to improve the science behind the plan and to establish whether there are smarter ways to implement environmental watering and to evaluate the effectiveness of all form of environmental watering, after which the implementation might be amended – an approach he is calling "adaptive management".

- Local involvement/knowledge to be to the fore in the planning and implementation of environmental watering – an approach being termed "localism".

- State-based water sharing plans to focus on water recovery for in-valley environmental watering requirements, with the Commonwealth and States having responsibility to secure the water for end of system flows (meaning the Lower Lakes and mouth of the Murray).

While there is appeal in some of the above, the SDL figures that were circulating at the time this report was being written suggest that the water recovery target has not changed a lot and that we still stand to be very significantly affected by what is being proposed. While we now have the SDL numbers, there is a significant amount of detail that we do not have and in the absence of that detail it is hard to arrive at any firm conclusions; while that remains the case, we are working on the premise that we are still in a fight for our survival. On the plus side, there is increased recognition of that fact and within the Murrumbidgee (and beyond), Local Government, Chambers of Commerce and business groups are aligning themselves with irrigators to present a more unified voice to Government.

The senior executives within CICL have been very conscious of the need amidst the challenges of dealing with the Basin Plan and PIIOP to also maintain a focus on matters even closer to home. In this context, CICL has managed to:

- record a positive trading result
- run our delivery system at an efficiency level of 88.67%[4] and make a 10% distribution of additional water to shareholders

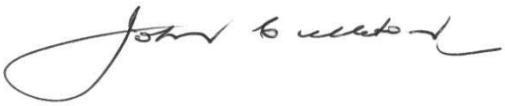
[2] The figure of 10% is used on the basis that termination fees are set at 10 times the annual water access fee.
[3] The termination of delivery entitlement is not the only factor that might cause an increase in water access charges.
[4] The efficiency level of our system is determined by dividing the volume of Losses into the Net Diversions.

Chief Executive Officer's Report

For the year ended 30 June 2011

- introduce new water trading opportunities and a new trading platform
- install the first two, of what will eventually be seven, fully automated regulators along the WCC
- strengthen our disaster recovery plan and back-up communications capability
- in conjunction with CIMCL, commence the five yearly review of our asset holdings
- commence negotiations with State Water regarding the use of our drainage system, in return for payment, to convey water to irrigators on the Yanco Creek.

In short, the 2010-2011 season has been busy. Notwithstanding the challenges that lie ahead, I remain convinced however that the co-operative is well situated. We have a very modern delivery system, no borrowings, committed and experienced directors and staff, and innovative and resilient shareholders; few businesses can make such claims. Moreover, we live in a community that takes pride in its cohesiveness. It will be important that we remind ourselves of these strengths from time to time and draw on them to confront unresolved and future issues that stand to compromise our collective interests.



John Culleton
Chief Executive Officer

Coleambally Irrigation Co-operative Limited
ABN 75 951 271 684

Financial Statements

30 June 2011

Contents

Directors' report	8
Statement of comprehensive income	12
Statement of changes in equity	12
Statement of financial position	13
Statement of cash flows	14
Notes to the financial statements	15
Directors' declaration	32
Independent auditor's report to the members	33

Directors' report

30 June 2011

Your directors present their report on the Coleambally Irrigation Co-operative Limited for the year ended 30 June 2011.

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:

H T Gardiner	Member Director	Chairman
R H Black	Member Director	
T N Hogan	Member Director	
C W Hardy	Member Director	
B M Brown	Independent Director	
G F Latta	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.

Dividends

No interim dividends have been paid and the directors do not recommend a dividend for the current year.

Review of operations

A summary of consolidated results is set out below:

	2011	2010
	$'000	$'000
Profit/(loss) before income tax expense	**4,259**	3,124
Income tax expense	**(1,367)**	(894)
Net profit/(loss) after income tax	**2,892**	2,230
Other comprehensive income	**0**	0
Total comprehensive result for the year	**2,892**	2,230

The after tax profit of approximately $2.89 million was pleasing. However, as was the case in 2009/2010, our profit was achieved from activities largely outside of our core business of water delivery: namely termination payments, better than expected investment returns and some cost off-setting against a fee the co-operative is paid to administer PIIOP. As in previous years, the retained profits from these non-core activities have been directed towards reconstituting reserves that were drawn upon to allow for the modernisation of our delivery system and/or set aside for future known requirements.

Our investments in Total Channel Control allowed the co-operative to distribute a total of 53,988 ML of water savings during 2010/2011 to members.

The other significant developments during the reporting year were:

- the release of the MDBA's "Guide" to the Basin Plan and a related appearance by the co-operative before the Windsor Inquiry;
- the return of 201 ML of High Security water entitlement and 2,351 ML of General Security water entitlement to the Commonwealth in return for $14,949,104 of PIIOP funding and the commencement of PIIOP works. As part of this funding transfer, the co-operative was also supposed to have transferred 1,176 ML of conveyance water entitlement within this period but due to administrative challenges at the Government end, this had to be deferred until next financial year;
- a General Security water allocation of 100% and the delivery of 252,923 ML to our customers;
- the replacement of all but 12 dethridge wheels and of two bridges on the Kidman Way with culverts.

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
The Murray Darling Basin Authority ("MDBA") is continuing with the development of a plan for the Murray Darling Basin and a draft plan is expected to be released for public exhibition in November 2011. The implementation of the plan may have impacts on the co-operative and its customers which are not currently quantifiable. No other 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 its licences in respect to its irrigation undertaking. The directors, in submitting the annual environmental 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 and the Board is not aware of any issues arising from the activities of the co-operative that would lead to a breach in the licences. The Board, in setting the co-operative's sustainability goals, is aware of a need to go beyond licence compliance and have developed the necessary systems.

Insurance of officers
During the financial year the co-operative paid a premium of $2,478 (2010: $3,475) to insure its directors and officers in respect to liabilities that may arise from their position as directors and officers of the co-operative.

Information on directors

Director	Experience	Special Responsibilities
H T Gardiner	Commenced as a director of the co-operative on 14 November 2003. Irrigation farmer.	Chairman since 25 November 2009. Member of the Corporate Governance & Policy Committee. Member of the Finance & Risk Management Committee. Member of the Asset Refurbishment & Maintenance Committee. Director of Board of NSW Irrigators Council. Delegate on NSW Irrigators Council. Delegate on National Irrigators Council. Chairman, NIC Irrigation Infrastructure Operators Committee. Representative on the Critical Water Advisory Group. Representative on Snowy Hydro Consultative Committee.
R H Black	Commenced as a director of the co-operative on 17 November 2001. Irrigation farmer.	Chairman until 25 November 2009. Member of the Finance & Risk Management Committee. Chairman of Asset Refurbishment & Maintenance Committee. Member of the Corporate Governance & Policy Committee. Chairman of National Irrigation Corporation Water Entitlement Register Pty Ltd.
T N Hogan	Commenced as a director of the co-operative on 22 May 2003. Irrigation farmer.	Chairman of the Corporate Governance & Policy Committee. Representative on the Murrumbidgee Environmental Water Allocation Reference Group.

Director	Experience	Special Responsibilities
C W Hardy	Commenced as a director of the co-operative on 28 November 2008. Irrigation farmer.	Deputy Chairman since 25 November 2009. Member of the Finance & Risk Management Committee. Member of the Corporate Governance & Policy Committee. Representative on Murrumbidgee Customer Service Committee. Board Representative on the Community Environmental Committee.
B M Brown	Commenced as a director of the co-operative on 20 July 2004. Director of CIMCL since 1 March 2007. Senior management roles with a number of large agribusiness groups.	Chairman of Finance & Risk Management Committee.
G F Latta	Commenced as a director of the co-operative on 1 May 2007. Director of a number of public companies.	Member of the Finance & Risk Management Committee.

Meetings of directors

Committees of the Board are as follows:

1. Finance & Risk Management Committee
2. Corporate Governance & Policy Committee
3. Asset Refurbishment & Maintenance Committee

The number of meetings of the co-operative's board of directors and each board committee held during the year ended 30 June 2011, and the number of meetings attended by each member were as follows:

	Board Meetings	Finance & Risk Committee	Corporate Governance & Policy Committee	Asset Refurbishment & Maintenance Committee
Number of meetings held	**13**	**5**	**1**	**2**
H T Gardiner	13	5	1	1
R H Black	12	5	1	2
T N Hogan	13	*	1	*
C W Hardy	13	5	*	1
B M Brown	12	5	*	*
G F Latta	13	5	*	*

** = not a member of this committee*

Auditors' independence declaration
A copy of the auditors' independence declaration as required by the *Co-operatives Act 1992* 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.

H T Gardiner
Director

Coleambally
30 September 2011

Auditors' Independence Declaration

As lead auditor of the audit of Coleambally Irrigation Co-operative Ltd for the year ended 30 June 2011, 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.

