

MURRAY-DARLING BASIN AUTHORITY

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MURRAY-DARLING BASIN AUTHORITY

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Murray-Darling Basin Authority (MDBA) establishes and monitors the sustainable and integrated management of the water resources of the Murray-Darling Basin. We do this in a way that best meets the social, economic and environmental needs of the Basin and its communities. We work in collaboration with other Australian Government agencies, Basin State governments, local governments, regional bodies, industry groups, landholders, environmental organisations, scientists, research organisations and Murray-Darling Basin communities, including Indigenous communities, and the broader Australian community.

The MDBA achieves this through its outcome:

Outcome 1: Equitable and sustainable use of the Murray-Darling Basin by governments and the community including through development and implementation of a Basin Plan, operation of the River Murray system, shared natural resource management programmes, research, information and advice.

In addition to its functions under the *Water Act 2007*, the MDBA has functions under the Murray-Darling Basin Agreement (Agreement), which forms Schedule 1 to the Act. These include giving effect to decisions of the Murray-Darling Basin Ministerial Council and the Basin Officials' Committee in relation to the Basin governments' joint programs. The MDBA delivers its functions under the Agreement in conjunction with and on behalf of the contracting governments - the Australian Government and the governments of Victoria, South Australia, New South Wales, Queensland and the Australian Capital Territory.

Our purpose

To improve the health and sustainability of the Murray Darling Basin through integrated reform and management of water and other natural resources for the long-term benefit of the Australian community.

Our objectives

During 2019–20, the MDBA will continue to focus its efforts on implementing the Basin Plan.

Key priorities are:

- Coordinate the implementation of the Basin plan;
- Strengthen the culture of compliance in water take in the Murray-Darling Basin;
- Operate the River Murray system efficiently for partner governments;
- Improve transparency and confidence in the Basin Plan, River Murray operations and the Murray–Darling Basin Authority; and
- Apply the best available science and knowledge to the management of the Murray-Darling Basin.

Throughout 2019–20, the MDBA will also continue to work with and on behalf of the Basin governments to deliver on its Agreement functions. Key priorities are to:

- Deliver the suite of programs agreed by the Murray-Darling Basin Ministerial Council, taking account of the financial contributions from Basin governments;
- Continue to work with the Basin governments to agree options for sustainable delivery of joint programs and the maintenance of existing and future jointly owned assets;
- Coordinate the delivery of environmental water in the southern connected Basin via the Southern Connected Basin Environmental Watering Committee;
- Work with Basin governments to implement the Basin Salinity Management 2030 Strategy; and
- Manage River Murray Operations and assets.

The MDBA has long been committed to developing and maintaining strong regional links with communities, in line with the Australian Government’s decentralisation approach. In 2019–20 the MDBA will progress work to increase its regional presence by 76 staff by mid-2021. This will bring the total MDBA staff in regional locations to one third of employees – a total of 103 staff.

1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total resources from all sources. The table summarises how resources will be applied by outcome and by administered and departmental classification.

Table 1.1: Murray-Darling Basin Authority – Resource Statement – Budget Estimates for 2019–20 as at Budget April 2019

	<i>2018–19^(a) Estimated actual \$'000</i>	2019–20 Estimate \$'000
Opening balance/cash reserves at 1 July	97,950	85,655
Funds from Government		
Annual appropriations – ordinary annual services^(b)		
Outcome 1	91,700	75,628
Annual appropriations – other services – non-operating^(b)		
Equity injection	-	7,425
Total annual appropriations	91,700	83,053
Amounts received from related entities		
Amounts from portfolio department ^(c)	12,006	11,518
Total amounts received from related entities	12,006	11,518
Total funds from Government	103,706	94,571
Funds from other sources		
Royalties	1,100	700
Sale of goods and services	238	238
Grant	85,351	83,151
Other	4,370	5,500
Total funds from other sources	91,059	89,589
Total net resourcing for MDBA	292,715	269,815
	2018–19	2019–20
Average staffing level (number)	288	289

(a) Annual appropriation amounts appearing for 2018–19 do not include the Appropriation Bills (No. 3) and (No. 4) 2018–19, as they had not been enacted at the time of publication. For MDBA, the Bills include \$2.500 million in departmental appropriation; these funds pass through the Department of Agriculture and Water Resources.

