

Tasmanian Irrigation Pty Ltd

ABN 95 722 799 075

Tasmanian Irrigation 2022 / 23 Annual Report

Published October 2023

**Tasmanian Irrigation Pty Ltd is a State-Owned Company,
incorporated and operated in Australia**

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Tasmanian Irrigation Story ■■

Tasmanian Irrigation Pty Ltd is a recognised economic enabler that owns, operates, designs and develops irrigation schemes to deliver high-surety irrigation water to Tasmanian landowners.

A State-owned Company, Tasmanian Irrigation is renowned for its proven ability to reliably and cost-effectively deliver water, as well as complex infrastructure projects, to enable farmers to expand, diversify, intensify and value add their agricultural businesses.

Tasmanian Irrigation plays a critical role in assisting the Tasmanian Government to achieve its target of increasing the farmgate value of the State's agricultural sector to \$10 billion a year by 2050.

Since Tasmanian Irrigation was established in 2008, the Company has taken over management of a range of inherited assets, including dams, irrigation schemes and river works, constructed 15 new irrigation schemes, and advanced planning on a further six projects — including the Don Irrigation Scheme that will be completed in late 2023.

Tasmanian Irrigation now oversees 26,000 individual infrastructure assets with a replacement value of approximately \$500 million across 18 operational schemes, and has the capacity to deliver more than 133,000 megalitres of irrigation water each year.

By 2030, Tasmanian Irrigation expects to manage a portfolio of irrigation infrastructure with a replacement value of more than \$900 million, capable of delivering 236,000 megalitres of water via 1,786km of pipeline, 49 pump stations, 22 dams and three power stations.

All schemes developed and operated by Tasmanian Irrigation are economically viable, environmentally sustainable, have strong community endorsement, are designed to last at least 100 years and deliver water at an average reliability of more than 95 per cent per annum.

The Company also works in partnership with irrigators to facilitate local community management of each irrigation scheme within the limits of the current legislative framework.

Tasmanian Irrigation Vision

To be recognised as a leader in working with others to sustainably grow the Tasmanian economy through providing reliable, cost effective irrigation.

Tasmanian Irrigation Values

INTEGRITY 	COLLABORATION AND COMMUNICATION 	SAFETY AND WELLBEING 	INNOVATION AND OPTIMISATION 	SUSTAINABILITY 
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Company Snapshot

Tasmanian Irrigation has proudly designed, constructed and commissioned 15 irrigation schemes around Tasmania, as well as taken over management of a number of inherited assets.

A further six irrigation projects are currently being developed as part of Tranche Three.

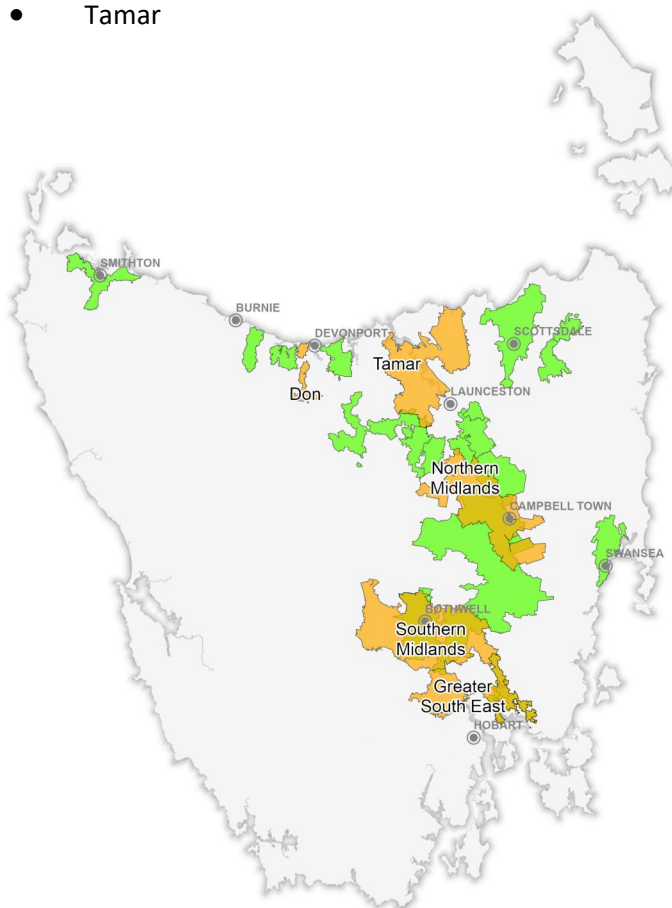
The map below shows where operational (colored in green) and planned schemes (named and colored orange) are located.

Irrigation Projects Under Development

- Don
- Greater South East
- Northern Midlands
- Sassafras Wesley Vale Augmentation
- Southern Midlands
- Tamar

Operational Irrigation Schemes

- Cressy Longford
- Dial Blythe
- Duck
- Greater Forester
- Greater Meander
- Kindred North Motton
- Lower South Esk
- Midlands
- North Esk
- Sassafras Wesley Vale
- Scottsdale
- South East Stages One, Two and Three
- Southern Highlands
- Swan Valley
- Upper Ringarooma
- Whitemore
- Winnaleah



Current delivery
capacity

133,000 ML

Area under
irrigation

678,000 ha

Number of
irrigators

1,003

Operational
schemes

18

Schemes under
development

6

Infrastructure
assets

26,000

Infrastructure
replacement
value

\$500 million

Chair's Report ■■■

Kate Vinot



Completing the first Tranche Three irrigation project, securing funding for two new schemes, meeting and establishing relationships with stakeholders, reviewing the strategic direction, and enhancing a values-based and safety culture within Tasmanian Irrigation – these are the principal short-term goals I set after being appointed Chair of the organisation last December.

I am delighted that within the first six months there has been substantial progress in all areas.

The Don Irrigation Scheme – the first Tranche Three project to progress to construction – is now in the commissioning phase and on track to deliver first water for the 2023/24 season.

The Business Cases for the 9,200-megalitre Sassafras Wesley Vale Irrigation Scheme Augmentation and the 25,500-megalitre Northern Midlands Irrigation Scheme have been approved, securing \$342 million in funding to construct these important infrastructure projects.

Tasmanian Irrigation has also been focusing on new communication tools and relationship building with civil contractors. This proactive approach, combined with the success of the Don project, has resulted in renewed confidence in the construction market, prompting an outstanding response to the tender process for the Northern Midlands Irrigation Scheme.

Tasmanian Irrigation sincerely thanks the contractors that have worked on the Don Irrigation Scheme – Zekt, Netco, Hudson Civil Products, Hazell Bros and Fulton Hogan. They have achieved outstanding results on the pipeline works, associated offtakes, pumps and scheme control.

Achieving zero Lost Time Injuries across Tasmanian Irrigation's extensive water delivery and program development and delivery functions is an exceptional achievement.

"I applaud all employees and contractors for their ongoing commitment to going home safely each day."

Tasmanian Irrigation's Board has also been active in getting out to see Tasmanian Irrigation's schemes and projects, and meeting with Irrigator Representative Committee members, landowners and customers.

We value the insight and feedback we have received.

We are confident that our schemes are having significant positive socio-economic impact on our communities, and that by listening and learning from those insights early and on an on-going basis, we can work collaboratively to ensure those benefits are maximised for current and future generations.

It is pleasing to also report that Tasmanian Irrigation achieved an underlying operating surplus in 2022/23, even though the end of financial year balance sheet shows negative equity.

This is largely due to the accounting value of assets, debt financing and the timing of major milestone payments for project delivery.

We were also pleased to receive a renewed letter of comfort from the Tasmanian Treasurer confirming the Tasmanian Government's ongoing support for Tasmanian Irrigation.

Chair's report continued

We will continue to work with the State Government to map a path toward being a self-sustaining, customer-focused organisation, delivering outstanding services in support of Tasmania's AgriVision 2050, well beyond the completion of the current major program of irrigation works.

While it is important to take a moment to celebrate Tasmanian Irrigation's accomplishments, there is no doubt that the coming 12 months and beyond will be demanding and challenging.

With six new irrigation projects being advanced, Tasmanian Irrigation is set to more than double its water delivery capacity to 236,000 megalitres by 2030. This will be achieved through an infrastructure portfolio with a replacement value of \$900 million, including 1,786km of pipeline, 49 pump stations, 22 dams and three power stations.

This transformation can only be achieved through the unique and proven public / private partnership that involves the Australian and Tasmanian Governments, as well as landowners, providing funding to construct irrigation projects that are the envy of the world.

With construction on Don about to finish, work on Northern Midlands set to commence in the coming months and tenders for the Sassafras Wesley Vale project scheduled to be awarded mid next year, it is going to be a busy 12 months ahead. This is coupled with an augmentation of the Greater Meander Irrigation Scheme, new solar arrays being installed on up to 12 pump stations, extensive dam safety works being undertaken and existing infrastructure being upgraded.

Planning is also progressing on the Tamar Irrigation Scheme and the Greater South East Irrigation Scheme.

I am excited to join Tasmanian Irrigation. Our opportunity is to deliver reliable, sustainable and cost-effective irrigation services in support not only of the Tasmanian people and economy, but also for all Australians. The challenges of the 2020 bushfires and the 2022/23 floods across many food-producing areas of the mainland, serve to illustrate how very important Tasmanian agriculture is for the quality and reliability of food provided to the nation.

As we head into a further period of hot, dry weather – a strong El Nino pattern is emerging – we expect that more Tasmanian farmers will take advantage of Tasmanian Irrigation's water services, so that together we can continue to grow Tasmania's economy through reliable, sustainable and cost-effective irrigation.

I take this opportunity to thank our Shareholder Ministers for their ongoing support, my fellow Board Directors, and also CEO Andrew Kneebone and the entire Tasmanian Irrigation team.

I also acknowledge and thank Sam Hogg for her leadership of the Tasmanian Irrigation Board, and Dr John Whittington for his contribution as a Non-Executive Director, as well as welcome Hugh McKenzie to the Board.

I am confident that Tasmanian Irrigation is very well placed to continue its vital water delivery and project development functions to further sustainably grow Tasmania's agricultural industries.

Kate

CEO's Report

Andrew Kneebone



Tasmanian Irrigation delivered high-surety irrigation water to more than 1,000 landowners for the first time in 2022/23.

A total of 56,935 megalitres was supplied to 1,003 irrigators across 18 operational schemes covering 10 per cent of Tasmania's land mass during the past 12-month period. This water enabled farmers to diversify, intensify, expand and produce world-class food and fibre with confidence.

And with the Don Irrigation Scheme on schedule to be completed this year, Tasmanian Irrigation will extend its water delivery capabilities to a further 55 irrigators in the Don, Forth, Barrington and Sheffield districts.

I sincerely thank the Tasmanian Irrigation team for their ongoing dedication and hard work in managing the Company's extensive irrigation infrastructure to service our highly-valued customers, as well as developing and constructing new irrigation projects.