Hugh McKenzie-McHarg
Partner
Johnsons MME

Albury
30 September 2011

Statement of comprehensive income

For the year ended 30 June 2011

	Notes	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'000
Income	2	**14,445**	14,842	**14,439**	15,293
Employee benefits expenses		**(2,947)**	(3,215)	**(2,947)**	(3,215)
Materials and contracts expenses		**(3,144)**	(4,493)	**(3,099)**	(4,435)
Bulk water supply expenses	3	**(2,403)**	(1,767)	**(2,403)**	(1,767)
Depreciation and amortisation expenses	3	**(1,636)**	(1,837)	**(1,636)**	(1,837)
Other expenses	3	**(56)**	(406)	**(56)**	(159)
Profit/(loss) before income tax expense		**4,259**	3,124	**4,298**	3,880
Income tax (expense)/credit	4	**(1,367)**	(894)	**(1,379)**	(896)
Profit/(loss) for the year		**2,892**	2,230	**2,919**	2,984
Other comprehensive income		**0**	0	**0**	0
Total comprehensive result for the year		**2,892**	2,230	**2,919**	2,984

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

Statement of changes in equity

For the year ended 30 June 2011

	Notes	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'000
Total equity at the beginning of the year		**149,289**	147,059	**149,147**	146,163
Total comprehensive result for the year	20	**2,892**	2,230	**2,919**	2,984
Total equity at the end of the year		**152,181**	149,289	**152,066**	149,147

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

Coleambally Irrigation Co-operative Limited

Statement of financial position

As at 30 June 2011

	Notes	Consolidated		Parent	
		2011	2010	**2011**	2010
		$'000	$'000	**$'000**	$'000
ASSETS					
Current assets					
Cash and cash equivalents	6	**18,148**	3,159	**17,969**	3,012
Trade and other receivables	7	**9,025**	11,362	**10,801**	13,226
Inventories	8	**0**	1,776	**0**	0
Other current assets	9	**143**	154	**143**	154
Total current assets		**27,316**	16,451	**28,913**	16,392
Non-current assets					
Inventories	8	**1,609**	0	**0**	0
Other financial assets	10	**14,375**	15,191	**14,375**	15,191
Property, plant and equipment	11	**45,926**	45,879	**45,803**	45,756
Deferred tax assets	12	**697**	508	**623**	434
Intangible assets	13	**79,552**	79,552	**79,552**	79,552
Total non-current assets		**142,159**	141,130	**140,353**	140,933
Total Assets		**169,475**	157,581	**169,266**	157,325
LIABILITIES					
Current liabilities					
Trade and other payables	14	**10,616**	2,805	**10,582**	2,763
Current tax liabilities	15	**0**	0	**0**	0
Provisions	16	**336**	313	**336**	313
Total current liabilities		**10,952**	3,118	**10,918**	3,076
Non-current liabilities					
Provisions	17	**113**	117	**113**	117
Deferred tax liabilities	18	**5,759**	4,587	**5,699**	4,515
Members' shares	19	**470**	470	**470**	470
Total non-current liabilities		**6,342**	5,174	**6,282**	5,102
Total Liabilities		**17,294**	8,292	**17,200**	8,178
Net Assets		**152,181**	149,289	**152,066**	149,147
EQUITY					
Contributed equity	19	**132,479**	132,479	**132,479**	132,479
Retained profits	20	**19,702**	16,810	**19,587**	16,668
Total Equity		**152,181**	149,289	**152,066**	149,147

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

Coleambally Irrigation Co-operative Limited

Statement of cash flows

For the year ended 30 June 2011

	Notes	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'000
Cash flows from operating activities					
Receipts from customers		**12,263**	8,722	**12,144**	8,497
Payments to suppliers and employees		**(16,124)**	(9,548)	**(16,022)**	(9,532)
		(3,861)	(826)	**(3,878)**	(1,035)
Government grants		**17,455**	87	**17,455**	87
Interest and distributions received		**540**	517	**635**	1,310
Income taxes (paid) received		**(384)**	(1,895)	**(384)**	(1,511)
Net cash inflow/(outflow) from operating activities	26	**13,750**	(2,117)	**13,828**	(1,149)
Cash flows from investing activities					
Payments for property, plant and equipment		**(1,613)**	(5,245)	**(1,613)**	(5,245)
Payments for investments		**0**	(5,269)	**0**	(5,269)
Payments for water entitlements		**(5)**	(2,494)	**0**	0
Proceeds from sale of property, plant and equipment		**6**	230	**6**	230
Proceeds from sale of investments		**2,669**	28	**2,669**	0
Proceeds from sale of water entitlements		**182**	1,147	**0**	0
Water Smart – proceeds on sale of water entitlements		**0**	1,478	**0**	1,478
Net (advance to) repayment from subsidiary		**0**	0	**67**	920
Net cash inflow/(outflow) from investing activities		**1,239**	(10,125)	**1,129**	(7,886)
Cash flows from financing activities					
Redemption of cancelled shares		**0**	0	**0**	0
Net cash inflow/(outflow) from investing activities		**0**	0	**0**	0
Net increase (decrease) in cash held		**14,989**	(12,242)	**14,957**	(9,035)
Cash at the beginning of the financial period		**3,159**	15,401	**3,012**	12,047
Cash at the end of the financial year	6	**18,148**	3,159	**17,969**	3,012

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

Contents

Note		Page
1	Summary of significant accounting policies	16
2	Income	19
3	Expenses	20
4	Income tax	20
5	Dividends	21
	Current assets	
6	Cash &cash equivalents	21
7	Trade and other receivables	21
8	Inventories	22
9	Other current assets	22
	Non-current assets	
10	Other financial assets	22
11	Property, plant and equipment	23
12	Deferred tax assets	24
13	Intangible assets	24
	Current liabilities	
14	Trade and other payables	24
15	Current tax liabilities	25
16	Provisions	25
	Non-current liabilities	
17	Provisions	25
18	Deferred tax liabilities	25
	Equity	
19	Contributed equity	25
20	Retained profits	26
21	Financial instruments	26
22	Remuneration of auditors	27
23	Contingent liabilities	27
24	Commitments for expenditure	27
25	Employee entitlements	27
26	Reconciliation of net profit/(loss) after income tax to net cash inflow/(outflow) from operating activities	28
27	Related parties	28
28	Subsidiaries	30
29	Event occurring after reporting date	30
30	Private Irrigation Infrastructure Operators Program (“PIIOP”)	30
31	Financial risk management	31

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 Act 1992* 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 2011 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 28. All controlled entities have a 30 June financial year end.

(a) 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.

(b) 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
Income is recognised on a pro-rata basis throughout the year.

(ii) Variable Water Charges
Variable water charges are recognised as income upon delivery of the water.

(iii) Sales of goods & services
A sale of goods is recorded when goods have been despatched to a customer pursuant to a sales order and the associated risks have been passed to the carrier or customer. A sale of services is recognised when the service is delivered.

(iv) Termination Fees
Termination fees are charged and recognised at the time of permanent water transfers out of the Coleambally Irrigation Licences and the associated delivery entitlements are terminated.

(v) Government Grants
Amounts received from Government are recognised as income as the works for which the grants were received are undertaken.

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

Note 1. Summary of significant accounting policies (continued)

(c) Income tax

Income tax expense or income for the year is the tax payable on the current year's taxable income adjusted for changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying values in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or the liabilities settled. Where temporary differences arise on initial recognition of an asset or liability, no deferred tax asset or liability is recognised in respect to these differences if they arose in a transaction that, at the time of the transaction, did not effect either the accounting or taxation profit or loss. Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

Deferred tax is credited/debited in the statement of comprehensive income except where it relates to items that may be credited/debited directly to equity, in which case deferred tax is adjusted directly against equity.

(d) Cash and cash equivalents

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

(e) Trade and other receivables

Water charges are billed in June each year and are due in 30 days. Interest is charged on overdue amounts at the rate of 10.75% (2010: 9.00%) 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. A provision for doubtful debts is raised when some doubt as to collection exists.

(f) 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 31), 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 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 statement of financial position date. Changes in the fair value of "financial assets at fair value through the profit and loss" are recognised in the statement of comprehensive income in the period in which they arise.

(g) 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

Note 1. Summary of significant accounting policies (continued)

(h) Maintenance and repairs

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

(i) 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 assets 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 are carried at amounts significantly in excess of 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.

(j) 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.

(k) 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.

(l) 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 statement of financial position are shown inclusive of GST.

(m) Employee benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in the current provision for employee benefits in respect of employee's services up to the reporting date and are measured at amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Long service leave

Liabilities for long service leave expected to be settled within 12 months of the reporting date are recognised in the current provision for employee benefits and are measured at amounts expected to be paid when the liabilities are settled. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provision for employee benefits and measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated cash outflows. Any portion of the long service leave provision that the co-operative does not have an unconditional right to defer, is brought to account as a current liability.

Note 1. Summary of significant accounting policies (continued)

(n) 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(i)).

(o) Accounting standards issued but not yet effective

A number of Australian Accounting standards have been issued or amended during the year, which are applicable to the co-operative, but not yet effective. The co-operative has not adopted any of these changes. The effect of these changes when adopted by the co-operative will be immaterial.

