

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, scientist, 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 achieve a health working Basin through the integrated management of water resources for the long-term benefit of the Australian community.

Our objectives

During 2018–19, the MDBA will continue to focus its efforts on implementing the Basin Plan. Key priorities are:

- Building a culture of compliance to ensure the Basin Plan is implemented effectively and the benefits are realised for communities, industries and the environment;
- Working with Basin state governments to facilitate the development, assessment and accreditation of water resource plans;
- Increasing regional presence to leverage local knowledge through strengthening relationships with stakeholders from communities;
- Working with the Basin states to support the development of their constraints measure proposals, including for consideration through the Sustainable Diversion Limit (SDL) adjustment mechanism; and
- Working with the Basin states to transition from cap compliance to SDL accounting.

Throughout 2018–19, 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.

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 2018–19 as at Budget May 2018

	<i>2017–18 Estimated actual \$'000</i>	2018–19 Estimate \$'000
Opening balance/cash reserves at 1 July	81,955	79,251
Funds from Government		
Annual appropriations – ordinary annual services ^(a)		
Outcome 1	78,910	91,700
<i>Total annual appropriations</i>	78,910	91,700
Amounts received from related entities		
Amounts from portfolio department ^(b)	11,701	11,027
<i>Total amounts received from related entities</i>	11,701	11,027
Total funds from Government	90,611	102,727
Funds from other sources		
Royalties	700	1,100
Sale of goods and services	238	238
Grant	82,362	78,554
Other	3,724	3,465
<i>Total funds from other sources</i>	87,024	83,357
Total net resourcing for MDBA	259,590	265,335
	2017–18	2018–19
Average staffing level (number)	288	288

(a) Appropriation Bill (No. 1) 2018–19. 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.

(b) 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).

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

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

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 2018–19* and are summarised below.

Table 1.2: Murray-Darling Basin Authority 2018–19 Budget measures

Part 1: Measures announced since the 2017–18 Mid-Year Economic and Fiscal Outlook (MYEFO)

The MDBA does not have any 2018–19 Budget measures.

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

The MDBA does not have any other 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 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 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

<p>Department of Agriculture and Water Resources</p> <hr style="border-top: 1px dotted black;"/> <p>Program:</p> <ul style="list-style-type: none"> • Program 3.1: Water Reform
<p>Contribution to Outcome 1 made by linked program:</p> <p>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.</p>
<p>Bureau of Meteorology</p> <hr style="border-top: 1px dotted black;"/> <p>Programs:</p> <ul style="list-style-type: none"> • Program 1.1: Bureau of Meteorology
<p>Contribution to Outcome 1 made by linked programs:</p> <p>The Bureau of Meteorology provides weather, climate and water modelling to the Murray-Darling Basin Authority.</p>
<p>Department of the Environment and Energy</p> <hr style="border-top: 1px dotted black;"/> <p>Program:</p> <ul style="list-style-type: none"> • Program 1.3: Commonwealth Environmental Water
<p>Contribution to Outcome 1 made by linked program:</p> <p>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.</p>

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.

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.

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
Program 1.1: Murray-Darling Basin Authority					
Revenue from Government					
Ordinary annual services (Appropriation Bill (No. 1)) ^(a)	78,910	91,700	63,276	33,807	34,369
Payment from related entities	11,701	11,027	11,411	13,293	12,143
Expenses not requiring appropriation in the budget year ^(b)	2,711	8,000	8,000	8,000	21,565
Revenues from other independent sources ^(c)	87,024	83,357	88,610	92,659	91,882
Total expenses for program 1.1	180,346	194,084	171,297	147,759	159,959

Outcome 1 totals by resource type					
Revenue from Government					
Ordinary annual services (Appropriation Bill (No. 1))	78,910	91,700	63,276	33,807	34,369
Payment from related entities	11,701	11,027	11,411	13,293	12,143
Expenses not requiring appropriation in the budget year	2,711	8,000	8,000	8,000	21,565
Revenues from other independent sources	87,024	83,357	88,610	92,659	91,882
Total expenses for Outcome 1	180,346	194,084	171,297	147,759	159,959

	2017–18	2018–19
Average staffing level (number)	288	288

(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.