(b) Appropriation Bill (No. 1) and Bill (No. 2) 2019–20. Appropriation is provided through the Department of Agriculture and Water Resources and is specified within the Annual Appropriation Bills as a payment to the MDBA.

(c) Funding provided by the portfolio department that is not specified within the Annual Appropriation Bills as a payment to that corporate entity (for example, a grant awarded to a corporate entity from one of its portfolio department's administered programs).

Prepared on a resourcing (i.e. appropriations available) basis.

Please note: All figures shown above are GST exclusive – these may not match figures in the cash flow statement.

1.3 BUDGET MEASURES

Budget measures in Part 1 relating to the Murray-Darling Basin Authority are detailed in *Budget Paper No. 2: Budget Measures 2019–20* and are summarised below.

Table 1.2: Murray-Darling Basin Authority 2019–20 Budget measures

Part 1: Measures announced since the 2018–19 Mid-Year Economic and Fiscal Outlook (MYEFO)

MDBA does not have any 2019–20 Budget measures.

Part 2: Other measures not previously reported in a portfolio statement

MDBA does not have any measures not previously reported in a portfolio statement.

Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

Note:

Performance reporting requirements in the Portfolio Budget Statements are part of the enhanced Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements – included in annual reports – to provide an entity's complete performance story.

The most recent corporate plan for the Murray-Darling Basin Authority can be found at:

<https://www.mdba.gov.au/publications/policies-guidelines/corporate-plan>.

The most recent annual performance statement for the Murray-Darling Basin Authority can be found at:

<https://www.mdba.gov.au/publications/mdba-reports/mdba-annual-report>.

2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

Outcome 1: Equitable and sustainable use of the Murray-Darling Basin by governments and the community including through development and implementation of a Basin Plan, operation of the River Murray system, shared natural resource management programs, research, information and advice.

Linked programs

Department of Agriculture and Water Resources
Program: <ul style="list-style-type: none"> • Program 3.1: Water Reform
Contribution to Outcome 1 made by linked program: The Murray-Darling Basin Authority works collaboratively with the Departments of Agriculture and Water Resources, and Environment and Energy to implement the Murray-Darling Basin Plan and the Intergovernmental Agreement on Murray-Darling Basin Reform.
Bureau of Meteorology
Programs: <ul style="list-style-type: none"> • Program 1.1: Bureau of Meteorology
Contribution to Outcome 1 made by linked programs: The Bureau of Meteorology provides weather, climate and water modelling to the Murray-Darling Basin Authority.
Department of the Environment and Energy
Program: <ul style="list-style-type: none"> • Program 1.3: Commonwealth Environmental Water
Contribution to Outcome 1 made by linked program: The Murray-Darling Basin Authority and the Department of the Environment and Energy work together on implementation of the Basin Plan, operation of the River Murray System, shared natural resource management programs, research, information, advice and Basin Plan reporting obligations, all of which contribute to the management of Commonwealth environmental water.

Table 2.1.1: Budgeted expenses for Outcome 1

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by Administered and Departmental funding sources.

Table 2.2.1: Budgeted expenses for Outcome 1

Outcome 1: Equitable and sustainable use of the Murray-Darling Basin by governments and the community including through development and implementation of a Basin Plan, operation of the River Murray system, shared natural resource management programs, research, information and advice.

	2018–19 Estimated actual \$'000	2019–20 Budget \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000	2022–23 Forward estimate \$'000
Program 1.1: Murray-Darling Basin Authority					
Revenue from Government					
Ordinary annual services (Appropriation Bill (No. 1)) ^(a)	94,200	75,628	45,558	39,486	37,933
Payment from related entities	12,006	11,518	13,406	12,262	14,460
Expenses not requiring appropriation in the budget year ^(b)	11,426	4,574	8,000	21,565	-
Revenues from other independent sources ^(c)	91,137	89,667	93,727	92,423	91,708
Total expenses for program 1.1	208,769	181,387	160,691	165,736	144,101
Outcome 1 totals by resource type					
Revenue from Government					
Ordinary annual services (Appropriation Bill (No. 1))	94,200	75,628	45,558	39,486	37,933
Payment from related entities	12,006	11,518	13,406	12,262	14,460
Expenses not requiring appropriation in the budget year	11,426	4,574	8,000	21,565	-
Revenues from other independent sources	91,137	89,667	93,727	92,423	91,708
Total expenses for Outcome 1	208,769	181,387	160,691	165,736	144,101
	2018–19	2019–20			
Average staffing level (number)	288	289			

(a) The MDBA is a corporate Commonwealth entity (CCE) under the PGPA Act and does not receive direct appropriations. Instead, this funding passes through the Department of Agriculture and Water Resources to the MDBA. This amount includes \$2.500 million in Appropriation Bill (No. 3) 2018–19 that has not yet been enacted.