Note 2. Income

	Consolidated		Parent	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Income				
Sale of water	**8,460**	9,293	**8,460**	9,293
Termination fees	**2,768**	0	**2,768**	0
Water charges raised in advance	**0**	0	**0**	0
Other sales	**219**	194	**142**	114
	11,447	9,487	**11,370**	9,407
Net gain on sale of water entitlements	**11**	264	**0**	0
Land & Water Management Plan Grants – Government	**0**	1,445	**0**	1,445
PIIOP Management Fee	**290**	0	**290**	0
PIIOP Grant - Government	**73**	0	**73**	0
Water Smart – Net gain on sale of conveyance licence to Government	**0**	1,970	**0**	1,970
Dividends	**0**	0	**0**	750
Net distributions and movement in fair value of financial assets	**1,852**	1,064	**1,852**	1,064
Land & Water Management Levy - Landholders	**0**	0	**0**	0
Prior year impairment provision reversed	**132**	0	**132**	0
Rentals	**94**	102	**94**	102
Interest	**546**	510	**628**	555
	2,998	5,355	**3,069**	5,886
Total income	**14,445**	14,842	**14,439**	15,293

Note 3. Expenses

	Consolidated		Parent	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Expenses include the following specific items:				
Cost of sales of goods – bulk water charges	**2,403**	1,767	**2,403**	1,767
Depreciation and amortisation				
Buildings	**69**	70	**69**	70
Plant and equipment	**486**	425	**486**	425
Water distribution and infrastructure	**1,081**	1,342	**1,081**	1,342
Total depreciation and amortisation	**1,636**	1,837	**1,636**	1,837
Other expenses				
Net loss on disposal of non-current assets	**56**	9	**56**	9
Provision for impairment of assets	**0**	150	**0**	150
Provision for impairment of inventories	**0**	247	**0**	0
Total other expenses	**56**	406	**56**	159

Note 4. Income tax

	Consolidated		Parent	
	2011	2010	**2011**	2010
(a) Income tax expense	**$'000**	$'000	**$'000**	$'000
Current tax	**384**	(198)	**384**	(198)
Deferred tax (i)	**983**	1,092	**995**	1,094
Aggregate income tax expense	**1,367**	894	**1,379**	896
(i) Deferred income tax expense included in income tax expense comprises:				
Decrease/(increase) in deferred tax assets (note 12)	**(189)**	538	**(189)**	612
(Decrease)/increase in deferred tax liabilities (note 18)	**1,172**	554	**1,184**	482
	983	1,092	**995**	1,094
(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	**4,259**	3,124	**4,298**	3,880
Income tax expense calculated @ 30% (2010: 30%)	**1,278**	937	**1,290**	1,164
Tax effect of permanent differences				
Non taxable dividends	**0**	0	**0**	(225)
Depreciation on assets revalued at privatisation not deductible	**60**	69	**60**	69
Under/(over) provision in prior year	**29**	(112)	**29**	(112)
Income tax expense attributable to operating profit	**1,367**	894	**1,379**	(896)

Note 5. Dividends

No dividend was paid during the period and no dividend is proposed.

Note 6. Cash and cash equivalents

	Consolidated		Parent	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand (a)	**18,148**	3,159	**17,969**	3,012

(a) Restrictions on use of cash and investments
Access to the above funds and to other financial assets (see note10) is restricted as the funds are held for specific purposes as follows:

Cash at bank and on hand (above)	**18,148**	3,159	**17,969**	3,012
Other financial assets (note 10)	**14,375**	15,191	**14,375**	15,191
	32,523	18,350	**32,344**	18,203
These funds are set aside for the following purposes:				
PIIOP Funds	**7,822**	0	**7,822**	0
Unused termination fees	**6,397**	4,756	**6,397**	4,756
Bio-diversity trust funds	**123**	105	**123**	105
Infrastructure maintenance reserves	**8,825**	9,395	**8,825**	9,395
Deferred tax liabilities (note 18)	**5,759**	4,587	**5,699**	4,515
Unrestricted funds/(overdrawn funds)	**3,597**	(493)	**3,478**	(568)
	32,523	18,350	**32,344**	18,203

Note 7. Trade and other receivables

	Consolidated		Parent	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Trade debtors (a)	**8,535**	9,077	**8,513**	9,076
Less: Provision for doubtful debts(b)	**(18)**	(19)	**(18)**	(19)
	8,517	9,058	**8,495**	9,057
Accrued income from government – Water Smart	**446**	2,117	**446**	2,117
Intercompany receivable	**0**	0	**1,798**	1,865
Other receivables	**0**	0		0
Accrued income	**62**	187	**62**	187
	9,025	11,362	**10,801**	13,226

(a) **Ageing**
The ageing of trade debtors for the consolidated entity at balance date was:

Not past due	**8,360**	8,966	**8,388**	8,965
Past due 31-60 days	**1**	1	**1**	1
Past due 61 to 90 days	**1**	14	**1**	14
Over 90 days	**173**	96	**173**	96
	8,535	9,077	**8,563**	9,076

(b) The provision for doubtful debts relates to amounts outstanding over 90 days.

Note 8. Inventories

	Consolidated		Parent	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Water entitlements held for sale	**1,856**	2,023	**0**	0
Provision for impairment	**(247)**	(247)	**0**	0
	1,609	1,776	**0**	0
Current	**0**	1,776	**0**	0
Non-current (a)	**1,609**	0	**0**	0
	1,609	1,776	**0**	0

(a) A slowdown in water market has reduced the probability of these assets being realised within a 12 month period. Accordingly these inventories have been disclosed non-current in this year.

Note 9. Other current assets

	Consolidated		Parent	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Prepayments	**143**	154	**143**	154

Note 10. Other financial assets

	Consolidated		Parent	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Financial assets at fair value through the profit and loss (a) (b)	**13,875**	14,691	**13,875**	14,691
Available-for-sale financial assets (b)	**500**	500	**500**	500
	14,375	15,191	**14,375**	15,191

(a) These are units in investment trusts managed in accordance with a documented investment strategy described at note 31.
(b) Access to these funds is restricted as the funds are held for specific purposes (refer note 6(a)).

Note 11. Property, plant and equipment

	Consolidated		Parent	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Land and buildings				
Freehold land				
At cost	**1,734**	1,546	**1,611**	1,423
	1,734	1,546	**1,611**	1,423
Buildings				
At cost	**2,355**	2,355	**2,355**	2,355
Less: Accumulated depreciation	**1,194**	1,203	**1,194**	1,203
	1,161	1,152	**1,161**	1,152
Total land and buildings	**2,895**	2,698	**2,772**	2,575
Plant and equipment				
Plant & Equipment – At cost	**1,650**	1,291	**1,650**	1,291
Less: Accumulated depreciation	**821**	638	**821**	638
	829	653	**829**	653
Motor Vehicles – At cost	**775**	1,146	**775**	1,146
Less: Accumulated depreciation	**658**	639	**658**	639
	117	507	**117**	507
Office equipment & software – At cost	**2,411**	2,399	**2,411**	2,399
Less: Accumulated depreciation	**1,859**	1,599	**1,859**	1,599
	552	800	**552**	800
Total plant and equipment	**1,498**	1,960	**1,498**	1,960
Water Distribution and Infrastructure				
Earth Channels – At cost	**11,336**	11,336	**11,336**	11,336
Less Accumulated depreciation	**1,312**	1,199	**1,312**	1,199
	10,024	10,137	**10,024**	10,137
Infrastructure – At cost	**38,574**	35,083	**38,574**	35,083
Less: Accumulated depreciation & impairment	**8,606**	7,668	**8,606**	7,668
	29,968	27,415	**29,968**	27,415
Total Water Distribution & Infrastructure	**39,992**	37,552	**39,992**	37,552
Capital Works in Progress				
At cost	**1,541**	3,669	**1,541**	3,669
Total Capital Works in Progress	**1,541**	3,669	**1,541**	3,669
	45,926	45,879	**45,803**	45,756

(a) Leasehold Infrastructure
Bridges & culverts in the Coleambally Irrigation District with a net carrying value of $3.5 million are constructed on land owned by local government. However the co-operative has control of these assets and it is responsible for their maintaining them. Accordingly these assets have been brought to account as assets of the co-operative on the basis of control.

Note 11. Property, plant and equipment (continued)

(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 $'000	Plant & Equipment $'000	Water Infrastructure $'000	Construction in Progress $'000	Total $'000
Consolidated					
Carrying amount at 1 July 2010	2,698	1,960	37,552	3,669	45,879
Additions	187	68	1,272	143	1,670
Disposals		(44)	(75)		(119)
Transfers			2,334	(2,334)	0
Depreciation expense	(69)	(486)	(1,081)		(1,636)
Impairment (provision)/reversal	79		(10)	63	132
Carrying amount at 30 June 2011	2,895	1,498	39,992	1,541	45,926
Parent					
Carrying amount at 1 July 2010	2,575	1,960	37,552	3,669	45,756
Additions	187	68	1,272	143	1,670
Disposals		(44)	(75)		(119)
Transfers			2,334	(2,334)	0
Depreciation expense	(69)	(486)	(1,081)		(1,636)
Impairment (provision)/reversal	79		(10)	63	132
Carrying amount at 30 June 2011	2,772	1,498	39,992	1,541	45,803

Note 12. Deferred tax assets

	Consolidated		Parent	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Future income tax benefit	**697**	508	623	434

Note 13. Intangible assets

	Consolidated		Parent	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Conveyance licence at cost	**78,758**	78,758	**78,758**	78,758
Other water entitlements at cost	**794**	794	**794**	794
	79,552	79,552	**79,552**	79,552