2022/23 was both a challenging and rewarding year for our operations. The wet spring, followed by a cool and mild summer, reduced demand for irrigation water early in the season. However, the hot, dry weeks in late summer and through into autumn dramatically increased demand.

Our Scheme Operators worked extremely hard to meet this spike in irrigation water requirements, ensuring farmers were able to access water when needed to finish livestock and crops.

The Operations and Commercial teams have continued to improve the quality and amount of information supplied to our Irrigator Representative Committees and all our irrigators. Tasmanian Irrigation now distributes scheme-specific newsletters that provide enhanced detail and transparency about each scheme's operations and costs.

The October 2022 floods caused extensive damage to community, on-farm and Tasmanian Irrigation infrastructure across northern Tasmania, with hundreds of kilometres of fencing washed away, pumps destroyed, and roads and bridges demolished. This was a very challenging time for many communities that we work with and in.

I was particularly pleased with Tasmanian Irrigation's emergency response and ongoing focus on safety through this time, as well as how well we integrated with emergency services during the emergency phase of the flooding event to assist our communities through the emergency and recovery. Our team also mobilised to prepare and minimise the impact on our assets, as well as implemented comprehensive dam safety monitoring across the affected water storage facilities.

Some of Tasmanian Irrigation's assets, particularly pump stations, were impacted but were able to be rectified in good time.

There has also been an extensive repairs and maintenance program on existing infrastructure implemented throughout the year to ensure the ongoing efficient delivery of our services.

A Tasmanian Government Energy on Farms grant has enabled solar arrays to be installed on up to 12 Tasmanian Irrigation pump stations to offset electricity usage and generate surplus power to be fed back into the grid.

These savings are being passed direct to irrigators, counteracting the increases in electricity costs.

More energy efficient motors are also being installed at existing pump stations as part of the Energy on Farms project around the State in a bid to deliver further energy savings to irrigators.

CEO's report continued

This work is all part of Tasmanian Irrigation's ongoing commitment to supplying irrigation water to Tasmanian farmers as cost effectively, efficiently and sustainably as possible.

Our Program Development and Delivery team continues to progress the Tranche Three projects, with the first – the Don Irrigation Scheme – to be commissioned prior to the 2023/24 irrigation season. Tenders have been released for the 25,500-megalitre Northern Midlands Irrigation Scheme, the Business Case has been approved for the Sassafras Wesley Vale Irrigation Scheme Augmentation, and planning has advanced on the Greater South East Irrigation Scheme and the Tamar Irrigation Scheme. A new Preferred Option Design has also been completed for the Southern Midlands Irrigation Scheme.

Work is also underway on an 11,000-megalitre augmentation of the Greater Meander Irrigation Scheme to deliver additional high-surety water to existing customers, as well as enabling more farmers to access Tasmanian Irrigation water for the first time.

More than 100 new Farm Water Access Plans (Farm WAPs) were completed during this financial year as part of the process of developing and delivering new irrigation projects. Farm WAPs are property-specific documents that guide the sustainable application of Tasmanian Irrigation water and assist with ensuring the long-term viability of land for agricultural production.

Tasmanian Irrigation continues to work closely with irrigators to address any minor non compliances that were identified during a rigorous audit process, such as new dams not being approved for Tasmanian Irrigation water. Tasmanian Irrigation thanks all landowners for their ongoing cooperation and compliance efforts to achieve best management practices and reduce any environmental risks on their properties.

It is also a massive credit to the Tasmanian Irrigation team and our contractors that all Water Delivery and Program Development and Delivery work has been carried out with an ongoing focus on workplace safety.

Tasmanian Irrigation recorded zero Lost Time Injuries in the reporting period, and the Total Injury Frequency Rate – the total injuries per million-person work hours – was five, against a budget of 17. This is a very pleasing result.

I welcome this opportunity to extend my gratitude to our Senior Leadership Team and the entire Tasmanian Irrigation workforce. We may be small in numbers, but our determination and focus to deliver game-changing infrastructure and water for our State is exceptional.

I also thank Sam Hogg, our previous Chair, and long-standing Board member Dr John Whittington, who both left the Board in the past 12 months. Sam and John's combined strategic direction, and knowledge and passion for farming and sustainability, enabled the organisation to continue its critical role in assisting the Tasmanian Government to achieve its target of increasing the farmgate value of the State's agricultural sector to \$10 billion a year by 2050.

This financial year we welcomed Kate Vinot as Chair and Hugh McKenzie as a Non-Executive Director to the Board. I look forward to continuing to work closely with Kate, Hugh and our other Non-Executive Directors.

To our Tasmanian Government Shareholder Ministers, the Hon. Michael Ferguson and the Hon. Jo Palmer, as well as the Australian and Tasmanian Governments – thank you for your ongoing support and commitment to irrigation infrastructure development and management in Tasmania.

Tasmanian Irrigation looks forward to working cooperatively with its irrigators, government partners and other stakeholders to manage and develop irrigation infrastructure that all Tasmanians can be proud of.

Andrew

2022/23 Highlights ■■■

Construction Celebrations

Don Irrigation Scheme

2023 Completion On Track

Northern Midlands and Sassafras

Wesley Vale Augmentation

Business Cases and

Funding Approved

Environmental Incidents

2022/23

0

2021/22

0

Irrigators Serviced

2022/23

1,003

2021/22

985

Lost Time Injuries

2022/23

0

2021/22

0

Megalitres Delivered

2022/23

56,935

2021/22

60,952

People

Tasmanian Irrigation's vision is to be consistently recognised as a leader in working with our key stakeholders to sustainably grow the Tasmanian economy through providing reliable, cost-effective irrigation.

This can only be achieved through the continued focus on the development and engagement of our people to ensure they reach their full potential.

It's about bringing our people together, so during the year we continued to invest in our people and key initiatives that ensured their development. It's been a busy year, and we have been focused on:

- The development and delivery of a 12-month training calendar, supporting our commitment in investing in our people from a personal and professional development perspective;
- Proactively rolling out the Mental Health First Aid program;
- The implementation of the Team Culture Committee, including a 12-month calendar of events;
- Updating our policies and procedures;
- Continued development of our Health and Wellbeing program;
- Ensuring that we celebrate our success;
- Continued to work on our positive staff engagement, not taking for granted the 83 per cent result of the latest survey;
- Remaining committed to ensuring we continue to recruit the best people; and

- The completion and subsequent Board approval of our succession plan.

Furthermore, we are updating our staff induction process, redesigning our performance planning process and establishing ongoing training programs.

Additionally, we understand that staff sentiment and feedback is crucial in delivering outcomes. Plans were underway to deliver an enhanced formal staff engagement survey in July 2023.

The feedback from these surveys is critical. As an example, they have driven more effective communication outcomes via monthly staff newsletters and virtual meetings chaired by our Chief Executive Officer Andrew Kneebone.

Tasmanian Irrigation is continuing to embed its refreshed values of:

- Integrity;
- Collaboration and communication;
- Safety and wellbeing;
- Innovation and optimisation; and
- Sustainability.

FTEs
(at 30 June 2023)

62



New Employees
Inducted

13



Employees
with 5+ years

10



Employees
with 10+ years

7

"Tasmanian Irrigation remains committed to investing in its people, understanding this is critical in achieving our objectives, mission and vision."
-Linda Paynter, People and Culture Manager



Irrigators Caitlin Radford and Owen Woolley at Moriarty

Safety

The Total Injury Frequency Rate (total injuries per million-person work hours) was five at 30 June 2023, significantly better than the target of 17.

No significant injuries or safety breaches were recorded for the reporting period.

Additionally, in 2022/23, Tasmanian Irrigation achieved significant milestones and implemented key initiatives that resulted in:

- Zero Lost Time Injuries;
- Successful completion of a three-year safety strategy;
- Commencement of a review of safety risk registers with a specific focus on high risk activities;
- Refreshing of the lockout-tagout processes;
- Strong emphasis on embedding safety leadership interactions; and
- Close monitoring of and collaboration with principal contractors, ensuring safe and successful outcomes in the delivery of Tasmanian Irrigation projects.

The core goal underpinning Tasmanian Irrigation's safety commitment remains a focus on risk mitigation and the easily measurable goal of 'Home Safe', to promote the safety and wellbeing of our employees and contractors.

"I am proud to be part of an organisation with a dedicated and passionate workforce. Their commitment is evident in the strong relationships and outstanding performance outcomes we have achieved."

**-Sophie Grace,
General Manager
Environment, Health and
Safety**



The Board ■■■



Kate Vinot — Chair

Kate has more than 15 years' experience as a Non-Executive Director and Board Chair, and 25 years in executive leadership roles in water and land management, strategic planning and sustainability. In addition to her role as Board Chair at Tasmanian Irrigation, Kate is a Non-Executive Director at Yarra Valley Water and Natural Hazards Research Australia, and a Governor of the Cerebral Palsy Alliance Research Foundation. Kate was formerly Chair of Water Stewardship Australia and Zoos Victoria, and a Non-Executive Director at Grampians Wimmera Mallee Water and Parks Victoria. Kate has held executive roles in the water industry, local government and in engineering consulting and project delivery organisations. She is a Fellow of Engineers Australia and has degrees in Civil Engineering, Economics for Development and Business Administration.



Abigail Foley — Non-Executive Director

Abigail brings extensive experience in leadership, strategic governance, stakeholder engagement and business development across the engineering, water and environmental sectors. She holds a Bachelor of Science (Hons) and a Diploma of Education. She has worked across the spectrum of education, consultancy, government, not for profit and commercial businesses. Abigail is also a Non-Executive Director of the Royal Tasmanian Botanical Gardens Board, and was awarded a scholarship by the AICD for the Company Directors course in 2020. Abigail is part of Aurecon Group's Tasmanian leadership team where she currently holds the role of Tasmanian Practice Leader.



Judith Lyne — Non-Executive Director

Judith has more than 40 years' experience in the agricultural industry as an owner / operator in a diversified family farming business in the Midlands of Tasmania. She has actively participated in community and charitable organisations throughout Tasmania.

She is a Non-Executive Director of the Tasmanian Wool Centre, former board member of Epilepsy Tasmania, the Australiana Fund (Tas) and the Tasmanian Foundation, as well as a former municipal councillor.

Judith is determined that high-surety irrigation water can be delivered to as many Tasmanians as practically possible.

The Board continued



Laura McBain — Non-Executive Director

Laura is a highly accomplished professional with extensive experience in the food, dairy and beverage industries. She has held key leadership positions, including Managing Director at Bellamy's Australia Limited and Maggie Beer Holdings Limited. Currently, she serves as a Non-Executive Director at Lark Distilling Ltd (ASX:LRK) and Capitol Health Ltd (ASX:CAJ), where she brings her industry and finance expertise. She is an active member of the Audit and Risk Committee at both Lark Distilling Ltd and Capitol Health Ltd. Additionally, she serves as a Committee member of the People Remuneration and Sustainability Committee at Capitol Health. Prior to her current roles she also served as a Non-Executive Director at Export Finance Australia. Laura is recognised for her outstanding achievements, including being named 2013 Telstra Tasmanian Businesswoman of the Year and Telstra Australian Businesswoman of the Year (Private and Corporate). She holds a Bachelor of Commerce degree and has completed prestigious professional development programs.