(b) This represents excess of expenditure over revenue resulting in operating loss and funds are drawn from the MDBA special account.

(c) Revenues from other independent sources include contributions from jurisdictions for Agreement functions, other miscellaneous revenue and funds drawn from the Murray-Darling Basin special account. The Murray-Darling Basin special account is not a Special Account for the purpose of the PGPA Act.

2.1.2 Performance criteria for Outcome 1

Table 2.1.2 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2019–20 Budget measures have created new programs or materially changed existing programs.

Outcome 1 – Equitable and sustainable use of the Murray-Darling Basin by governments and the community including through development and implementation of a Basin Plan, operation of the River Murray system, shared natural resource management programs, research, information and advice.		
Program 1.1: Equitable and sustainable use of the Murray-Darling Basin		
Objective	To improve the health and sustainability of the Murray Darling Basin through integrated reform and management of water and other natural resources for the long-term benefit of the Australian community.	
Delivery	Collaborating with Basin governments, communities and the Commonwealth to achieve sustainable management of the Murray-Darling Basin river system, while ensuring continual application of the <i>Water Act 2007</i> , Murray-Darling Basin Agreement and the Murray-Darling Basin Plan.	
Performance information		
Year	Performance criteria	Targets^(a)
2018–19	Lead the implementation of the Basin Plan to achieve a healthy working Basin.	The measures and evidence of progress against this measure will be described in the Authority’s Annual Performance Statement 2018–19 in line with the evidence targets described in the 2018–19 Corporate Plan.
	Operate the River Murray system efficiently for partner governments.	The measures and evidence of progress against this measure will be described in the Authority’s Annual Performance Statement 2018–19 in line with the evidence targets described in the 2018–19 Corporate Plan.
2019–20	As per 2018–19.	As per 2018–19.
2020–21 and beyond	As per 2018–19.	As per 2018–19.

Continued on following page

Contributions to Outcome 1 (continued)

Performance information (continued)	
Purpose^(b)	To improve the health and sustainability of the Murray Darling Basin through integrated reform and management of water and other natural resources for the long-term benefit of the Australian community.

- (a) Targets are not comprehensive enough to stand alone without other performance information. The MDBA's annual performance statements provide a total assessment of performance against all of the measures set out in the Corporate Plan.
- (b) Refers to updated purpose that will be reflected in the 2019–20 Corporate Plan.

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2019–20 budget year, including the impact of budget measures and resourcing on financial statements.

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Differences between entity resourcing and financial statements

There are no differences between the resource information presented in the Budget Papers and Portfolio Budget Statements.

3.1.2 Explanatory notes and analysis of budgeted financial statements

Revenue is credited to the Murray-Darling Basin special account from the following:

- Funding received through the Department of Agriculture and Water Resources for Basin Plan functions and the South-Australian Riverland Floodplain Integrated Infrastructure Project (refer below);
- Australian Government contribution to Murray-Darling Basin Agreement; and
- State and territory government contributions and miscellaneous revenue from other sources (for example, property revenues, hydro generation and sale of assets) for the Agreement functions.

Australian Government and state and territory government contributions to the Agreement functions, which are reflected as grants income in the financial statements and grants cash in the balance sheet, for 2018–19, represent estimates based on current advice from Basin jurisdictions.

Where appropriate, expenses, both employees and suppliers, have been adjusted to reflect the appropriations and changes in revenues resulting from any revised contributions to the joint programs.

The MDBA has budgeted for an operating deficit in 2018–19 and forward years which is impacted by the need to complete a number of joint programs (i.e. programs funded through non-appropriation receipts), including for river and environmental management programs and the residual components of the Environmental Works and Measures Program, for which funds have been retained in the Murray-Darling Basin special account.

Revenue from government includes the funding for the South-Australian Riverland Floodplain Integrated Infrastructure Project. The Project, with an estimated total cost of \$155.0 million, is planned to progress further over the next three years.