Note 14. Trade and other payables

	Consolidated		Parent	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Trade creditors	**1,657**	517	**1,623**	475
Intercompany payable to subsidiary	**0**	0	**0**	0
Accrued expenses	**2,387**	2,183	**2,387**	2,183
Amounts held on behalf of Government – PIIOP (note 30)	**6,449**	0	**6,449**	0
Amounts held on behalf of Coleambally Biodiversity Trust	**123**	105	**123**	105
	10,616	2,805	**10,582**	2,763

Note 15. Current tax liabilities

	Consolidated		Parent	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Income tax	**0**	0	**0**	0

Note 16. Current provisions

	Consolidated		Parent	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Employee entitlements	**336**	313	**336**	313

Note 17. Non-current provisions

	Consolidated		Parent	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Employee entitlements	**113**	117	**113**	117

Note 18. Deferred tax liabilities

	Consolidated		Parent	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Provision for deferred income tax	**5,759**	4,587	**5,699**	4,515

Note 19. Contributed equity

	Consolidated		Parent	
	2011	2010	**2011**	2010
	Shares	Shares	**$'000**	$'000
Share capital				
Ordinary shares – fully paid	**470,221**	470,221	**132,949**	132,949

Share capital is allocated in the statement of financial position as follows:

	Consolidated		Parent	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Non-current liability–Members' shares (a)	**470**	470	**470**	470
Equity – Contributed equity	**132,479**	132,479	**132,479**	132,479
	132,949	132,949	**132,949**	132,949

(a) Under the co-operative's rules it has an obligation to repay the paid up capital amount in respect 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 20. Retained profits

	Consolidated		Parent	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Retained profits/(accumulated losses) at the beginning of the financial year	**16,810**	14,580	**16,668**	13,684
Total comprehensive result for the year	**2,892**	2,230	**2,919**	2,984
Retained profits/(accumulated losses) at the end of the financial year	**19,702**	16,810	**19,587**	16,668

Note 21. Financial instruments

(a) Credit risk exposures
The credit risk on financial assets which have been recognised in the statement of financial position is generally the carrying amount, net of any provisions for doubtful debts.

(b) Interest rate risk exposures
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:

2011			**Fixed interest maturing in:**				
	Notes	**Floating interest rate $'000**	**1 year or less $'000**	**over 1 to 5 years $'000**	**more than 5 years $'000**	**Non-interest bearing $'000**	**Total $'000**
Financial assets							
Cash and deposits	6	18,147				1	18,148
Receivables	7					9,025	9,025
Other financial assets	10	500				13,875	14,375
		18,647				22,901	41,548
Financial liabilities							
Trade and other creditors	14					10,616	10,616
						10,616	10,616
Net financial assets (liabilities)		18,647				12,285	30,932

2010							
Financial assets							
Cash and deposits	6	3,158				1	3,159
Receivables	7					11,362	11,362
Other financial assets	10	500				14,691	15,191
		3,658				26,054	29,712
Financial liabilities							
Trade and other creditors	14					2,805	2,805
						2,805	2,805
Net financial assets (liabilities)		3,658				23,249	26,907

(c) Net fair value of financial assets and liabilities
The carrying value of financial assets and liabilities approximates fair value.

Note 22. Remuneration of auditors

During the year the auditor of the group earned the following remuneration:	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'000
Audit of the financial statements	**33**	28	**33**	28
Other assurance services	**36**	25	**36**	25
Total audit and other assurance services	**69**	53	**69**	52
Taxations services	**46**	38	**46**	38
Total remuneration	**115**	91	**115**	91

Note 23. Contingent liabilities

Reforms under the National Water Initiative may result in lesser water entitlement to the co-operative. The directors are unable to determine the financial impact this may have.

Note 24. Commitments for expenditure

Capital commitments Commitments for the acquisition of plant and equipment contracted for at the reporting date but not recognised as liabilities, payable:	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'000
Not later than one year	**1,770**	628	**1,770**	628
Between 2 and 5 years	**0**	0	**0**	0
	1,770	628	**1,770**	628

Note 25. Employee entitlements

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'000
Employee entitlement liabilities				
Provision for employee entitlements				
Current (note 16)	**336**	313	**336**	313
Non-current (note 17)	**113**	117	**113**	117
Aggregate employee entitlement liability	**449**	430	**449**	430

Superannuation Fund
Superannuation contributions have been paid into compliant superannuation funds of employee choice in accordance with statutory requirements. The co-operative has no liabilities to any superannuation funds.

Note 26. Reconciliation of net profit/(loss) after income tax to net cash inflow/(outflow) from operating activities

	Consolidated		Parent	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Net profit/(loss) after income tax	**2,892**	2,230	**2,919**	2,984
Depreciation and amortisation	**1,636**	1,837	**1,636**	1,837
Net (profit)/loss on sale of non-current assets	**56**	9	**56**	9
Net (profit)/loss on sale of water licence	**(11)**	(264)	**0**	-
Water Smart – net profit on sale of water licences	**0**	(1,970)	**0**	(1,970)
(Increase) decrease in fair value of financial assets	**(1,852)**	(1,064)	**(1,852)**	(1,064)
Provision for impairment of assets	**(132)**	397	**(132)**	150
Change in operating assets and liabilities, net of effects from purchase of business				
(Increase) decrease in trade debtors	**541**	(687)	**561**	(832)
(Increase)/decrease in government debtors	**1,671**	-	**1,671**	-
(Increase)/decrease in accrued income	**125**	(173)	**125**	(175)
(Increase)/decrease in prepayments	**11**	23	**11**	23
Increase/(decrease) in trade creditors and accruals	**1,344**	(107)	**1,352**	(149)
Increase/(decrease) in land and water management plan funds held	**6,467**	(1,358)	**6,467**	(1,358)
Increase/(decrease) in employee provisions	**19**	11	**19**	11
Increase/(decrease) in net tax liabilities	**983**	(1,001)	**995**	(615)
Net cash inflow/(outflow) from operating activities	**13,750**	(2,117)	**13,828**	(1,149)

Note 27. 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:

H T Gardiner, R H Black, T N Hogan, C W Hardy, B M Brown and G F Latta.

Further 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:

J Culleton (Chief Executive Officer), A Evans (Manager Engineering & Water Distribution), A Rzeszkowski (Company Secretary), R de Koning (Manager Financial Services), K Kelly (Manager Asset Renewals & Maintenance), and A Tiwari (Manager Corporate Services).

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

Note 27. Related parties (continued)

Transactions with key management personnel and related entities concerning shares
The number of shares issued by the consolidated entity to key management personnel or related entities during the year was reduced by 135 (2010: 776). Numbers of shares held directly, indirectly or beneficially by key management personnel or their related entities at balance date:

	2011 Number	2010 Number
H T Gardiner	**2,738**	2,738
R H Black	**5,431**	5,506
T N Hogan	**1,113**	1,113
C W Hardy	**3,948**	3,948
A Rzeszkowski	**1,160**	1,220
	14,390	14,525

Other transactions with directors and director-related entities
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. 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:

	Consolidated		**Parent**	
	2011 $'000	2010 $'000	**2011 $'000**	2010 $'000
Value of transactions				
Water sales to key management personnel	**247**	285	**247**	285
Balances at the reporting date				
Receivable from key management personnel	**247**	285	**247**	285
Payable to key management personnel	**0**	0	**0**	0
Key management personnel compensation				
Short – term employee benefits	**1,100**	1,058	**1,100**	1,058
Post employment benefits	**110**	116	**110**	116
	1,210	1,174	**1,210**	1,174

Other related parties
There are no other related party transactions.

Note 28. Subsidiaries

Name of entity	Country of incorporation	Class of shares	Equity holding	
			2011	2010
			%	%
Watermart Coleambally Pty Ltd	Australia	Ordinary	100	100
Aquilex Pty Ltd	Australia	Ordinary	100	100

Note 29. Events occurring after the reporting date

The Murray Darling Basin Authority is expected to release the Murray Darling Basin Plan in the next few months. This is likely to impact the future operations of Coleambally Irrigation Co-operative Limited however as at the date of this report the future financial impact is unable to be quantified. 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.

Note 30. Private Irrigation Infrastructure Operators Program ("PIIOP")

The co-operative is the manager of the PIIOP program in the Coleambally Irrigation District. Details of the transactions of the PIIOP program for the year ended 30 June 2011 are:

	Consolidated		Parent	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Unexpended funds at the beginning of the financial year	**0**	0	**0**	0
Government grants received	**14,949**	0	**14,949**	0
Paid to proponents	**(8,137)**	0	**(8,137)**	0
Used by CICL on its own project	**(73)**	0	**(73)**	0
Management fees	**(290)**	0	**(290)**	0
Unexpended funds at the end of the financial year (note 14)	**6,449**	0	**6,449**	0

Note 31. 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 21. All financial liabilities as at balance date are due for payment in less than 6 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 21. Cash deposits are held with reputable banking institutions.

Units in investment trusts 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 2011 the investment portfolio is spread across the following:

Australian Equities	35.61%
Fixed Interest	20.61%
Cash at Call	2.03%
Term Deposits	41.75%

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 rights 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 income or value of investments on deposit. 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%	
	Profit	**Equity**	**Profit**	**Equity**
	$'000	**$'000**	**$'000**	**$'000**
Cash	181	181	(181)	(181)
Units in investment trusts	5	5	(5)	(5)
Receivables	-	-	-	-
Payables	-	-	-	-

Directors' declaration

30 June 2011

The directors declare that the financial statements and notes set out on pages 6 to 25 are in accordance with the *Cooperatives Act 1992*, 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 2011 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.