(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 2018–19 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 achieve a healthy working Basin, through the integrated management of water resources for the long-term benefit of the Australian community, socially, economically and environmentally.	
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^(a)	Targets^(b)
2017–18	Strategic Goal 1 Lead the implementation of the Basin Plan to achieve a healthy working Basin.	On track, with 100 per cent expected to be achieved by 30 June 2018. Achieve 100 per cent of statutory deadlines in the Basin Plan as required by the <i>Water Act 2007</i> .
	Strategic Goal 2 Strengthen engagement with the community.	Survey being finalised at the time of writing. 80 per cent positive response in relation to quality and extent of engagement, reported by the annual stakeholder survey.
	Strategic Goal 3 Evaluate and review the social, economic and environmental outcomes of Basin water reforms.	On track, with 100 per cent expected to be achieved by 30 June 2018. 100 per cent of monitoring and evaluation reviews conducted within statutory regulations.

Continued on following pages

Contributions to Outcome 1 (continued)

Performance information (continued)		
Year	Performance criteria^(a)	Targets^(b)
2017–18 (continued)	<p>Strategic Goal 4</p> <p>Operate the River Murray system efficiently for partner governments.</p>	<p>Completed – the prior year report was received with a positive assessment.</p> <p>Annual report by Independent River Operations Review Group confirms River Murray Operations are being delivered in accordance with requirements of the Asset Controlling Governments.</p>
	<p>Strategic Goal 5</p> <p>Improve the knowledge base to support sustainable water resource management.</p>	<p>On track, with 100 per cent expected to be achieved by 30 June 2018.</p> <p>90 per cent of commissioned research and monitoring activities delivered.</p>
2018–19	<p>Lead the implementation of the Basin Plan to achieve a healthy working Basin.</p>	<p>The measures and evidence of progress against this measure will be described in the Authority's Annual Performance Statement 2017–18 in line with the evidence targets described in the 2017–18 Corporate Plan.</p>
	<p>Operate the River Murray system efficiently for partner governments.</p>	<p>The measures and evidence of progress against this measure will be described in the Authority's Annual Performance Statement 2017–18 in line with the evidence targets described in the 2017–18 Corporate Plan.</p>

Continued on following page

Contributions to Outcome 1 (continued)

Performance information (continued)		
Year	Performance criteria^(a)	Targets^(b)
2019–20 and beyond	As per 2018–19.	As per 2018–19.
Purpose^(c)	To achieve a healthy working Basin, through the integrated management of water resources for the long-term benefit of the Australian community.	

(a) New or modified performance criteria that reflect new or materially changed program are shown in italics.

(b) 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.

(c) Refers to updated purpose that will be reflected in the 2018–19 Corporate Plan.

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2018–19 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 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)

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
EXPENSES					
Employee benefits	37,874	38,597	39,332	37,208	38,377
Supplier	104,204	110,219	105,197	108,783	119,814
Grants ^(a)	36,500	43,500	25,000	-	-
Depreciation and amortisation	1,768	1,768	1,768	1,768	1,768
Total expenses	180,346	194,084	171,297	147,759	159,959
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Grants ^(b)	94,063	89,581	94,488	99,588	99,208
Royalties	700	1,100	700	700	700
Other	3,962	3,703	4,833	5,664	4,117
Total own-source revenue	98,725	94,384	100,021	105,952	104,025
Total own-source income	98,725	94,384	100,021	105,952	104,025
Net cost of (contribution by) services	(81,621)	(99,700)	(71,276)	(41,807)	(55,934)
Revenue from Government	78,910	91,700	63,276	33,807	34,369
Total revenue from Government	78,910	91,700	63,276	33,807	34,369
Surplus/(deficit) attributable to the Australian Government^(c)	(2,711)	(8,000)	(8,000)	(8,000)	(21,565)
Total comprehensive income/(loss) attributable to the Australian	(2,711)	(8,000)	(8,000)	(8,000)	(21,565)

(a) This represents payment to South Australia as part of \$155.0 million funding over seven years for South Australian Riverland Floodplain Integrated Infrastructure Project (SARFIIP) commenced in 2013–14.

(b) For 2018–19 and the forward years this amount is an estimate pending Ministerial Council's decision.