3.2 BUDGETED FINANCIAL STATEMENTS TABLES

Table 3.1 Comprehensive income statement (showing net cost of services) (for the period ended 30 June)

	2018–19 Estimated actual \$'000	2019–20 Budget \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000	2022–23 Forward estimate \$'000
EXPENSES					
Employee benefits	39,022	41,355	40,621	39,661	40,658
Grants ^(a)	52,478	33,135	8,948	9,721	10,572
Depreciation and amortisation	1,656	1,656	1,656	1,656	1,656
Finance cost	32	32	32	32	32
Supplier	115,581	105,209	109,434	114,666	91,183
Total expenses	208,769	181,387	160,691	165,736	144,101
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Grants ^(b)	97,357	94,669	99,786	98,885	100,470
Royalties	1,100	700	700	700	700
Other	4,686	5,816	6,647	5,100	4,998
Total own-source revenue	103,143	101,185	107,133	104,685	106,168
Total own-source income	103,143	101,185	107,133	104,685	106,168
Net cost of (contribution by) services	(105,626)	(80,202)	(53,558)	(61,051)	(37,933)
Revenue from Government	94,200	75,628	45,558	39,486	37,933
Total revenue from Government	94,200	75,628	45,558	39,486	37,933
Surplus/(deficit) attributable to the Australian Government^(c)	(11,426)	(4,574)	(8,000)	(21,565)	-
Total comprehensive income/(loss) attributable to the Australian Government^(c)	(11,426)	(4,574)	(8,000)	(21,565)	-

(a) The amount includes payment to South Australia as part of \$155.0 million funding over seven years for South Australian Riverland Floodplain Integrated Infrastructure Program (SARFIIP) which commenced in 2013–14. Scheduled payment is \$43.5 million in 2018–19 and \$25.0 million in 2019–20. Other payments relates to grants paid to other jurisdictional sector, non-profit organisations and private sector.

(b) For 2019–20 and the forward years this amount is an estimate pending Ministerial Council's decision.

(c) The MDBA's operating loss is primarily the result of recommended accounting treatment for the special appropriation of \$441.5 million recognised as revenue during transition from Murray-Darling Basin Commission to MDBA in 2008–09.

Prepared on Australian Accounting Standards basis.

Table 3.2: Budgeted departmental balance sheet (as at 30 June)

	2018–19 Estimated actual \$'000	2019–20 Budget \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000	2022–23 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	85,655	81,942	73,938	52,369	52,401
Trade and other receivables	3,423	3,423	3,423	3,423	3,423
Total financial assets	89,078	85,365	77,361	55,792	55,824
Non-financial assets					
Land and Buildings	4,945	4,945	4,945	4,945	4,945
Property, plant and equipment	2,561	2,561	2,561	2,561	2,561
Intangibles	924	7,484	9,406	10,233	10,233
Others	742	742	742	742	742
Total non-financial assets	9,172	15,732	17,654	18,481	18,481
Total assets	98,250	101,097	95,015	74,273	74,305
LIABILITIES					
Payables					
Suppliers	13,681	14,065	14,449	14,833	14,833
Other payables	5,102	4,682	4,262	3,842	3,842
Total payables	18,783	18,747	18,711	18,675	18,675
Provisions					
Employee provisions	10,231	10,231	10,231	10,231	10,231
Other provisions	1,272	1,304	1,336	1,368	1,400
Total provisions	11,503	11,535	11,567	11,599	11,631
Total liabilities	30,286	30,282	30,278	30,274	30,306
Net assets	67,964	70,815	64,737	43,999	43,999
EQUITY*					
Parent entity interest					
Contributed equity	(11,199)	(3,774)	(1,852)	(1,025)	(1,025)
Reserves	2	2	2	2	2
Retained surplus (accumulated deficit)	79,161	74,587	66,587	45,022	45,022
Total Equity	67,964	70,815	64,737	43,999	43,999

*'Equity' is the residual interest in assets after deduction of liabilities.

Prepared on Australian Accounting Standards basis.

Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2019–20)

	Retained earnings	Contribution equity/capital	Total equity
	\$'000	\$'000	\$'000
Opening balance as at 1 July 2019			
Balance carried forward from previous period	79,163	(11,199)	67,964
Adjusted opening balance	79,163	(11,199)	67,964
Comprehensive income			
Surplus (deficit) for the period	(4,574)	7,425	2,851
Total comprehensive income	(4,574)	7,425	2,851
Estimated closing balance as at 30 June 2020	74,589	(3,774)	70,815
Closing balance attributable to the Australian Government	74,589	(3,774)	70,815

Prepared on Australian Accounting Standards basis.

Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)

	2018–19 Estimated actual \$'000	2019–20 Budget \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000	2022–23 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Receipts from Government	94,200	75,628	45,558	39,486	37,933
Sale of goods and rendering of services	238	238	238	238	238
Grants cash received	97,357	94,669	99,786	98,885	100,470
Interest received	2,161	2,161	2,161	2,161	2,161
Net GST received	12,395	11,262	11,744	12,226	9,827
Other	3,309	4,039	4,870	3,323	3,221
Total cash received	209,660	187,997	164,357	156,319	153,850
Cash used					
Employees	39,022	41,355	40,621	39,661	40,658
Suppliers	127,934	116,429	121,136	126,850	100,932
Grants	52,478	33,135	8,948	9,721	10,572
Total cash used	219,434	190,919	170,705	176,232	152,162
Net cash from (used by) operating activities	(9,774)	(2,922)	(6,348)	(19,913)	1,688
FINANCING ACTIVITIES					
Cash received					
Contributed Equity	-	7,425	1,922	827	-
Total cash received	-	7,425	1,922	827	-
Net cash from (used by) financing activities	-	7,425	1,922	827	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	2,521	8,216	3,578	2,483	1,656
Total cash used	2,521	8,216	3,578	2,483	1,656
Net cash from (used by) investing activities	(2,521)	(8,216)	(3,578)	(2,483)	(1,656)
Net increase (decrease) in cash held	(12,295)	(3,713)	(8,004)	(21,569)	32
Cash and cash equivalents at the beginning of the reporting period	97,950	85,655	81,942	73,938	52,369
Cash and cash equivalents at the end of the reporting period	85,655	81,942	73,938	52,369	52,401

Prepared on Australian Accounting Standards basis.

Table 3.5: Departmental capital budget statement (for the period ended 30 June)

	2018–19 Estimated actual \$'000	2019–20 Budget \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000	2022–23 Forward estimate \$'000
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by Capital Appropriation	865	6,560	1,922	827	-
Funded internally from departmental resources	1,656	1,656	1,656	1,656	1,656
TOTAL	2,521	8,216	3,578	2,483	1,656
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	2,521	8,216	3,578	2,483	1,656
Total cash used to acquire assets	2,521	8,216	3,578	2,483	1,656

Consistent with information contained in the Statement of Asset Movements and the Budgeted Statement of Cash Flows.

Prepared on Australian Accounting Standards basis.

Table 3.6: Statement of asset movements (Budget year 2019–20)

	Land and Buildings	Other property, plant and equipment	Computer software and intangibles \$'000	Total \$'000
As at 1 July 2019				
Gross book value	5,651	3,110	8,820	17,581
Accumulated depreciation/amortisation and	(706)	(549)	(7,896)	(9,151)
Opening net book balance	4,945	2,561	924	8,430
CAPITAL ASSET ADDITIONS				
Estimated expenditure on new or replacement assets				
By purchase – other ^(a)	569	481	7,166	8,216
Total additions	569	481	7,166	8,216
Other movements				
Depreciation/amortisation expense	(569)	(481)	(606)	(1,656)
Total other movements	(569)	(481)	(606)	(1,656)
As at 30 June 2020				
Gross book value	6,220	3,591	15,986	25,797
Accumulated depreciation/amortisation and impairment	(1,275)	(1,030)	(8,502)	(10,807)
Closing net book balance	4,945	2,561	7,484	14,990

(a) Purchase of 'Other property, plant and equipment' and internally developed software (intangibles) are funded from internally funded resources and capital appropriations.

Prepared on Australian Accounting Standards basis.

Table 3.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

The schedule of budgeted income and expenses administered on behalf of Government does not apply to the MDBA.

Table 3.8: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

The schedule of budgeted assets and liabilities administered on behalf of Government does not apply to the MDBA.

Table 3.9: Schedule of budgeted administered cash flows (for the period ended 30 June)

The schedule of budgeted administered cash flows on behalf of Government does not apply to the MDBA.