H T Gardiner
Director

Coleambally
30 September 2011

Coleambally Irrigation Co-operative Limited

30 June 2011

Report on the Financial Statements

We have audited the financial statements of Coleambally Irrigation Co-operative Limited, which comprises the statement of financial position at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Statements

The directors of Coleambally Irrigation Co-operative Limited are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Co-operatives Act 1992.* This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Independence

In conducting our audit we have complied with the independence requirements of the *Co-operatives Act 1992.*

Auditor's Opinion

In our opinion the financial statements of Coleambally Irrigation Co-operative Limited is in accordance with the *Co-operatives Act 1992*, including:

a) giving a true and fair view of Coleambally Irrigation Co-operative Limited's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

b) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and complying with the *Co-operatives Regulations.*

Johnsons MME
Chartered Accountants

H P McKenzie-McHarg
Partner

Albury
30 September 2011

Director Biographies

For the year ended 30 June 2011

Trent Gardiner

Trent has lived in Coleambally since 1975 when he took over the management of the family farm. In the 1980's he also became a share-farmer on two other properties in the district. Trent purchased the family farm in his own right in 1992 and in 2001 acquired another local property to concentrate on the production of rice, hay and straw.

Trent joined CICL's Board in 2003 and was appointed Chairman in November 2009. He had previously served a Director on the Section 17 Management Board (a Board appointed by the NSW Government prior to privatisation to exercise oversight of irrigation in the Murrumbidgee); was the inaugural Chairman of Coleambally Irrigation Mutual Co-operative Limited; and was on the Executive of the Coleambally Branch of the Rice Growers Association of Australia.

Chris Hardy

Chris is a second generation irrigation farmer in Coleambally, moving to Coleambally from North Eastern Victoria in 1969. After completing schooling in Coleambally he went to work on the family farm. In 1977 he purchased a neighbouring property and in conjunction with his wife, two brothers and son, he now runs a large family business comprising of several Coleambally properties.

Chris Hardy was elected as a Member Director to the Board of CICL on November 2008 and subsequently appointed as Deputy Chair on November 2009.

Prior to joining the Board, Chris served on the Lower Murrumbidgee Groundwater Management Committee which oversaw the establishment of the A.S.G.E. Programme (Achieving Sustainable Groundwater Entitlements).

Terry Hogan AM

Terry Hogan grew up on a rice farm in Whitton, the son of a foundation director of Ricegrowers' Co-operative Mills (now known as SunRice). Following his education at local schools and at St Patrick's College, Goulburn, Terry commenced irrigation farming and rice growing at Whitton before becoming a pioneer farmer in the newly developed Coleambally Irrigation Area.

Terry joined CICL's Board in 2003 having previously served on the Section 17 Management Board during 1991-1997. He is currently also the Mayor of Jerilderie Shire and the Chairman of the Riverina and Murray Regional Organisation of Councils' Water for Food (a campaign committed to securing greater recognition of the national significance of irrigated agriculture and food security). He has also previously served for extended periods on committees and the Board of the Rice Growers Association of Australia and was the Chairman of SunRice from 1996-2001.

Terry was appointed a member of the Order of Australia in 2003 for his service to the rice industry and local government.

Director Biographies

For the year ended 30 June 2011

Robert Black

Robert's family first settled in the Coleambally area in 1876. After finishing at boarding school, Robert returned to help run the family property, Stud Park North. Robert later established a land-forming business, CIA Laser Levelling, which he continued operate after purchasing his own farm in 1989. Robert and his wife now own six properties in the Coleambally area.

Robert joined CICL's Board in November 2001 and served as its Chairman from May 2003 to November 2009.

Bruce Brown

Bruce Brown joined CICL's Board in 2004. He has had extensive senior management experience across a number of agribusiness industries. 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 is a past member of the National Rural Advisory Council and 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.

He is currently General Manager of Namoi Catchment Management Authority. Bruce holds a number of agribusiness directorships and also has farming interests involving grain production and cattle breeding.

Grant Latta AM

Grant was appointed as an independent Director to CICL's Board in March 2007.

Grant is Chairman of GCMCorp Pty. Ltd. and Australian Capital Strategies Pty. Ltd. He is also a member of the Australian Competition Tribunal and a Director of SunRice (Ricegrowers Limited), McWilliam's Wines Group Ltd and Sealy Australia. Grant was previously Managing Director of Pacific Dunlop's Industrial Group (1985-1991) and Pacific Brands Food Group (1991-1995) and the Chairman of TP Health Limited, Vision Systems Limited, Bennelong Funds Management, Europcar Asia Pacific, Grains Research and Development Corporation and Export Finance and Insurance Corporation (EFIC).

Grant holds Bachelor of Business and Master of Business Administration degrees and is also a Certified Practising Accountant. He is also a Fellow of the Australian Institute of Company Directors, the Australian Institute of Management and the Australian Marketing Institute. Grant was appointed a Member of the Order of Australia in 2004 for his services to agribusiness and the food industry.

Management Biographies

For the year ended 30 June 2011

John Culleton CSC
Chief Executive Officer

John joined CICL in November 2008. Prior to doing so he spent 32 years in the Australian Army and commanded at platoon, company and battalion levels. He has lived and worked in Malaysia, Canada and the USA and served with the United Nations Truce Supervision Organisation in the Middle East. His final posting was as Australia's Defence Attaché to the United Nations in New York.

After leaving the Army in 2002, John was the NSW/ACT State Manager of the Royal Australian College of General Practitioners and subsequently the Deputy Chief Investigator of the NSW Office of Transport Safety Investigations.

John is a graduate of the Royal Military College, Duntroon; the Australian Army Command & Staff College; the Canadian Services Command & Staff College and the Australian Institute of Company Directors. He holds a Bachelor of Arts from UNSW (with majors in Economics and Government) and was awarded the Conspicuous Service Cross for his leadership and work in the remote communities of Cape York, the Gulf Country and Torres Strait while commanding the 51st Battalion, the Far North Queensland Regiment.

Anne Rzeszkowski
Company Secretary

At the commencement of the privatisation process in 1997, Anne was appointed to the role of Company Secretary of the then Government-owned Coleambally Irrigation. Prior to that, Anne had been the Executive Officer to the Section 17 Board (1993-1997). Upon privatisation, Anne became CICL's first, and to date only, Company Secretary.

Having worked closely with the Board and Management throughout the corporatisation and privatisation processes from 1993 to 2000, Anne developed an extensive knowledge of the legal processes pertaining to water entitlements and licences and garnered valuable knowledge of the ever changing water industry.

Today, Anne's main focus is ensuring that CICL 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 Coleambally Irrigation Anne has a two-fold role as a Director and Company Secretary on National Irrigation Corporation Water Entitlement Register Pty Ltd (NICWER).

Through the Institute of Company Secretaries, Anne completed studies in Corporations Law and Company Corporate Practices and Governance.

Management Biographies

For the year ended 30 June 2011

Richard de Koning
Manager, Financial Services
Richard was born and educated in the Netherlands.

He holds a Diploma in Accountancy (Utrecht, Holland) and a Certificate in Civil Engineering (Wembley Technical College, WA).

Prior to joining Coleambally Irrigation in 1995, Richard held senior accounting positions at the Wagga Wagga Base Hospital and with Wang Australia.

Austin Evans
Manager, Engineering and Water Distribution
Austin grew up on a dry-land farm at Matong and attended High School at Narrandera. He worked in various farm, laboring and communications jobs in the Riverina and Queensland before commencing an Engineering Degree through USQ (Toowoomba).

After completing his Bachelor of Engineering (Agriculture) in 1998, Austin joined the Engineering Services section within the State Water Projects Unit of the Queensland Department of Natural Resources (now SunWater). This position was based in Ayr in the Burdekin River Irrigation Area, but entailed work throughout most irrigation areas in Queensland. In 2000, he moved back to the Riverina and joined the Kondinin Group running a project on tillage equipment for the GRDC. In 2003, Austin started a computer business based in Ganmain whilst completing a Cert IV in Small Business Management.

Austin joined CICL, initially as a contractor in August 2004 and assumed his current role in May 2005.

Terry Inglis
Manager, Policy and Communication
Terry joined CICL in January 2011. Prior to this he had served as Chief Executive of the South Australian Dairy Farmers' Association; the South Australian Civil Construction Skills and Technology Centre; and the Yorke Regional Development Board. He has also held the positions of Executive Officer of the Winemakers' Federation of Australia; the Coonawarra Vignerons' Association; the Grain Section of the United Farmers and Stockowners of SA and as Marketing Manager for the Port Adelaide Magpies Football Club. Terry also served for a period as a Commissioned Officer in the Australian Regular Army in the Education Corps.

Terry holds a Bachelor of Arts Degree (Honours) and a Diploma of Education from Flinders University and a Masters in Business Administration from the University of Adelaide.

Management Biographies

For the year ended 30 June 2011

Kevin Kelly
Manager, Assets and Maintenance Department

Kevin's initial exposure to irrigation in Coleambally was as a share farmer during the period 1979-1986. Following this, he assumed the role of 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).