Hugh McKenzie — Non-Executive Director

Hugh was born and raised on a farm in the Fingal Valley. He was a partner in advisory firm KPMG for 24 years, with primary production clients making up a significant portion of his client base. Hugh is currently Chair of the Launceston Airport, a Board member of The Hobart Clinic, Deputy Mayor for the City of Launceston, President of the Northern Suburbs Community Centre, Chair of the Cape Hope Foundation and sits on the Future Fund Committee for the Tasmanian Cancer Council. He was previously Chair of Primary Health Tasmania, Chair of Scotch Oakburn College, and State Chair and National Councillor for Chartered Accountants Australia and New Zealand (CAANZ).

"Tasmanian Irrigation's Board is responsible for setting strategic direction for the organisation and operates under an effective corporate governance system consistent with the ASX's key principles and recommendations, as well as the Tasmanian Government's Government Business Governance Framework."

-Kate Vinot, Tasmanian Irrigation Chair



Senior Leadership Team ■■



Andrew Kneebone — Chief Executive Officer

Andrew joined Tasmanian Irrigation in July 2018 and was appointed CEO of Tasmanian Irrigation in May 2019 after acting in the role for six months. He has more than 25 years of senior and executive management experience in the irrigation, urban water and electricity utility sectors, spanning four states and territories. Recent positions include CEO of Cradle Mountain Water and General Manager Commercial and Strategy of Territory Generation in Darwin. Andrew holds an MBA from the University of Queensland and is a graduate of the Australian Institute of Company Directors. He has extensive experience in leadership, strategic planning, stakeholder management, commercial negotiation, finance, economic regulation, operational management, organisation development and change management.



James Hipwood — Chief Financial Officer / Company Secretary

James leads Tasmanian Irrigation's Corporate Services team and ensures the efficient provision of management and statutory reporting, financial transactional services, planning (including annual budgets and corporate plans), customer pricing, office administration, fleet management, treasury management, insurance program and the internal and external audit. Additionally, James has responsibility for the people and culture, procurement and information technology functions. As Company Secretary, James supports the Board and its committees on governance and policy matters. James holds a Bachelor of Business, is a CPA and has over 16 years' business and accounting experience, previously holding several management and accounting roles in the transport and infrastructure sectors both in Australia and the United Kingdom. He started his career with KPMG.



David Skipper — Chief Operating Officer

David joined Tasmanian Irrigation in January 2020. He was raised on a fine wool and beef cattle property on the New South Wales Northern Tablelands and has held a number of senior agribusiness management roles in Australia over the past 30 years, including Managing Director of Tasmania's largest private grain storage and handling company. David is a member of the Institute of Public Accountants, a Graduate of the Australian Institute of Company Directors, has a Graduate Diploma in Accountancy from Adelaide University and has a Degree in Agricultural Commerce from the University of New England.

Senior Leadership Team continued



Sophie Grace — General Manager Environment, Health and Safety

Sophie is an accomplished leader with more than 25 years of experience in the safety, environment and compliance fields. As the head of the Environment Health and Safety Team at Tasmanian Irrigation, her team ensures the organisation operates in an environmentally sustainable and safe manner. With a Bachelor of Science and Master of Science in Occupational Health and Rehabilitation, Sophie brings a deep understanding of industry best practices, as well as a commitment to continuous improvement and environmental sustainability. Her diverse industry experience includes roles in insurance, manufacturing and ports.



Jacob Gerke — Project Delivery Program Manager

Jacob joined Tasmanian Irrigation in 2017 and now leads the Company's Project Delivery team. His principal focus is ensuring projects complete all phases, including detailed design, permits and approvals, construction and commissioning, in a safe manner whilst adhering to high quality, time and cost standards. Jacob is a skilled leader with more than 15 years' experience in both the civil and offshore oil and gas construction sectors throughout Australia and Asia. Jacob has a strong project management and engineering background with a Bachelor of Engineering (Marine and Offshore Systems) (Hons) from the Australian Maritime College in Launceston. Jacob started his career in Perth, Western Australia after growing up in the north east of Tasmania.

"Tasmanian Irrigation is fortunate to have a dedicated, passionate and highly-skilled team to manage our complex and growing water delivery and irrigation scheme designing and construction functions. I thank them for the exceptional work they do to ensure our irrigators receive the amount of water they require when they need it – to grow some of the world's best food and fibre."

-Andrew Kneebone, Tasmanian Irrigation Chief Executive Officer



Operations ■■■

Tasmanian Irrigation merged its Water Delivery and Technical Support Services teams into a new division called Operations as part of a restructure aimed at enhancing efficiencies and cost saving measures.

The Chief Operating Officer oversees and manages the operational aspects of the organisation, ensuring regulatory compliance, optimising water resource management, engaging stakeholders, driving performance, and leading Tasmanian Irrigation toward further advances in sustainable and efficient irrigation practices.

The Chief Operating Officer is also responsible for overseeing the day-to-day operations of the Company, including managing the infrastructure required for irrigation and overseeing water

allocation and distribution processes, including monitoring water availability, assessing water demands, and implementing efficient water allocation strategies to ensure fair and sustainable distribution of water resources among users.

Other key tasks include overseeing maintenance programs, managing capital projects for infrastructure expansion or upgrades, engaging with stakeholders (including farmers, landowners, government agencies, environmental organisations, and community groups) and overseeing emergency response planning.

This includes developing and implementing emergency plans to address potential crises such as water shortages, infrastructure failures, or extreme weather events.

"Tasmanian Irrigation is committed to working cooperatively with irrigators to deliver high-surety irrigation water as cost effectively, efficiently and sustainably as possible."

-David Skipper, Chief Operating Officer

Stand Out Achievements

- +
 - +
 - +
 - +
 - +
 - +
 - +
- | |
|--|
| No injuries or lost time on any operational scheme or within the Operations team |
| 100 per cent environmental compliance |
| 100 per cent water licence compliance |
| No service outages greater than six hours affecting irrigators |
| 100 per cent planned maintenance activities completed on time and within budget |
| Minor customer complaints dealt with quickly, appropriately and respectfully |
| Stable and balanced workforce (nil movement in Water Delivery, one resignation and one retirement in Technical Support Services) |

Operations continued

Volume Deliveries

	Actual (ML)	Budget (ML)	Variance (ML)	Variance (%)
FY 2022/23	56,935	69,942	(13,007)	(19%)

Water Delivery

The Tasmanian Irrigation Water Delivery team is proud to supply a sustainable lifeblood to Tasmania's agricultural economy, contributing to Tasmania's farmgate value of a forecast \$3.63 billion in 2022/23 with an underlying focus on the target to grow the farmgate value of Tasmanian agriculture to \$10 billion by 2050.

Tasmanian Irrigation's Water Delivery team supplied 56,935 megalitres of high-surety water to 1,003 entitlement holders across the State in 2022/23.

This was a decrease of 4,017 ML from the previous year, mainly due to seasonal conditions.

The area that Tasmanian Irrigation now services exceeds 700,000 hectares, approximately 10 per cent of Tasmania's total land mass or 41 per cent of Tasmania's agricultural land.

The 2022/23 irrigation year was remarkably similar to the previous year with a very wet spring and a cool, mild and early summer and a hot dry mid to late summer into the autumn.

Irrigation demand rose in the latter part of summer and early autumn period. The north west of the State and the south east continued to be very dry though autumn and early winter.

Volumes and demand across all schemes for the 12 months to June 2023 were down on forecasted deliveries. 56,935 ML was delivered to irrigators against a forecast of 65,573 ML— 19 per cent less than budgeted volumes.

Tasmanian Irrigation water storages were at good operating levels at 30 June 2023, with the majority of dams having appropriate water to begin the irrigation scheme with 100 per cent allocations.

The planned annual asset replacement, repair and maintenance program was implemented and completed with few exceptions in this financial year.

The asset replacements and improvements help deliver water efficiently and effectively to irrigators, and minimise costs to landowners at every opportunity.

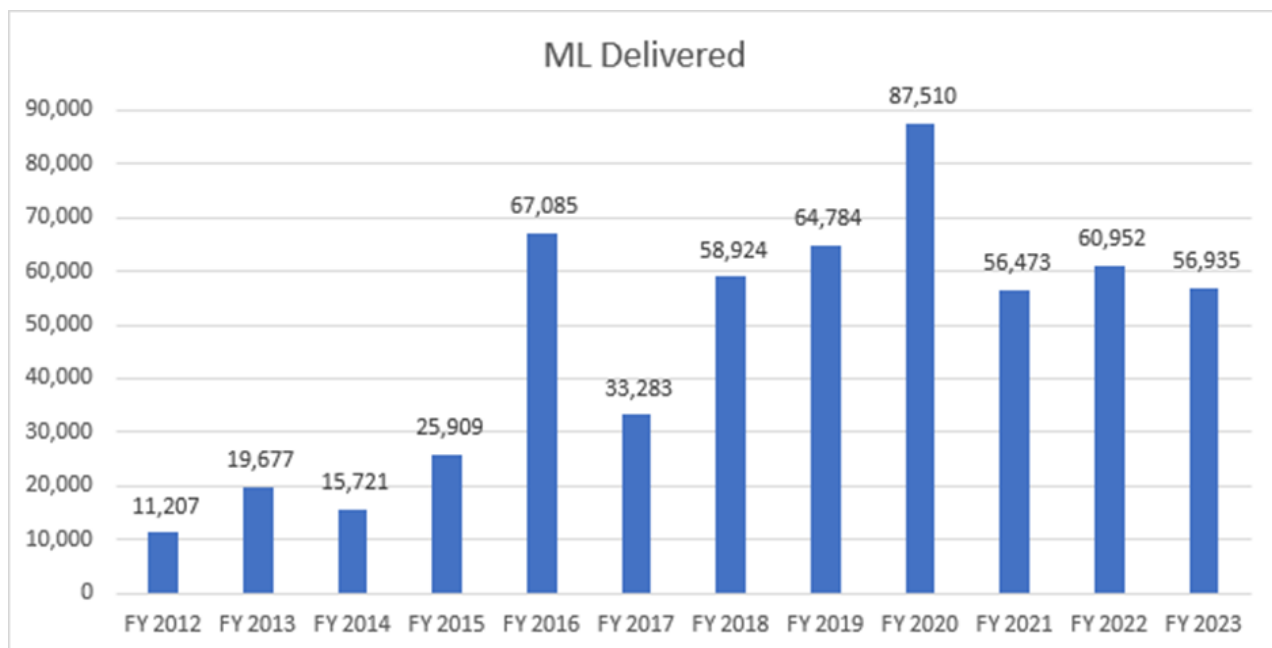
The operations and commercial teams met with all 18 Irrigator Representative Committees (IRCs) and presented the past year's financial results for each individual scheme, as well as their respective proposed new season pricing.