(c) The MDBA's operating loss is 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)

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	79,251	71,251	63,251	55,251	33,686
Trade and other receivables	4,099	4,099	4,099	4,099	4,099
Total financial assets	83,350	75,350	67,350	59,350	37,785
Non-financial assets					
Property, plant and equipment	7,810	7,810	7,810	7,810	7,810
Intangibles	1,237	1,237	1,237	1,237	1,237
Others	803	803	803	803	803
Total non-financial assets	9,850	9,850	9,850	9,850	9,850
Total assets	93,200	85,200	77,200	69,200	47,635
LIABILITIES					
Payables					
Suppliers	16,017	16,401	16,785	17,169	17,553
Other payables	5,414	4,994	4,574	4,154	3,734
Total payables	21,431	21,395	21,359	21,323	21,287
Provisions					
Employee provisions	10,011	10,011	10,011	10,011	10,011
Other provisions	1,244	1,280	1,316	1,352	1,388
Total provisions	11,255	11,291	11,327	11,363	11,399
Total liabilities	32,686	32,686	32,686	32,686	32,686
Net assets	60,514	52,514	44,514	36,514	14,949
EQUITY*					
Parent entity interest					
Contributed equity	(11,199)	(11,199)	(11,199)	(11,199)	(11,199)
Retained surplus (accumulated deficit)	71,713	63,713	55,713	47,713	26,148
Total Equity	60,514	52,514	44,514	36,514	14,949

*'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 2018–19)

	Retained earnings	Contribution equity/capital	Total equity
	\$'000	\$'000	\$'000
Opening balance as at 1 July 2018			
Balance carried forward from previous period	71,713	(11,199)	60,514
Adjusted opening balance	71,713	(11,199)	60,514
Comprehensive income			
Surplus (deficit) for the period	(8,000)	-	(8,000)
Total comprehensive income	(8,000)	-	(8,000)
Estimated closing balance as at 30 June 2019	63,713	(11,199)	52,514
Closing balance attributable to the Australian Government	63,713	(11,199)	52,514

Prepared on Australian Accounting Standards basis.

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

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Receipts from Government	78,910	91,700	63,276	33,807	34,369
Sale of goods and rendering of services	238	238	238	238	238
Grants cash received	94,063	89,581	94,488	99,588	99,208
Net GST received	9,465	10,124	9,673	9,962	11,081
Other	4,424	4,565	5,295	6,126	4,579
Total cash received	187,100	196,208	172,970	149,721	149,475
Cash used					
Employees	37,874	38,597	39,332	37,208	38,377
Suppliers	113,662	120,343	114,870	118,745	130,895
Grants	36,500	43,500	25,000	-	-
Total cash used	188,036	202,440	179,202	155,953	169,272
Net cash from (used by) operating activities	(936)	(6,232)	(6,232)	(6,232)	(19,797)
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	1,768	1,768	1,768	1,768	1,768
Total cash used	1,768	1,768	1,768	1,768	1,768
Net cash from (used by) investing activities	(1,768)	(1,768)	(1,768)	(1,768)	(1,768)
Net increase (decrease) in cash held	(2,704)	(8,000)	(8,000)	(8,000)	(21,565)
Cash and cash equivalents at the beginning of the reporting period	81,955	79,251	71,251	63,251	55,251
Cash and cash equivalents at the end of the reporting period	79,251	71,251	63,251	55,251	33,686

Prepared on Australian Accounting Standards basis.

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

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
PURCHASE OF NON-FINANCIAL ASSETS					
Funded internally from departmental resources ^(a)	1,768	1,768	1,768	1,768	1,768
TOTAL	1,768	1,768	1,768	1,768	1,768
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	1,768	1,768	1,768	1,768	1,768
Total cash used to acquire assets	1,768	1,768	1,768	1,768	1,768

(a) The MDBA does not have a Departmental Capital Budget.

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

Table 3.6: Statement of asset movements (Budget year 2018–19)

	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	Total \$'000
As at 1 July 2018			
Gross book value	9,059	8,727	17,786
Accumulated depreciation/amortisation and impairment	(1,249)	(7,490)	(8,739)
Opening net book balance	7,810	1,237	9,047
CAPITAL ASSET ADDITIONS			
Estimated expenditure on new or replacement assets			
By purchase – other ^(a)	1,007	761	1,768
Total additions	1,007	761	1,768
Other movements			
Depreciation/amortisation expense	(1,007)	(761)	(1,768)
Total other movements	(1,007)	(761)	(1,768)
As at 30 June 2019			
Gross book value	10,066	9,488	19,554
Accumulated depreciation/amortisation and impairment	(2,256)	(8,251)	(10,507)
Closing net book balance	7,810	1,237	9,047

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

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.