Arun Tiwari
Manager, Corporate Services, Compliance and PIIOP

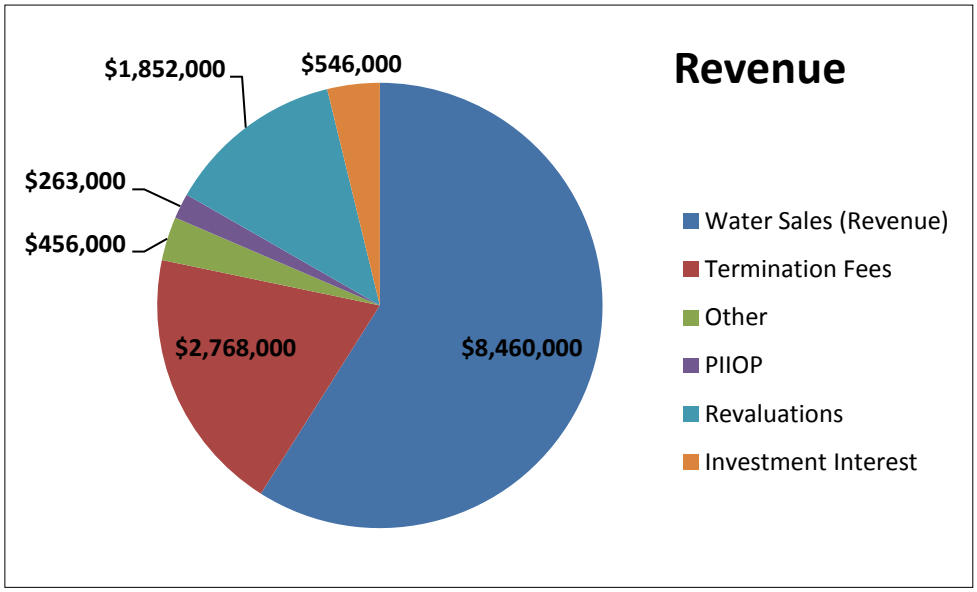
Arun joined CICL in 1998 to manage the Co-operative's Natural Resources and Environment Department and assumed his current role in 2010.

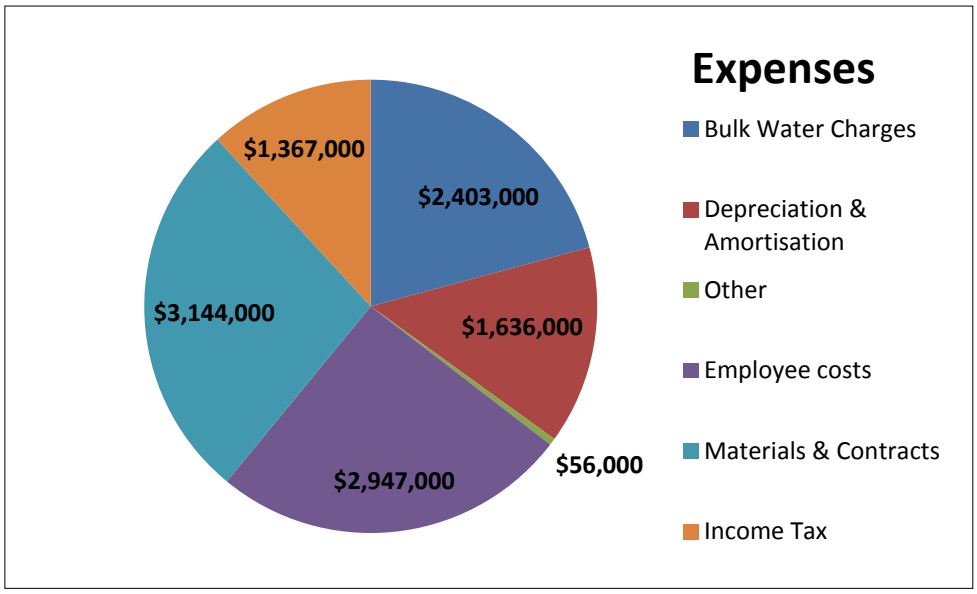
Prior to joining CICL, Arun worked with the NSW Department of Land and Water Conservation as the Murray Region's Licensing Officer and later with Murrumbidgee Irrigation as a Scientific Officer.

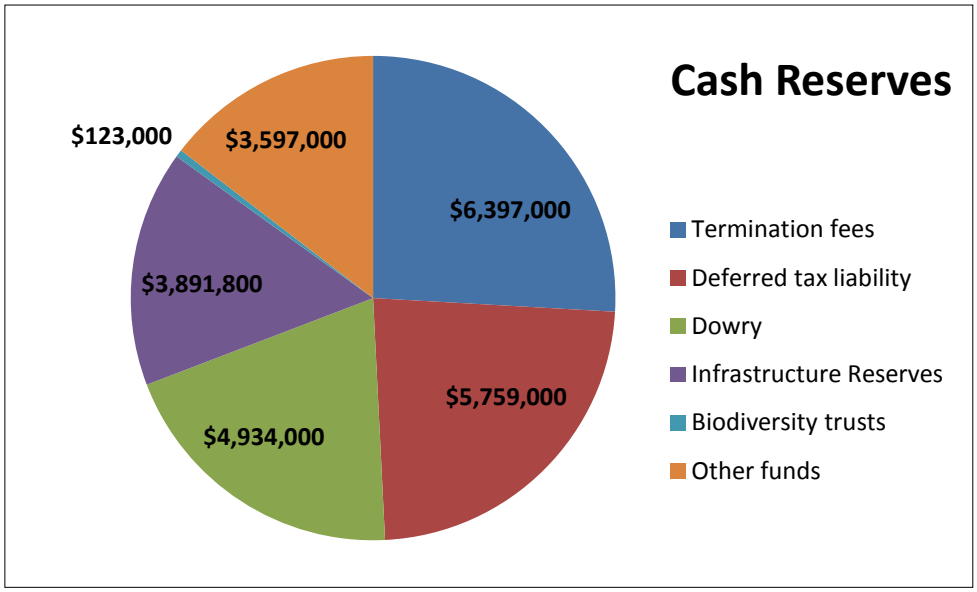
Arun holds a Bachelor of Technology (Agricultural Engineering) from JNKVV; a Master of Technology (Soil & Water Conservation Engineering, from IIT; and a Master of Business Administration from Deacon University.