The pre and post season newsletters for each scheme that communicate detail about the season pricing, opening and closing dates, asset repairs and maintenance programs and other vital information, have been well-received by irrigators.

Water Entitlement Trading

All districts	June 2023	June 2022	2022/23	2021/22
Short term transfer	0	0	68	81
Limited term transfer	1	0	16	19
Permanent transfer	6	11	69	53
Total	7	11	153	153

Operations continued



Asset Management

Tasmanian Irrigation manages in excess of 26,000 individual infrastructure assets with a replacement value of approximately \$500 million across 18 operational schemes.

With a small in-house asset team to manage and coordinate the works list each year, they involve scheme operators and, when required, contractors to carry out the execution of works.

The Asset Management team has completed multiple Asset Renewal Levy projects.

Notably, the Forth pump station has benefited from two new vertical turbine high-efficiency pumps being installed, resulting in substantially improved reliability and running cost savings.

Pumps at the Great Bend, Shannon River and Richmond pump stations have been overhauled, and temperature and vibration monitoring equipment has been installed at the Great Bend pump station.

The Meander mini hydro power station has received extensive modifications to the turbine, and a new generator has been installed. The refurbishment should result in many years of reliable power generation,

further supporting Tasmanian Irrigation's commitment to green power and sustainable farming.

The Midlands hydro generator experienced an excitor winding failure.

The excitor was rewound using a superior quality of wire to assist in the prevention of this occurring again. Moisture ingress was identified as a major factor in the failure.

Considerable testing and code changes were also undertaken at the Scottsdale hydro generator around the anti-islanding system to ensure its operability.

Critical spare parts have been purchased across schemes, with Variable Speed Drives (VSDs) purchased as replacements for the Hagley and Tee Tree Road pump stations.

Multiple instrumentation upgrades across most of the schemes have occurred in preparation for the replacement of the 3G communication system.

The Energy on Farms solar projects continued, with sites prepared for installation.

The Whitmore Irrigation Scheme is currently benefiting from a completed system, and generating plenty of power for use in the pump station.

Multiple pump stations and property outlets required electrical repairs in the Meander region from the major flood event. This entailed electrical disconnection and replacement of multiple components and reconnection.

Other initiatives achieved in 2022/23 include:

- Rubicon scheme - new low flow mode was implemented;
- Rubicon River outlet telemetry installed and connected to Scada;
- Annual high voltage testing completed across all sites;
- Testing of potential new communication modules for 3G replacements and procured units;
- Commencement of aerial optic fibre upgrade at Midlands Water Scheme; and
- Installation of Variable Speed Drives on the Midlands Water Scheme has commenced.

Dam Safety

Tasmanian Irrigation owns 21 dams across the State with a combined storage capacity of 137 gegalitres.

Tasmanian Irrigation's dams are operated in accordance with the Water Management (Safety of Dams) Regulations. Some key aspects of works completed in FY23 included:

- Regulatory reporting including the annual dam safety report;
- Regulated surveillance inspections completed in accordance with Consequence Category requirements;
- Comprehensive surveillance reports completed on Southernfield and Craighourne Dams;
- Upgrade work at Lake Leake to improve dam safety and increase dam life;

- Investigation work completed at Rekuna Dam confirmed that the dam is functioning as intended and no interventions are required;
- Remedial works to spillways following the October 22 rain event; and
- Programmed upgrades and maintenance of dams in accordance with recommendations and monitoring observations from previous reports / surveillance.

Geographic Information System / Data

GIS Services are utilised by all departments within Tasmanian Irrigation, including Environment (Farm WAPs, natural values assessments, audits, water quality monitoring), Program Development and Delivery, Engineering (design of new schemes), Assets (maintenance, locating assets), Water Delivery (locating assets, meter reads, water quality monitoring) and Commercial (meter reads).

GIS is also used for creating maps (paper / PDF and online), and performing spatial analysis for decision-making support.

All desktop GIS users have transitioned from the outdated ArcMap application to the replacement ArcGIS Pro application in the past 12 months, and all GIS server hardware and software has been upgraded. Several new desktop GIS tools have been developed in order to improve the workflow to increase efficiency and reduce the likelihood of errors, and to speed up work.

The reconciliation of data between the Asset Register and the GIS is an ongoing project into FY24. Once completed, an automated synchronisation of data between these two critically important systems will be established.



Operations continued



Intake screen formwork installation at Quamby

Energy on Farms Solar Project

In a bid to reduce costs for farmers and improve irrigation scheme efficiencies, the Tasmanian Government invested \$2.5 million toward the upgrade of the Meander mini hydro power station, \$0.4 million to install high-efficiency pump motors and a further \$2.6 million for solar upgrades across a number of Tasmanian Irrigation schemes.

The Energy on Farms Solar Project will generate sufficient energy to partially power the pumping stations over the heaviest demand period in summer.

The solar arrays will offset electricity usage and surplus power generated is fed back into the grid. Each site is individually monitored and the revenue generated from surplus power will be passed on to irrigators by way of reduced water costs.

The cost benefit varies annually given seasonal fluctuations and the differing size of the solar arrays (25kW – 100kW) across the sites. The combined size of the entire solar array project is 800 kW.

Installations typically take around three to four weeks to construct, commission and generate power after approvals and landholder agreements.

Tasmanian Irrigation has completed two installations at the Liffey pump station and Cottons Bridge in the North East, with seven others to be constructed at Smithton, South Riana, Sprent, Ulverstone and three in the Bothwell region. All will be completed by the first quarter in 2024.

The project has been very successful and the great foundation for the success is the crucial connection between implementation and farmer / stakeholder engagement. Discussions were held with landholders regarding challenges around site selection, their perspective and motivations, policy and legislation requirements and timeframes.

These issues were successfully navigated for on-ground delivery on time and in budget.

Climate Change Adaption ...

Irrigation schemes play a crucial role in enhancing the resilience of agriculture, as well as contributing to the State's climate change adaptation by providing consistent and reliable water sources for farming.

However, given long-term projected climate trends, understanding the potential impacts of climate change on catchment yield remains a top priority.

Tasmanian Irrigation continues to actively participate in the Rural Water Use Strategy process, supporting the Department of Natural Resources and Environment project to update climate futures modelling for Tasmania.

The outcomes of this project will significantly influence future strategies related to catchment

yield and water supply, further strengthening the Company's role in climate adaptation for the agricultural sector.

Tasmanian Irrigation is also actively progressing the development of a sustainability strategy with a focus on resilience, engagement and embracing the circular economy.

Additionally, over the past 12 months, Tasmanian Irrigation has progressed a carbon accounting project and is on track to report on its carbon emissions for the first year in the coming year.

To date, Tasmanian Irrigation has collected baseline information and is dedicated to continuously measuring the carbon intensity of our operations.

Notably, whilst the Company generates renewable electricity through its mini hydro schemes, we recognise the need to continue reducing emissions from operations.



Program Development and Delivery ■■■

The Program Development and Delivery team continued to focus on delivering new irrigation project commitments in 2022/23, as well as improving communication, re-establishing partnerships with contractors and best positioning Tasmanian Irrigation to deliver almost \$1 billion of works.

The first Tranche Three project – the Don Irrigation Scheme – progressed positively and efficiently through construction and remains on track to be commissioned prior to the 2023/24 irrigation season.

Two projects, the Northern Midlands Irrigation Scheme and the Sassafras Wesley Vale Irrigation Scheme Augmentation, secured full funding from both the State and Federal Governments, enabling both schemes to be progressed through to completion.

In the reporting period, the Project Development team successfully delivered the Sassafras Wesley Irrigation Scheme Augmentation project to Business Case, completed Tasmanian Irrigation's largest ever Water Sales campaign for the Greater South East Irrigation Scheme and progressed the Southern Midlands Irrigation Scheme through to a Preferred Option Design.

The Project Delivery team guided the Don Irrigation Scheme through the construction phase of the project safely, on schedule and budget.

The team also completed detailed design for the Northern Midlands Irrigation Scheme, commenced detailed design for the Sassafras Wesley Vale Augmentation and delivered the Greater Meander Irrigation Scheme through to construction commencement.

At each step, Tasmanian Irrigation assessed risk and return in terms of sustainability, social acceptability, cost and economic outcomes.

"Tasmanian Irrigation is committed to building irrigation schemes with a minimal impact footprint that are designed to last at least 100 years and deliver water as efficiently as possible at an average annual reliability of more than 95 per cent."

-Jacob Gerke, Project Delivery Program Manager

In terms of progress on each of the projects:

Don Irrigation Scheme

Capacity: 4,750 ML

Area serviced: Don, Lillico, Forth, Forthside, Melrose, Lower Barrington, Barrington, Sheffield and West Kentish

- All procurement complete including pipe supply (Zett), pump supply (Netco), property outlets (Hudson Civil Products);
- Hazell Bros (pipelines construction contract) completed the installation of all 53km of pipeline;
- Fulton Hogan (pump stations construction contract) constructed all civil structures for three pump stations and two balance tanks; and
- Construction scheduled to be completed in August 2023 and first full water delivery season expected to commence October 2023.

Program Development and Delivery continued



Precast panel installation at Forth pump station on the Don Irrigation Scheme

Northern Midlands Irrigation Scheme

Capacity: 25,500 ML

Area serviced: South of Cressy including Macquarie, Barton, Isis, Conara, Campbell Town and Ross

- Revised Business Case was approved by State Government in November 2022 and confirmation received of Federal Government funding in May 2023;
- Detailed design of pump stations, pipeline and balance tanks completed;
- Tender documents for pump stations, pipeline and balance tanks released in May 2023 after detailed market engagement process;
- Applications made for planning permit, *Environment Protection and Biodiversity Conservation Act* referral, and State-based Aboriginal and environmental permits; and
- Construction expected to commence in late 2023.

Sassafras Wesley Vale Irrigation Scheme

Augmentation

Augmentation: 9,200 ML

Total scheme capacity: 14,860 ML

Area Serviced: Sassafras, Harford, Thirlstane, Moriarty, Wesley Vale, Northdown, Pardoe and East Devonport

- Business case approved by the State Government and funding confirmed by both State and Federal governments;
- Detailed design 30 per cent completed;
- All field based environmental and heritage inspections completed; and
- Construction is expected to commence in late 2024.

Program Development and Delivery continued

Greater Meander Irrigation Scheme Augmentation

Augmentation: 11,000 ML

Total scheme capacity: 39,800 ML

Area Serviced: Meander, Rubicon, Hagley, Caveside and Quamby

- Completed Water Sales process resulting in more than 14,000ML of applications to purchase water;
- Detailed design for the pipeline installation works progressed for construction;
- All permits and approvals obtained;
- Awarded tender for the 20km pipeline installation works; and
- All construction is expected to be completed by mid 2024.

Tamar Irrigation Scheme

Capacity: Under redesign

Area possibly serviced: Grindelwald, Legana, Windermere, Hillwood, Rowella, Beaconsfield, Beauty Point, Pipers River, Pipers Brook and Lebrina

- Scheme re-designed following Water Sales not meeting original viability threshold;
- Viability of integrating scheme with industrial water for the Bell Bay precinct investigated;
- Relaunch of Water Sales to increase volume to be completed late 2023; and
- Further updates on the re-design will be shared with landowners once complete.

Greater South East Irrigation Scheme

Capacity: 18,000 ML

Area serviced: Jordan River Valley, Brighton, Richmond, Dulcot, Cambridge, Colebrook, Campania, Tea Tree, Orielton, Pawleena, Penna, Sorell, Forcett, Elderslie and Broadmarsh

- This is one of the largest irrigation projects ever designed for Tasmania, merging the existing South East Stages One, Two and Three schemes, delivering water to additional landowners and locking in a new and reliable water source for the region;
- Water Sales were completed in late 2022. Although the viability threshold was not met, strong interest resulted in more than \$35 million of water entitlements sold;
- The scheme has been redesigned based on actual demand to finalise an appropriate sized scheme to progress to Business Case; and
- Business Case expected to be submitted in late 2023.

Southern Midlands Irrigation Scheme

Capacity: 31,500 ML

Area serviced: Land across the Central Highlands and Southern Midlands Council regions, with potential to support irrigation activities in the Brighton Council area

- Extensive engagement with community completed through year to gauge interest in scheme and expected volume of water required;
- Preferred Option Design completed in May 2023 with optioned developed to extract water from Lake Binney; and
- Project deferred from proceeding to community consultation until initial Tranche Three projects are into construction.



Pic: The new Don Irrigation Scheme pump station

Corporate Services

Tasmanian Irrigation's Corporate Services team provides support to the Company's irrigation customers, as well as a range of support services to the internal Tasmanian Irrigation teams, including business partners and external contractors.

Key responsibilities of the Corporate Services team include management and statutory reporting, financial transactional services, planning (including annual budgets and corporate plans), customer pricing, office administration, fleet management, treasury management, insurance, internal and external audits, people and culture, procurement and information technology.

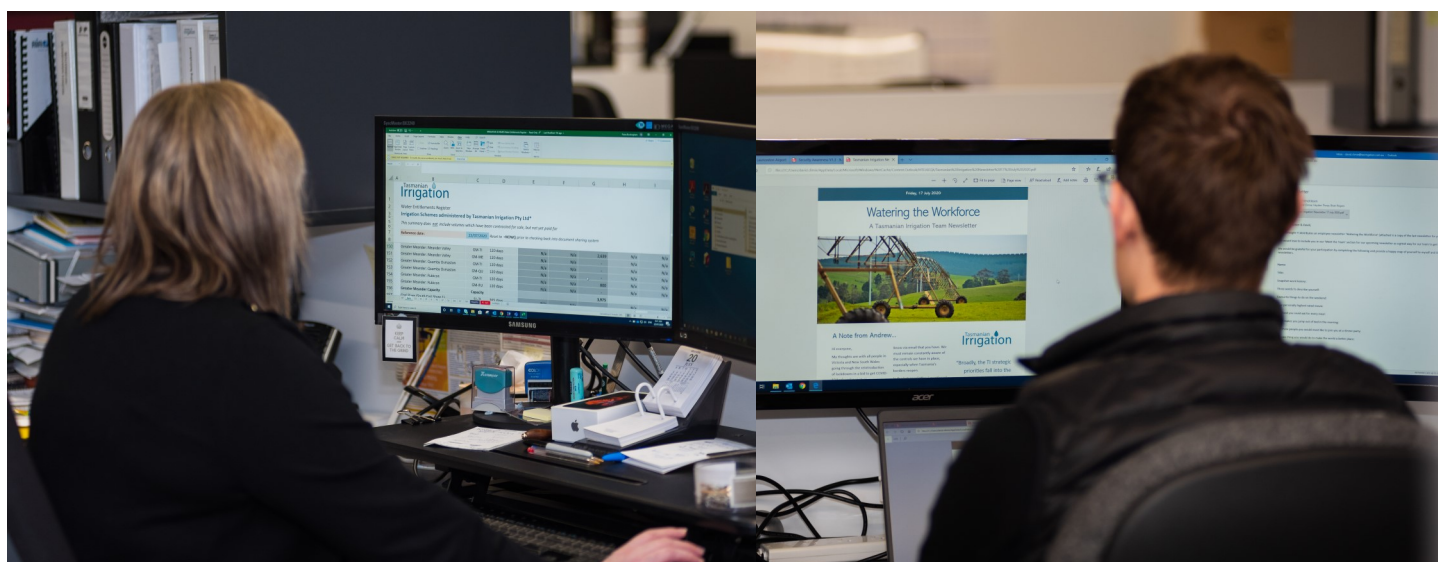
The focus again this year has been on continuous process improvement to enhance our customer and stakeholder experience.

Key projects include:

- Further improvements and automation have been made to the core finance platform, streamlining the budgeting and financial reporting processes;
- Information Technology continues to be a strong focus for the team and this year Tasmanian Irrigation achieved material cost savings through the relocation of key server infrastructure back in-house. There has also been continued development of the cyber security framework to ensure the business and systems are kept safe; and
- Supporting the Water Sales process for six major projects has also been another highlight with the team processing more than 850 individual applications for water entitlements.

"Our strong service-based culture is at the heart of everything we do. This allows us to work collaboratively and effectively with our irrigators and other key stakeholders."

-Byron Fraser, Corporate Services Manager



Environment

Tasmanian Irrigation is steadfast in its commitment to environmental excellence and sustainability.

Throughout 2022/2023, the Company has undertaken various initiatives to promote environmentally responsible practices while ensuring the efficient delivery of irrigation water to customers for sustainable use.

Key highlights

- All monitoring programs completed on time;
- No incidents resulting in environmental harm were recorded; and
- Completion of a review of the Farm Water Access Plan system and audit program, resulting in a significantly improved and streamlined 2023/24 audit process.

Farm Water Access Plans

Farm Water Access Plans (Farm WAPs) are property-specific documents that guide the sustainable application of Tasmanian Irrigation water and assist with ensuring the long-term viability of land for agricultural production.

Farm WAPs identify where Tasmanian Irrigation water can be applied and detail actions to manage potential risks from application. All land and dams, to which Tasmanian Irrigation water is applied within Tasmanian Irrigation developed schemes, are to be covered under a Farm WAP.

In the past year, Tasmanian Irrigation successfully developed and prepared 100 new Farm WAPs. These plans encompassed 49 in the Don Irrigation Scheme, 39 in the Greater Meander Irrigation Scheme Augmentation, and 12 across eight existing operational schemes.

To ensure adherence to Farm WAPs, Tasmanian Irrigation conducts random audits of 10 to 15 per cent annually, with additional audits in identified high-risk areas.

During the last audit season, 77 per cent of irrigators were fully compliant with their Farm WAPs using best management practices to reduce environmental risks on their properties.

Fourteen irrigators were identified as having some minor non-conformances.

Minor non-conformances are considered minor and administrative in nature and do not correspond to increased risk or impact to the environment, including Matters of National Environmental Significance (MNES) if applicable. The table on the following page details non-conformances recorded in 2022/23.

Tasmanian Irrigation is committed to continuing to actively work with and educate irrigators to proactively address potential non-conformance.

Hydrometrics

Nine new river flow monitoring sites were added in the Coal River, Craighourne Dam and Daisy Banks Dam.

Field work and data management related to the gauging stations and flow monitoring weirs continue to be undertaken by external contractors, and all sites and infrastructure are being maintained to Australian Standards.

Environmental requirements are incorporated into storage and stream flow operating systems as standard, providing for automated compliance opportunities and cost efficiencies in the recording and reporting of environmental compliance data.

This includes stream flow data being made available in real time on the public Department of Natural Resources and Environment (NRE) web portal.

Environment continued

Farm WAP non-compliance 2022/23

Scheme	2022/23 Audit	Non-compliance identified and expected outcome
Dial Blythe (DBIS)	1	<ul style="list-style-type: none"> Irrigation outside Farm WAP area (areas around dams, waterways and roads were not included in original plan) – Corrective action complete with soils found to be suitable for irrigation with no risk to biodiversity.
Duck (DUCK)	2	<ul style="list-style-type: none"> Dams not approved for TI water found to be storing TI water – Corrective action complete with no natural values or other issues identified during field survey.
Headquarters Road (HQRD)	1	<ul style="list-style-type: none"> Irrigation outside Farm WAP area (adjacent to approved Farm WAP area) – corrective action/ amendment now complete; Soils found to be suitable for irrigation with no risk to biodiversity.
Sassafras Wesley Vale (SWIS)	2	<ul style="list-style-type: none"> Irrigation outside Farm WAP area – Corrective action/ amendment now complete; soils found to be suitable for irrigation with no risk to biodiversity. Irrigated root cropping occurred on 3e and 4e soils, typically suitable but this Farm WAP lists them as only suitable for surface cropping – Corrective action complete with soils found to be suitable for irrigated root cropping with no risk to soil or biodiversity.
South East Stage Three (SEIS)	3	<ul style="list-style-type: none"> Irrigation outside Farm WAP area (irrigator unaware corners of crop were outside approved irrigation area) - Corrective action complete; with soils found to be suitable for irrigation with no risk to biodiversity. Irrigation occurred on class 6s soils listed as unsuitable for irrigation and TI water was stored in a new poly-lined dam (no natural values) not approved for storage in Farm WAP – Corrective action complete with dam identified as suitable for TI storage and soils were found to be suitable for irrigation with no risk to soil or biodiversity. Two areas of baby leaf greens (0.26ha) were irrigated with TI water outside the Farm WAP area - Corrective action complete; soils found to be suitable for irrigation with no risk to biodiversity.
Southern Highlands (SHIS)	1	<ul style="list-style-type: none"> Irrigation outside approved Farm WAP area (irrigator unaware recent pivot developments/ realignments were outside the approved Farm WAP area) – soils found as suitable for irrigation with no risk to soil or biodiversity.
Upper Ringarooma (URIS)	2	<ul style="list-style-type: none"> Dam not approved for TI water found to be storing TI water – field survey by independent consultants concluded dam is suitable for TI water storage with no biodiversity impact. Two small areas of pasture were irrigated with TI water outside the Farm WAP area (irrigator unaware area was not included) – Property is being sold/irrigation plans are changing, so no corrective action/ follow up survey required at this stage.
Lower South Esk – Midlands Water Scheme (LSIS)	1	<ul style="list-style-type: none"> Several areas of irrigation outside approved Farm WAP area and TI water stored in unapproved dams – Corrective action\complete with Soils found to be suitable for irrigation and dam suitable for TI water storage with no risk to biodiversity.
Midlands Water Scheme – Arthurs Pipeline (MWS)	1	<ul style="list-style-type: none"> Small area adjacent to the Farm WAP area has been irrigated with TI water (pivot circles were realigned since the Farm WAP was developed) – Corrective action complete with soils found to be suitable for irrigation with no risk to biodiversity.
Total	14	

Water quality monitoring program

Monitoring Program	No. Schemes*	No. Sites	No. Tests Required**	No. Tests Conducted	% Tests Conducted***
Hydrometric	11	21			
Groundwater quality	1	12	8,421	6,875	82%
(Surface) water quality	20	124	416	398	96%

* Schemes includes sub-schemes, e.g. Rubicon (part of Greater Meander)

** Water (and groundwater) quality parameters tested include pH, conductivity, temperature, turbidity, plus observations. Quarterly lab tests conducted also include parameters such as total phosphorous and nitrogen.