Business Data

For the year ended 30 June 2011

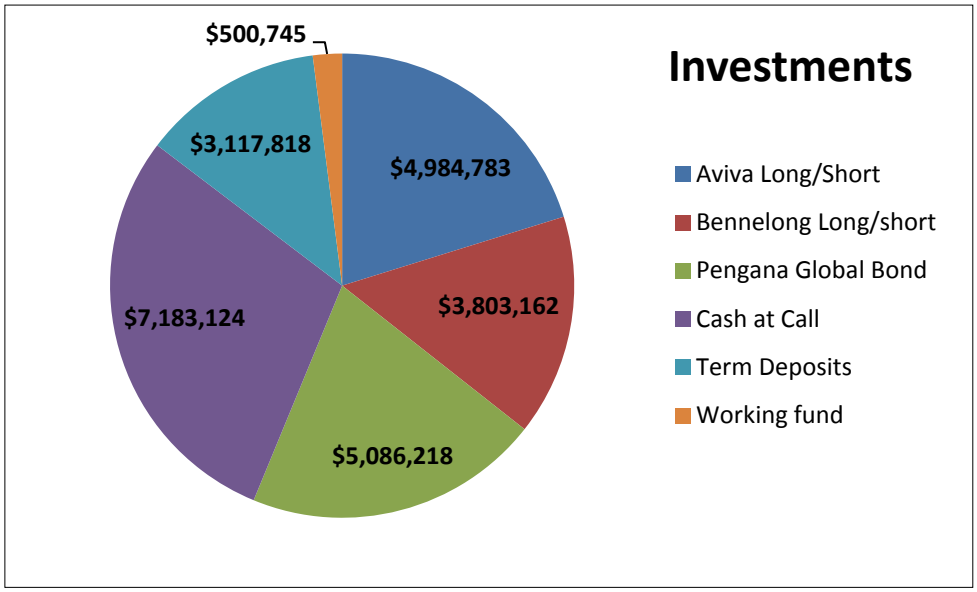


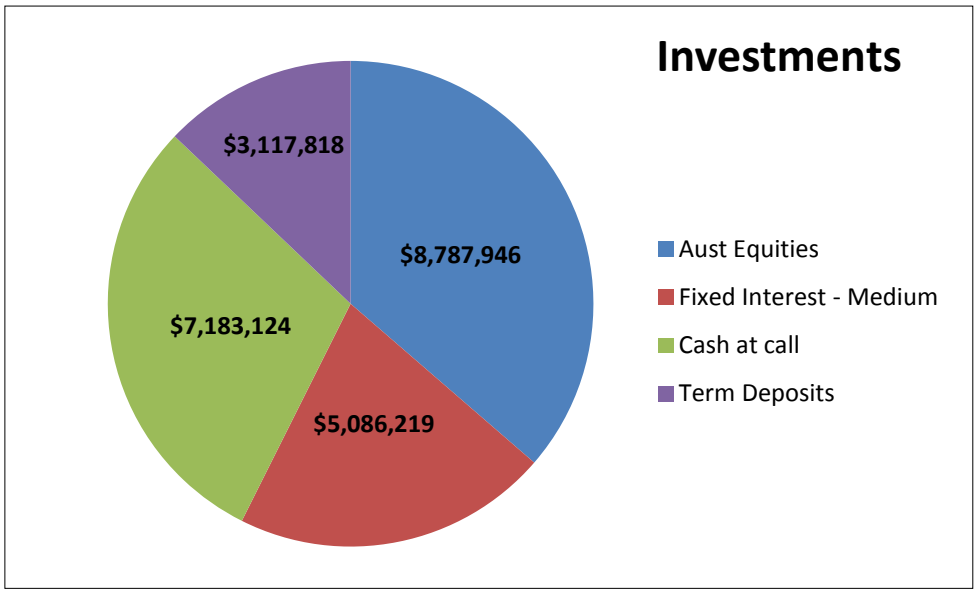


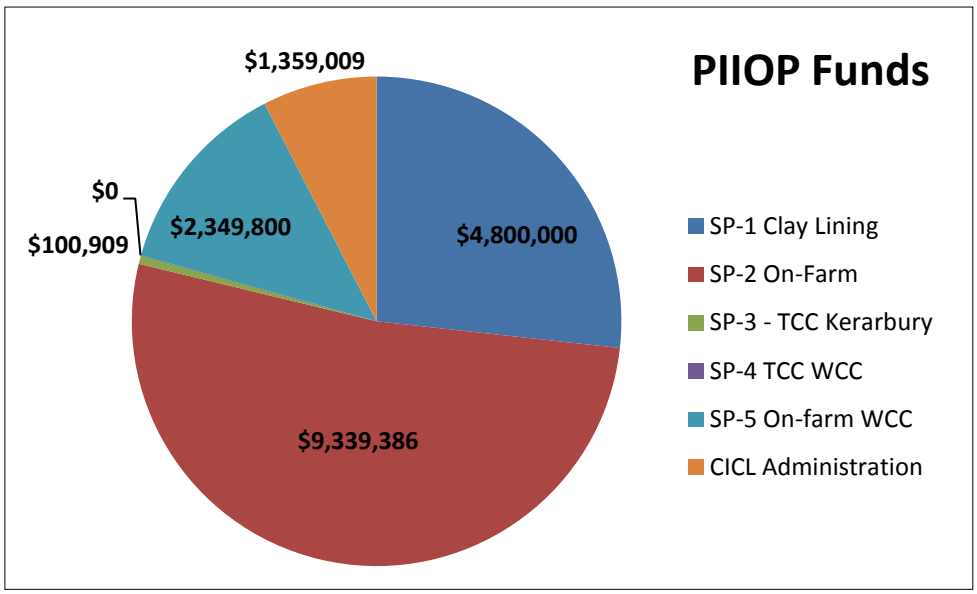


Business Data

For the year ended 30 June 2011

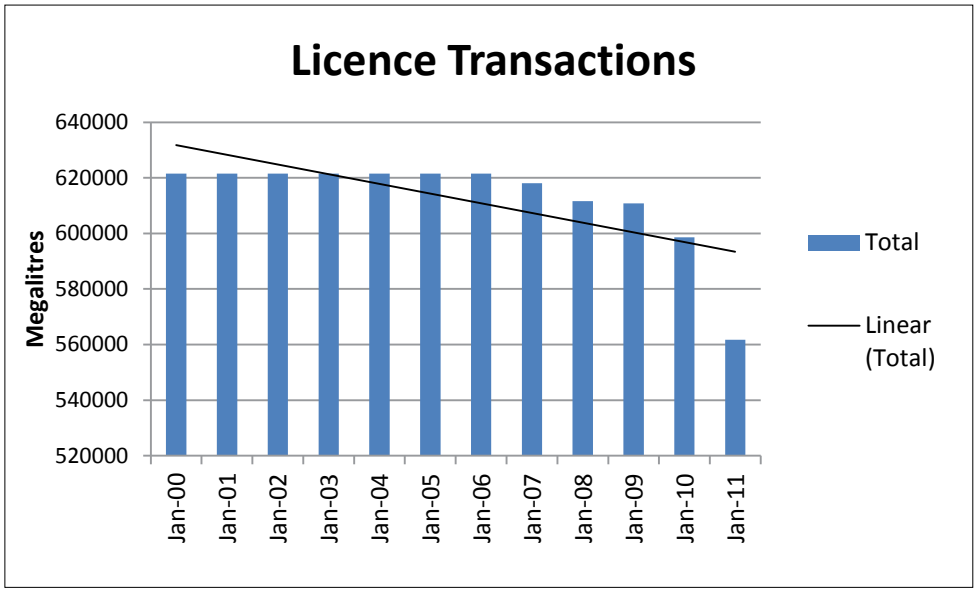


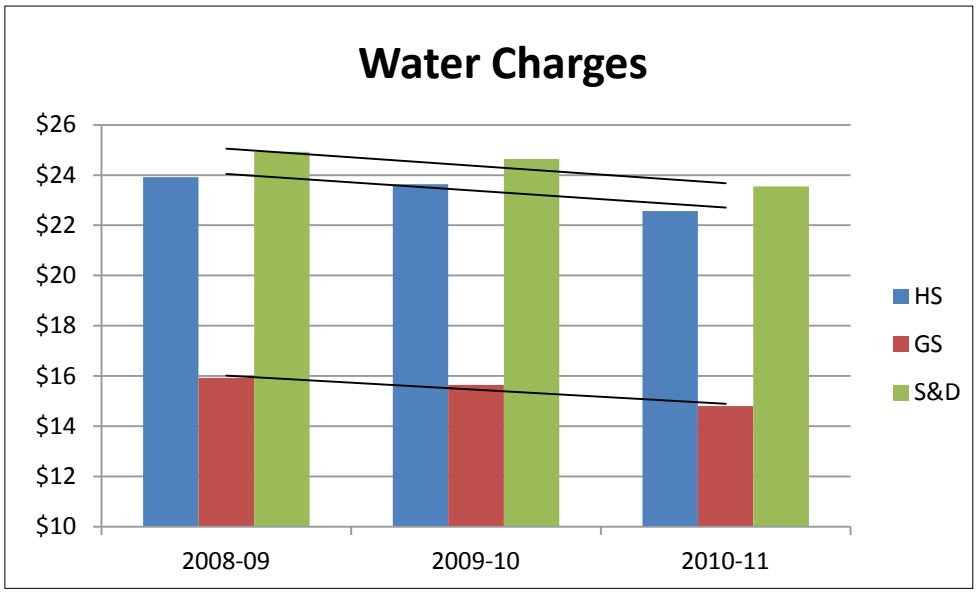


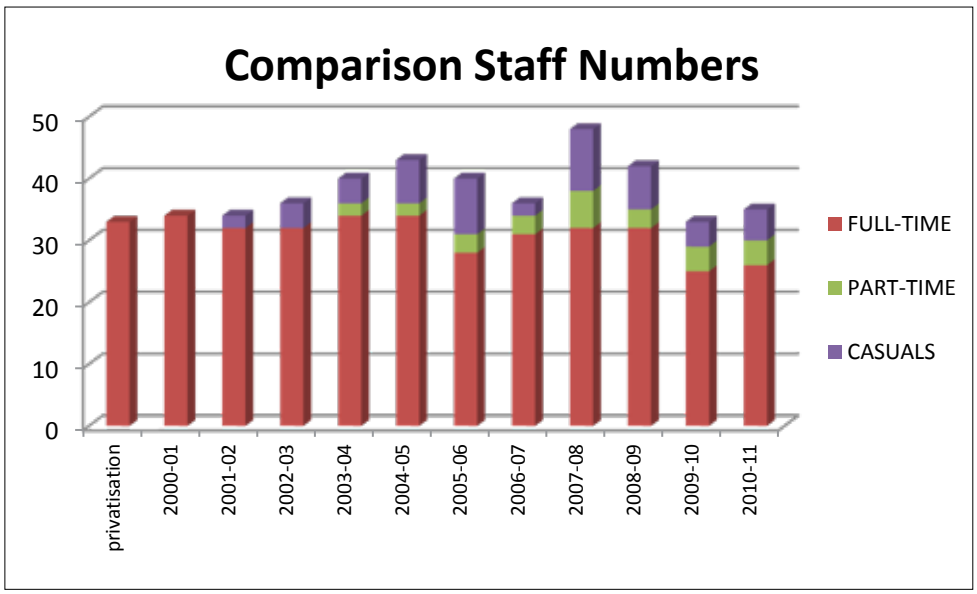


Business Trends

For the year ended 30 June 2011







Frequently Asked Questions

Q How many members/shareholders are there in CICL?

A. 266

Q. How large an area does CICL service?

A. The Coleambally Irrigated Area encompasses 139,540 ha. With the inclusion of the West Coleambally Channel area (which is often referred to as the Coleambally Outfall District [COD]) this area is extended to 456,821 ha.

Q. How many farms are there in our area of operations and how many of them are 'dry' (i.e. have no Water Entitlement on them)?

A. There are 495 farms in the Coleambally Irrigation District including 40 in the COD and as at 30 June 2011, 41 of them were 'dry'.

Q. How much water has been lost from our licence since privatisation?

A. As at 30 June 2010, the amount of Water Entitlement on CICL's licence (Conveyance, HS, GS and Stock & Domestic) has decreased by 59,751 ML since privatisation n.b. this includes a total of 21,536 ML returned to the NSW Government under the Water4Rivers program. A further 2,570 ML is yet to be returned to the Commonwealth under the Water Smart program.