*** Reasons for missed testing include: equipment failure and / or out of service for repair, inaccessible sample site, e.g. due to flooding, and low / no flow, i.e. no water to sample

The water quality result trends followed seasonal variability, such as higher water temperature and lower water dissolved oxygen correlate with higher air temperature.

Some results were outside of normal ranges across all schemes throughout the year. However, there were no obvious correlations with the supply of Tasmanian Irrigation water with the results.

Environment continued

River health surveys

Tasmanian Irrigation's comprehensive monitoring efforts continued to provide encouraging results, indicating change to sound river health and habitats across various sites.

The key findings from our 2022/2023 surveys and assessments included:

AusRivAs surveys: Both the spring and autumn AusRivAs survey results revealed stable and / or above-average macroinvertebrate communities, which serve as strong indicators of excellent river health.

These positive findings were observed at Tasmanian Irrigation's established sampling sites in Meander and Northern Midlands, reflecting the effectiveness of our conservation efforts in preserving aquatic ecosystems.

Fish surveys: The spring and autumn fish surveys conducted demonstrated the continued stability and / or above-average fish communities in Meander sample sites, with no significant changes noted.

Aquatic weed and erosion assessments: Tasmanian Irrigation successfully completed its annual assessments of aquatic weed and erosion across the Midlands and no significant issues were identified in these areas.

Habitat monitoring programs: As part of Tasmanian Irrigation's long-term commitment to habitat monitoring, the Company recommenced two monitoring programs in 2022/23 – the green and gold frog and giant freshwater crayfish.

These programs, encompassing the Upper Ringarooma Irrigation Scheme (URIS), play a vital role in tracking and safeguarding the populations of these important species.

In addition, the monitoring of re-growth of large *Eucalyptus ovata* replanting along Huntsman Lake as part of the Meander Dam *Environment Protection and Biodiversity Conservation Act* compliance requirements, indicated strong growth and greater than 90 per cent sapling success rate.

"Tasmanian Irrigation is proud of the strides it has taken to uphold its commitment to environmental excellence. Sustainability remains at the core of Tasmanian Irrigation's operations, and the organisation is devoted to continuing and expanding its efforts to ensure a more sustainable future for Tasmania."

**-Sophie Grace,
General Manager Environment, Health and Safety**



Performance

Statement of Corporate Intent

Tasmanian Irrigation measures its performance against a range of agreed targets that are published in an annual Statement of Corporate Intent. The table below summaries Tasmanian Irrigation's actual performance against key agreed measures and targets for 2022/23:

Business Area	Key Performance Indicators	Target 2022/23	Actual 2022/23		Comments
Health and Safety	-Lost Time Injuries	0	0	✓	Tasmanian Irrigation works in close partnership with its employees and contractors, ensuring all activities are managed with a strong focus on safety. All incurred injuries related to contractors and subcontractors delivering projects.
	-Total Injury Frequency Rate*	17	5	✓	
Financial	-Operational and admin overheads per water entitlement sold	\$21.61	\$22.86	✗	The variance in overheads is due to additional cyber security, and training and development costs. Lower than expected spending is due to various project elements now targeted to occur in the next financial year in line with revised project schedules.
	-Capital program \$ per budget	\$54.36m	\$44.32	✓	
Commercial	-Post construction water entitlement sales	\$0.41m	\$1.14m	✓	Additional Water Sales achieved.
Water Delivery	-Percentage allocation available at commencement of season	100%	100%	✓	Early season rainfall assisted in maintaining dam levels, resulting in full allocations being available across all schemes. All Water Delivery scheme maintenance was completed as per plan.
	-Planned maintenance completed as per plan	100%	100%	✓	
Environment**	-Number of notifiable incidents	0	0	✓	Tasmanian Irrigation maintains a close partnership with landowners and contractors, actively managing environmental matters to prevent any harm or adverse impact. Tasmanian Irrigation has been continuously improving its compliance monitoring systems to ensure the Company plans and carries out activities to the highest standards.
	-Compliance with environmental permits and approvals	100%	100%	✓	
Program Development and Delivery	-Schemes under construction	1	1	✓	Don Irrigation Scheme construction is on track to be completed in September 2023. Lower than expected Water Sales for the Tamar and the Greater South East Irrigation Schemes resulted in the target business case completion dates moving to the next financial year. Additional milestone payment received relates to the prior financial year.
	-Total Tranche Three project business cases completed	5	3	✗	
	-Total funding milestone payments achieved per plan	5	6	✓	
People	-Employee turnover rate	15%	14%	✓	Ahead of long-term target reductions.

*Total Injury Frequency Rate is defined as the total injuries per million-person work hours

**Additional information about Farm WAP compliance can be found in the Environment Report on page 29

Governance

Tasmanian Irrigation Pty Ltd (the Company) is a statutory Company, formed under the *Irrigation Company Act 2001* and is owned by the Tasmanian Government.

Its Shareholder Ministers are the Treasurer and the Minister for Primary Industries and Water.

The Board and the Audit and Risk Committee have continued to work with management to improve corporate governance across a number of areas, including Tasmanian Irrigation's Risk Management Framework.

Shareholder expectations in relation to the Company's objectives, performance, reporting, financial and other matters are listed in the Shareholders' Statement of Expectations.

A Governance Framework Guide for Tasmanian Government Businesses and State-Owned Companies was released by the State Government in October 2008. The Guide refers to the eight core principles underlining good corporate governance as recommended by the Australian Stock Exchange Corporate Governance Council for listed companies.

The Shareholder Ministers, while noting that the principles are not mandated, expressed an expectation that relevant core principles would be adopted by Boards of Government Businesses and State-Owned Companies.

Tasmanian Irrigation's Board operates under a framework that is consistent with the Australian Stock Exchange Corporate Governance recommendations:

Principle One: Lay solid foundations for management and oversight

The Company Board is made up of five independent Non-Executive Directors. The responsibilities of individual Directors and the Company's expectations of them are set out in their letters of appointment.

The key roles of the Company Board are to:

- Set the strategic direction of the Company, and appoint and review the performance of the Chief Executive Officer (CEO);
- Adopt stringent and appropriate processes for risk assessment and management;
- Ensure accountability to the Shareholders; and
- Appear before and respond to Parliamentary Scrutiny Committees if required.

The Company Board has adopted and adheres to a process for assessing overall Board performance by establishing and adopting mechanisms to review the combined performance of the Board and individual Directors and address issues that may emerge from that review.

Board performance evaluation and key executive performance planning and review processes are undertaken each year.

Principle Two: Structure the Board to add value

All Company Directors are independent of management.

The Chair is an independent Director and is not an executive of the Company.

Directors are appointed by the Shareholder Ministers based on their skills and experiences to ensure the Board has the experience and skills necessary, including having a Director with experience or expertise in irrigation / agriculture.

This process includes a performance evaluation for any Directors seeking reappointment.

New Directors undertake a comprehensive induction program, including briefings from the Chief Executive Officer and senior management.

Governance continued

Principle Three: Promote ethical and responsible decision making

The Board is committed to maintaining the highest ethical standards and complying with all applicable legislation, lawful directions from Shareholder Ministers and Company policies.

Each Director is bound to uphold the Personal Conduct Policy (the Policy) by exhibiting model performance, behaviour and conduct that is in line with the Policy during their engagement.

Directors must promote the Policy and ensure that any potential breaches are taken seriously, identified and reported and acted upon appropriately.

The Policy is underpinned by other policies and procedures that articulate the expectation to act ethically and responsibly, as well as comply with legislative and regulatory obligations.

These include the *Right to Information Act 2009* (the RTI Act); the *Public Interest Disclosures Act 2002* (the PID Act); the *Personal Information Protection Act 2004* (the PIP Act) and the *Integrity Commission Act 2009*.

Directors have an ongoing requirement to notify the Board of any material personal interest in any matter relating to the affairs of the Company.

The Board, via the Company Secretary, maintains a register of declarations of interests, which is updated regularly.

To the extent that there may be a conflict, this is managed appropriately in accordance with the Company's policy and protocols.

Principle Four: Safeguard integrity in financial reporting

The Board operates an Audit and Risk Committee that assists the Board to discharge its duties in relation to its corporate and financial reporting processes, internal and external audit, and compliance.

Under the Committee Charter, the Committee must meet not less than three times a year. The Committee reviews the Company's financial statements and associated reports and recommends them to the Board for consideration.

As part of the end-of-year processes, the Committee ensures the Chief Executive Officer and Chief Financial Officer provide the required declarations under Section 295A of the *Corporations Act 2001* and formally sign the accounts before it makes any recommendations to the Board.

The Company Constitution provides that the Company is required to use the Tasmanian Auditor - General for its external audit. Members confirm the appointment of the external auditor at each Annual General Meeting.

The auditor attends the Annual General Meeting to discuss any issues with members. The Committee also meets with the external auditor without management present from time to time.

The Company's Annual Report is provided to Shareholder Ministers by the end of October each year.

The Report is tabled in each House of the Tasmanian Parliament and is subject to the scrutiny of all Members of Parliament and the community.

Principle Five: Make timely and balanced disclosure

The Company is not a listed Company and is not required to comply with the Australian Stock Exchange Listing Rule disclosure requirements.

However, as a State-Owned Company, it is required by legislation and its Constitution to communicate with its Shareholder Ministers and others, via regular and irregular reporting and other means of communication.

In practice, there is a flow of information throughout the year on important matters to ensure Shareholder Ministers are kept informed. If the Directors at any time form the opinion that matters have arisen that may prevent, or significantly affect achievement of the objective, strategies, policies or financial targets of the Company, the Directors must promptly notify the Shareholder Ministers.

Details about disclosures made under the RTI Act, the PID Act, and the PIP Act, if any, are detailed in this Annual Report.

Principle Six: Respect the rights of Shareholders

The Company's Constitution specifies the rights and powers of the Shareholder Ministers. The Board has procedures for communication with Shareholder Ministers to ensure they have timely access to information about the Company, including its financial situation, performance, governance and any sensitive matters about which they need to be aware.

Consistent with the *Irrigation Company Act 2011*, Directors and the Company must comply with the lawful directions given in writing by the Shareholder Ministers.

Principle Seven: Recognise and manage risk

The Board is committed to ensuring the Company effectively manages its strategic, financial, operational, reputational and emergency risks.

The Board also ensures that an effective system of risk management and internal control operates within the Company and that it regularly monitors the performance of that system.

The Board has set a risk appetite and risk tolerance consistent with its readiness to bear risk in order to meet its strategic objectives.

The Company's Enterprise Risk Management Framework (ERM), based on AS/NZS ISO 31000:2015, is approved by the Board.

Management discuss and review emerging and actual risks in the Company's external and internal environment and use this analysis to make decisions and agree on risk mitigation plans.

They report on risk and risk management to the Board. The Board discharges its duties by reviewing the reports provided by the Senior Leadership Team, monitoring the strength and reliability of the Enterprise Risk Management Framework and assessing the status of risk in the Company.

A formal risk assessment process, to document the organisational strategic risk profile, has been undertaken and this profile is subject to annual review by the Audit and Risk Committee and the Board.

The Company provides its Shareholder Ministers with information about risk by including key financial and operational risks in the annual Corporate Plan and regularly discussing risks at Shareholder Minister briefings.

Governance continued

Principle Eight: Remunerate fairly and responsibly

In accordance with the Company's Constitution, Directors are paid remuneration as is resolved by the Shareholder Ministers. The Board has established a People, Culture, Safety and Remuneration Committee (PCSRC), which is responsible for advising, monitoring and making recommendations to the Board in discharging its responsibilities in relation to Tasmanian Irrigation's:

- People management practices, including human resources policies and processes, health, safety and wellbeing systems and performance, diversity and inclusion, staff engagement and organisational culture;
- Performance metrics including the presentation and effectiveness of reports related to people, culture and safety;
- Implementation of improvement initiatives and major organisational actions such as significant safety incidents and disciplinary action (including dismissal);

- Compliance with State and Federal employment and workplace safety requirements;
- Remuneration, and training and development opportunities for staff;
- Proposals to restructure the Senior Leadership Team, prior to Board endorsement; and
- Alignment of people, culture, safety and remuneration practices with Tasmanian Irrigation's vision, values, strategic objectives.

The PCSRC also recommends the annual remuneration for all staff to the Board.

The Audit and Risk Committee recommends the inclusion of the key management personnel disclosure in the Company's Annual Financial Report, ensuring that remuneration arrangements of the CEO and other senior executive officers are disclosed in accordance with any applicable governance, accounting and legal requirements.



Disclosures ■■■

Public Interest Disclosures

Under the *Public Interest Disclosures Act 2002*, Tasmanian Irrigation is required to report on any disclosures about improper conduct by its employees or Tasmanian Irrigation.

In accordance with the requirements of Section 86 of the Act, Tasmanian Irrigation advises that:

- a. Tasmanian Irrigation's procedures in relation to public interest disclosures are available at www.tasmanianirrigation.com.au or via email enquiries@tasirrigation.com.au or via post PO Box 84, Evandale, TASMANIA, 7212.
- b. No disclosures of public interest were made to Tasmanian Irrigation during the year;
- c. No public interest disclosures were investigated by Tasmanian Irrigation during the year;
- d. No disclosed matters were referred to Tasmanian Irrigation during the year by the Ombudsman;
- e. No disclosed matters were referred during the year by Tasmanian Irrigation to the Ombudsman to investigate;
- f. No investigations of disclosed matters were taken over by the Ombudsman from Tasmanian Irrigation during the year;
- g. There were no disclosed matters that Tasmanian Irrigation decided not to investigate during the year;
- h. There were no disclosed matters that were substantiated on investigation as there were no disclosed matters; and
- i. The Ombudsman made no recommendations under the Act that relate to Tasmanian Irrigation.

Overseas travel

No overseas travel was undertaken by any Tasmanian Irrigation employees or Directors in 2022/23, or the previous financial year.

Remuneration

Tasmanian Irrigation has provided a detailed remuneration report for key management personnel from page 86 in this 2022/23 Annual Report.

Right to Information

Tasmanian Irrigation is committed to complying with the *Right to Information Act 2009* and to ensuring that it responds in a timely, accurate and fair manner to any applications lodged.

During 2022/23, Tasmanian Irrigation received two Right to Information requests. All available information was provided as requested.

Tasmanian Irrigation embraces the objectives of the *Right to Information Act 2009* by routinely publishing information that it considers to be of interest to the public. Tasmanian Irrigation's preferred methods of disclosure of information is proactive disclosure via its publications, website and social media.

Personal Information Protection

Tasmanian Irrigation is subject to the *Personal Information Protection Act 2004*, which prescribes personal information protection principles for Tasmania. Tasmanian Irrigation values and respects the privacy of all personal and sensitive information. No Personal Information Protection complaints were received by the Company during 2022/23.

Gifts registry

Tasmanian Irrigation publishes a Gifts, Benefits and Hospitality Registry on its website, detailing any gift, benefit or hospitality valued at \$100 or more that has been given or received by Tasmanian Irrigation and / or its employees.

No gifts or benefits were offered or received in 2022/23.

Superannuation

Chief Executive Officer Andrew Kneebone certifies that Tasmanian Irrigation complied with its obligations under the *Superannuation Guarantee (Administration) Act 1992 (Cth)* in respect to employees of Tasmanian Irrigation who are members of complying superannuation schemes.

Buy Local and Contractors

Tasmanian Irrigation complies with the State Government's Buy Local Policy, ensuring a transparent procurement process and paying accounts on time.

The principles of the Treasurer's guidelines are:

- Buy Local by encouraging Tasmanian Government businesses to purchase from Tasmanian suppliers;
- Increased disclosures on the use of consultants; and
- Payment of Accounts – requiring the implementation of appropriate policies and procedures to ensure all accounts are paid on time and, if not, interest is paid for late payments.

Buy local

A Tasmanian business is defined as a business operating in Tasmania, which has a permanent office or presence in Tasmania and employs Tasmanian workers. Purchases are defined to include operating expenses (excluding employment expenses, finance expenses and depreciation), as well as capital expenditure.

Purchases from Tasmanian businesses	2022/23	2021/22	2020/21
% of purchases from Tasmanian businesses	95.06%	92.99%	93.52%
Value of purchases from Tasmanian businesses	\$62,111,261	\$23,495,696	\$28,374,898

Contractors

A "Contractor" is defined as an individual or organisation engaged under a contract (other than as an employee) to provide goods and / or services to an entity. A contractor will usually work under the supervision of an entity manager.

Contract / works package valued over \$2 million	Procurement method	Buy local policy applied	Tender awarded to	State
Don pump station and associated works	Open tender	Yes	Fulton Hogan Utilities Pty Ltd	TAS
Don pipeline construction	Open tender	Yes	Hazell Bros Group Pty Ltd	TAS
Lake Leake dam upgrade	Open tender	Yes	Fulton Hogan Utilities Pty Ltd	TAS
Greater Meander Irrigation Scheme Augmentation pipeline	Open tender	Yes	PWS Pty Ltd	TAS

Consultancies

A “Consultant” is defined as a particular type of contractor who is engaged to provide recommendations or specialist or professional advice (or more generally non-manual services) to assist or influence an entity’s decision making. Consultancies valued at more than \$50,000 (excluding GST) to 30 June 2023 include:

Consultant	Location	Description	Amount \$ (exc. GST)
GHD Pty Ltd	TAS	Design and engineering	3,595,036
Sugden & Gee Pty Ltd	TAS	Project management	861,245
SUB41	TAS	Project management	502,095
Pinion Advisory	TAS	Agribusiness consulting and project advisory	465,489
Energise Partners Pty Ltd	VIC	Construction professional services	310,206
RegenerateNZ Ltd	NZ	Construction professional services	184,551
Blue Tier Consulting	TAS	Construction professional services	179,240
PDA Surveyors	TAS	Land surveying	168,810
Marsden Jacob Associates	VIC	Economic advisory	167,283
Pitt & Sherry	TAS	Design and engineering	161,545
North Barker	TAS	Environmental consulting	152,472
Committo Pty Ltd	TAS	IT consulting and IT project management	140,381
IT Resourcing	TAS	IT system improvement and support	130,150
The Belrose Group	TAS	Recruitment and training	124,937
W A Cromarty & Co	TAS	Electrical engineering	109,882
Cultural Heritage Management Australia	ACT	Heritage surveys	107,050
Mb&a Project Consulting	TAS	Construction professional services	92,484
Shields Heritage	TAS	Legal advisory	89,194
Sarah Hirst Strategy	TAS	Communications and marketing	82,685
HWL Ebsworth Lawyers	TAS	Legal advisory	82,281
Technology One	QLD	ERP system improvement and support	81,817
TBH	NSW	Construction professional services	79,140
Andrew Gall	TAS	IT project management	69,510
Chapman Executive	TAS	Executive recruitment	60,140
Better Aim	WA	IT project management	51,064
Newton & Henry	TAS	Accounting services	50,735
25 consultants were paid under \$50,000 (exc. GST)			434,326
TOTAL			8,957,170

Payment of Accounts

Payment of accounts

The Tasmanian Government's Guidelines requires Government-owned businesses:

- To implement appropriate policies and procedures to ensure that all accounts are paid on time and, if not, interest is paid for late payments;
- Pay invoices of less than \$50,000 within 30 days, or if a shorter term has been agreed, within the shorter term; and

- Pay invoices of \$50,000 and above in accordance with agreed terms and by the due date.

The expectation is that Tasmanian Irrigation will pay all invoices correctly rendered by suppliers within the period specified by the supplier, or where the contract is silent on payment requirements, within 30 calendar days of the date of a correctly rendered invoice.

Accounts due or paid within each year	2022/23	2021/22	2020/21
Creditor days	12.67	12.24	11.67
Number of accounts due for payment	3,620	3,294	3,064
Number of accounts paid on time	3,562	3,224	2,995
Amount due for payment	\$65,340,108	\$25,314,383	\$30,594,500
Amount paid on time	\$61,424,497	\$24,954,785	\$28,363,792
Number of payments for interest on overdue accounts	Nil	Nil	Nil
Interest paid on overdue accounts	Nil	Nil	Nil

Reason for delay

Generally, any account that had not been paid on time had a query from Tasmanian Irrigation related to the account.

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ABN: 95 722 799 075 / ACN 133 148 384

Hon. Michael Ferguson MP
Treasurer
Shareholder Minister, Tasmanian Irrigation
53 St John Street
Launceston
TASMANIA 7250

Hon. Jo Palmer MP
Minister for Primary Industries and Water
Shareholder Minister, Tasmanian Irrigation
236 West Tamar Road
Riverside
TASMANIA 7250

12 September 2023

Dear Shareholder Ministers,

Tasmanian Irrigation Pty Ltd Annual Report 2022/23 — Statement of Compliance

In accordance with section 55 of the *Government Business Enterprises Act 1995*, we hereby submit for your information and presentation to Parliament the Report of Tasmanian Irrigation Pty Ltd for 2022/23 ending 30 June 2023.