Q. How much water by each class do we still hold on our licence?

A. We hold the following amounts of Water Entitlement on CICL's licence:

- 16,105 ML High Security
- 415,663 ML General Security
- 126,500 ML Conveyance
- 3,497 ML Stock & Domestic [Tankfill]

Q. How many Flume Gates/Regulators do we have in our system?

A. 339 Regulator FlumeGates (includes multiple gates at a single site) and 460 Meter Outlet FlumeGates.

Q. What's the capacity of our system and how long does it take to fill and to drain it?

A. Our system holds approximately 6,500 ML and it takes approximately 14 days to fill it under controlled circumstances. It takes approximately 10 days to drain the system.

Q. What was achieved by the Water Smart Australia (WSA) program in CICL; how much money was spent and how much water did we have to return to the Commonwealth?

A. The original WSA program CICL was to have cost a total of $22.22m of which $12.53m was to have been provided by the Commonwealth Government in return for 4,400 ML of CICL's conveyance water. The related funds were to be expended on 13 sub-projects but the program was scaled back due to the drought and when it became apparent that some of the related technologies were not delivering what was expected, or were delivering at too great a cost. The revised program cost $13.2m of which $8m was provided by the Commonwealth in return for 2,570 ML of conveyance water. The major outcomes of the program were:

- the installation of:
  - 311 FlumeGate Meter Outlets
  - 7 On-farm Regulators trialed at the Demo Farm
  - 2 Submersible FlumeGate Regulators on the WCC
  - 2 Automatic Weather Stations, 1 Flux Tower
  - 70 On-farm Soil Moisture Probes and Comms
- the conduct of 14 Irrigation Optimisation trials and one Loss Detection Investigation and
- the integration of our various Data Platforms

A report detailing each sub-project and the lessons learnt will be compiled later this year.

Q. Is it still planned to build some form of in-line storage?

A. One of the WSA sub-projects cancelled was the development of an in-line storage area. CICL has subsequently acquired the related land and has bid for funding in PIIOP round 2 to develop the storage n.b. CICL will not know whether its funding submission will be approved until late 2011 and would require the approval of its shareholders before it could enter into a related agreement with the Commonwealth.

Q. What is the value of CICL's infrastructure assets; how is that determined and how will those assets be replaced?

A. $133m. CICL's property is independently valued every two years and its water delivery assets are independently valued every five years. The replacement of water delivery infrastructure is a responsibility that falls primarily to CIMCL. The contribution levies that are paid to CIMCL provide for such replacement. The word "primarily" is important because CICL does bear some responsibility for replacement in that it replaces components of the assets as required; whereas CIMCL bears responsibility for the whole of an asset when it reaches the end of its design life.

Q. How many motor vehicles does CICL own?

A. 23 motor vehicles with a further 17 trailers and other equipment. While CICL could operate a smaller fleet, many of its vehicles are set up for a special purpose and the size of the fleet therefore represents a trade-off between the costs associated with the size of the fleet and the costs of re-configuring standard vehicles for specific task and reduced flexibility in tasking were CICL to operate a smaller fleet.

Q. How are CICL' s water charges determined and what happens to termination fees?

A. The current method sees CICL's Management recommend the level at which water charges should be set with the actual determination of charges being made by CICL's Board. In arriving at its water access charges, CICL takes account of its operating costs, future liabilities and external sources of revenue before arriving at an amount that must be recovered by way of access fees. Having determined that amount, CICL divides that amount by the total amount of Delivery Entitlement within CICL as at July 2008 (i.e. when CICL first established Delivery Entitlement). This calculation allows CICL to arrive at a 'base price' per unit of Delivery Entitlement. CICL then looks at what it would have to charge its members and customers across the current billing base (i.e. original billing base minus the amount of terminated Delivery Entitlement) to recover the same amount of revenue by way of access charges and the difference is offset by drawing-down the pool of termination fees that have been paid by 10%. In this way, the impact of fewer customers is offset for as long as there are funds in the termination pool.

Frequently Asked Questions cont'd

Q. Why does CICL need to make a profit and what is the plan for the funds that it has had invested?

A. CICL does not have to make a profit but any retained funds allow CICL to acquire new assets without borrowing. CICL's profits in recent years have been underpinned by water trading, returns on investments and the injection of Government funding under a range of programs and not on the back of water charges. A graph on page 39 of this report indicates that a significant amount of CICL's investments are 'ring-fenced' for known future liabilities.

As part of the original privatisation arrangements, CICL received approximately $10.029m in exchange for 7,372 ordinary shares to be used for: fencing to reduce OHS and public safety hazards relating to existing structures and to protect supply or drainage structures, channels and other works; to carry out the works identified in the Kinhill Report; and jointly with local councils to undertake the replacement and refurbishment of road bridges and culverts. Thus far, approximately $5.4m of the dowry has been expended on OHS elements of TCC including the up-grade of walkways and regulators; the road culvert for Kidman Way over the Tubbo Channel; concrete cancer repairs; a bridge deck replacement on the Yamma Offtake; the installation of Armco guard rails and road culvert extensions.

Q. How many external organisations does CICL belong to and what benefit does it get from its memberships?

A. CICL belongs to the following organisations:

- NSW Irrigators Council
- National Irrigators' Council
- NSW Co-operatives Federation
- NICWER
- Echuca Group
- Murrumbidgee Valley Stakeholders' Group

CICL considers it gets the following benefits from these organisations:

- NSW & National Irrigation Councils – political representation with the NSW and Commonwealth Governments respectively and with the Departments that manage water and access to information and analysis beyond which could be obtained in our own right.

- NSW Co-operatives Federation – access to resources and information that pertain solely to the operation of a co-operative.

- NICWER (National Irrigation Corporation Water Entitlement Register Pty Ltd) – CICL's Water Register together with those of other Irrigation Corporations are linked to the NICWER register which provides interested parties with the ability to access details of each individual irrigator member's holdings in the bulk water licences – with the permission for such access being provided by the irrigator member in the provision of the unique WEN (Water Entitlement Number).

- Echuca Group – this group consists of agricultural and water companies, peak bodies and selected local and state government representatives from NSW and VIC and it provides a forum to share information and views on the Basin Plan with a view to establishing 'common ground' where possible. CICL considers this group has been very useful in freeing-up the exchange of information between NSW and VIC and in encouraging its members to view the Basin Plan in a wider context.

- Murrumbidgee Valley Stakeholders Group – this group consists of a large number of agricultural industry groups, the Griffith Chamber of Commerce and a number of local Councils who share resources, thinking, and information to establish a cohesive position with which its members can respond to the Basin Plan. The key value of this group to date has been in establishing a commitment to unity within the Valley when responding to the Plan and in sending consistent messages to the Commonwealth and the MDBA.

Q. How much remuneration do Directors receive?

A. The Chairman and Deputy Chairman are paid $65,000 and $40,000 respectively. The other Member Directors are paid $28,500. The two Independent Directors are paid a collective total of $95,000. These fees are inclusive of the company's contribution to superannuation. Total remuneration is currently limited to $257,000 per annum of the maximum annual figure of $275,000 approved by members in 2005.

Staff

Chief Executive Officer
John Culleton

Company Secretary
Anne Rzeszkowski

Executive Assistant
Bronwyn Vearing (Part Time Job Share)
Carla Armytage (Part Time Job Share)

Policy & Communication
Terry Inglis

Information Technology
Michael Wilson

Asset Renewals and Maintenance
Kevin Kelly (Manager)
Naomi Sheppard
Kathy Oakley (Part Time)
Bill Trengrove

Engineering and Water Distribution
Austin Evans (Manager)
Daniel Whittred
Eric Hutchinson
Steve Edwards
Tom Fuller
Steve Knight
Craig Mark
Chris Blackett
Graham White
Christine Chirgwin

Corporate Services
Arun Tiwari (Manager)
Mike Ridley
Mark Robb
Therese Chauncy
Bernard Starr

Financial Services
Richard de Koning (Manager)
Sue Nand
Deborah de Meyer
Alison Hayes
Yvonne Porter (Part Time)

Shareholder notes

Shareholder notes

Your co-operative at a glance

Shareholders

Farms within Coleambally Irrigation District	495
Farms within Coleambally Irrigation Area	455
Number of Shareholders	266

Area of Operations	**456,821 ha**
Outfall District	**317,281 ha**
Main Crops	
Pasture (summer & winter)	8,119 ha
Barley	9,117 ha
Wheat	11,334 ha
Oats	1,755 ha
Canola	3,381 ha
Corn	4,367 ha
Rice	14,512 ha
Soybeans	1,240 ha
Cotton	885 ha
Employees	26 Full Time 4 Permanent Part Time 4 Casual

Water Licence	553,315.35 ML
Irrigator Water Entitlements	425,040 ML
Irrigator Delivery Entitlements	434,182 ML
Metered net diversions	285,239 ML
Metered usage	252,923 ML
Supply and drainage channels	1,227 km

www.colyirr.com.au

COLEAMBALLY IRRIGATION CO-OPERATIVE LIMITED
PO BOX 103, COLEAMBALLY NSW 2707
PHONE: 02 6954 4003 FAX: 02 6954 4321 COSEC FAX: 02 6950 2814