The Report has been prepared in accordance with the provisions of the *Government Business Enterprise Act*.

Tasmanian Irrigation has complied with the *Guidelines for Tasmanian Government Businesses — Director and Executive Remuneration* for the year ended 30 June 2023.

Signed in accordance with a resolution of Directors that this Annual Report has been adopted.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Kate Vinot", with a stylized flourish at the end.

Ms Kate Vinot
CHAIR

A handwritten signature in blue ink, appearing to read "Poppy Lyne", with a horizontal line underneath.

Ms Poppy Lyne
NON-EXECUTIVE DIRECTOR

Directors' Report

The Directors present their report, together with the financial report of Tasmanian Irrigation Proprietary Limited ("the Company"), for the financial year ended 30 June 2023 and the independent auditor's report thereon.

1. Directors

The Directors of the Company at any time during or since the end of the financial year are:

Name and Term	Status and Committees	Experience and Other Directorships
Ms Catherine (Kate) Vinot Appointed: 16 December 2022 Term to: 30 November 2025	Independent Board Chair Non-Executive Director - People, Culture, Safety and Remuneration Committee Member (from April 2023)	Kate has more than 15 years' experience as a Non-Executive Director and Board Chair, and 25 years in executive leadership roles in water and land management, strategic planning and sustainability. In addition to her role as Board Chair at Tasmanian Irrigation, Kate is a Non-Executive Director at Yarra Valley Water and Natural Hazards Research Australia, and a Governor of the Cerebral Palsy Alliance Research Foundation. Kate was formerly Chair of Water Stewardship Australia and Zoos Victoria, and Non-Executive Director at Grampians Wimmera Mallee Water and Parks Victoria. Kate has held executive roles in the water industry, local government and in engineering consulting and project delivery organisations. She is a Fellow of Engineers Australia and has degrees in civil engineering, economics for development and business administration.
Ms Abigail Foley Appointed: 22 February 2021 Term to: 30 November 2023	Independent Non-Executive Director - Remuneration Committee Member (to April 2023) - People, Culture, Safety and Remuneration Committee Chair (from April 2023) - Audit and Risk Committee Member	Abigail brings extensive experience in leadership, strategic governance, stakeholder engagement and business development across the engineering, water and environmental sectors. Abigail is part of Aurecon Group's Tasmanian leadership team where she currently holds the role of Tasmanian Practice Leader. Abigail is also a Non-Executive Director of the Royal Tasmanian Botanical Gardens. Abigail holds a Bachelor of Science (Hons) and a Diploma of Education.

Tasmanian Irrigation Proprietary Limited

Directors' Report

For the year ended 30 June 2023

1. Directors Continued

Name and Term	Status and Committees	Experience and Other Directorships
Ms Laura McBain Appointed: 2 August 2021 Term to: 30 November 2024	Independent Non-Executive Director - Remuneration Committee Member (to April 2023) - Audit and Risk Committee Chair	Laura is a highly accomplished professional with extensive experience in the food, dairy, and beverage industries. She has held key leadership positions, including Managing Director at Bellamy's Australia Limited and Maggie Beer Holdings Limited. Currently, she serves as a Non-Executive Director at Lark Distilling Ltd (ASX:LRL) and Capitol Health Ltd (ASX:CAJ), where she brings her industry and finance expertise. She is an active member of the Audit and Risk Committee at both Lark Distilling Ltd and Capitol Health Ltd. Additionally, she serves as a Committee member of People Remuneration and Sustainability Committee at Capitol Health. Prior to her current roles she also served as Non-Executive Director at Export Finance Australia. Laura is recognised for her outstanding achievements, including being named 2013 Telstra Tasmanian Businesswoman of the Year and Telstra Australian Businesswoman of the Year (Private and Corporate). She holds a Bachelor of Commerce degree and has completed prestigious professional development programs.
Ms Judith (Poppy) Lyne Appointed: 2 August 2021 Term to: 30 November 2024	Independent Non-Executive Director - Remuneration Committee Member (to April 2023) - People, Culture, Safety and Remuneration Committee Member (from April 2023)	Judith has more than 40 years' experience in the agricultural industry as an owner / operator of a diversified family farming business in the Midlands of Tasmania. Judith is a Non-Executive Director of the Tasmanian Wool Centre, a former Board Member of Epilepsy Tasmania and the Australiana Fund (Tas). Judith was also a former Non-Executive Director of the Tasmanian Foundation and a former municipal councillor.

1. Directors Continued

Name and Term	Status and Committees	Experience and Other Directorships
Dr John Whittington Appointed: 1 February 2015 Term to: 28 February 2023	Independent Non-Executive Director - Remuneration Committee Member (to February 2023) - Audit and Risk Committee Member (to February 2023)	John is the Chief Executive Officer of Blue Economy CRC-Co Ltd, having also been the Secretary of the Tasmanian Department of Primary Industries, Parks, Water and Environment. John previously Chaired the Tasmanian Institute of Agriculture Advisory Board and was a Director of the Institute of Marine and Antarctic Studies. John has a PhD in algal physiology and has postdoctoral experience in Australia and the United States.
Mr Donald (Hugh) McKenzie Appointed: 16 December 2022 Term to: 30 December 2025	Independent Non-Executive Director - Audit and Risk Committee Member (from December 2022)	Hugh is a passionate Tasmanian who comes from a strong business background having been a partner in advisory firm KPMG for 24 years. He has strong links to the agricultural industry being born and raised on a farm in the Fingal Valley. He brings a strong governance and community background and is currently Chair of the Launceston Airport, board member of The Hobart Clinic, Deputy Mayor for the City of Launceston, President of the Northern Suburbs Community Centre, Chair of the Cape Hope Foundation and sits on the Future Fund Committee for the Tasmanian Cancer Council. Hugh was previously the Chair of Primary Health Tasmania, Chair of Scotch Oakburn College, Chair of Cornerstone Youth Services Inc (incorporating headspace), a founding Trustee for the Tamar Valley Peace Trust, State Chair and National Councillor for Chartered Accountants Australia & New Zealand (CAANZ), Board member of the Tasmanian Qualifications Authority and Board member of the Australian Sports Foundation.

Tasmanian Irrigation Proprietary Limited

Directors' Report

For the year ended 30 June 2023

1. Directors Continued

Name and Term	Status and Committees	Experience and Other Directorships
Ms Samantha Hogg Appointed: 9 September 2016 Term to: 16 December 2022	Independent Board Chair Non-Executive Director - Remuneration Committee Chair (until December 2022)	Samantha is an executive with international experience across the transport, infrastructure, energy and resources sectors, having held senior executive positions across a broad range of portfolios including finance, strategic projects, marketing and corporate services, as well as previously holding a number of board positions in the private and public sectors. Samantha is also a Non-Executive Director of Cleanaway Waste Management Limited, De Grey Mining Limited and Adbri Ltd, formerly Adelaide Brighton Cement Ltd. Samantha holds a Bachelor of Commerce and is a member of the Australian Institute of Company Directors.

The number of Directors' meetings (including meetings of Committees of Directors) and number of meetings attended by each of the Directors of the Company during the year ended 30 June 2023 include:

Director	Board Meetings		Audit and Risk Committee		Remuneration Committee *	
	Attended	Eligible	Attended	Eligible	Attended	Eligible
Kate Vinot	5	5	-	-	1	1
Abigail Foley	10	10	4	4	2	2
Laura McBain	10	10	4	4	1	1
Judith Lyne	10	10	-	-	2	2
John Whittington	5	6	1	2	1	1
Hugh McKenzie	4	5	2	2	-	-
Samantha Hogg	5	5	1	1	1	1

* Committee changed to People, Culture, Safety and Remuneration Committee in April 2023

2. Principal Activities

The principal purpose of Tasmanian Irrigation is to develop, own and operate irrigation schemes in Tasmania and where feasible and appropriate, to facilitate local community management of these schemes.

3. Operating and financial review

Irrigation water volumes delivered during the financial year were slightly lower at 56,935 megalitres (ML) of water delivered, compared to 60,952 ML delivered during the same period last year. Achievements during the financial year included significant progress with the Energy on Farms project that included the refurbishment of the Meander mini hydro, along with commencement of solar installations and pump motor upgrades, commencement and progression of Greater Meander and Lake Leake projects and completion of the South East Campania line and Forth pump station projects.

Tasmanian Irrigation delivered 100 per cent of water demanded during the financial year.

Overall, irrigation water charges for the financial year were \$9,733,351, which was above the same period last year (\$8,475,058), with an increase due to change in accounting treatment of income for the Winnaleah Irrigation Scheme and increased fixed charges, including Asset Renewal Levies.

Renewable energy generation revenue increased to \$1,762,005 for the financial year, compared to \$1,504,824 in the previous financial year. This was due to higher retail contract rates and the Meander mini hydro being online for a greater portion of the year.

Water purchases and power charges were higher this financial year due to deteriorating pricing and contracts. Maintenance costs also increased due to increased scheme maintenance activity. These increases were partially offset by the decrease in contractors and consultants. Administration costs were higher during the period due to additional cyber security and training and development costs.

Throughout the financial year, the Company prioritised the advancement and implementation of the Tranche Three program for irrigation scheme development and delivery. This effort resulted in several notable highlights, which include:

- Ongoing collaboration with design partner GHD, fostering further integration of their expertise into projects;
- The construction of the Don Irrigation Scheme progressed, adhering to timelines and quality standards whilst being delivered within the funding allocated;
- Notably, the Northern Midlands Irrigation Scheme was further progressed, concluding the detailed design phase of the pipeline and pump stations. Additionally, a rigorous tender process for the pipeline construction began towards the end of the financial year;
- Submission of the final business case and secured State and Commonwealth funding for the Sassafras Wesley Vale Irrigation Scheme Augmentation, commencing the subsequent phase of detailed design; and
- Moreover, the Company achieved a key milestone with the completion of water sales for the Greater South East Irrigation Scheme and subsequently initiated the development of a comprehensive business case.

Overall, these accomplishments underscore the Company's dedication to delivering innovative and transformative irrigation solutions. Looking ahead, the Company continues to focus on ensuring the Water Delivery segment of the Company is sustainable from a cost and resourcing perspective to ensure ongoing efficient service to customers is underpinned by optimal asset renewal and maintenance planning and delivery.

Tasmanian Irrigation Proprietary Limited

Directors' Report

For the year ended 30 June 2023

3. Operating and financial review continued

In the Program Development and Delivery segment the Company continued to push forward with key projects. Specifically, the Company looks forward to the completion of the Don Irrigation Scheme in late 2023, while diligently advancing the Northern Midlands Irrigation Scheme into the construction phase. Concurrently, the company is finalising the detailed design for the Sassafras Wesley Vale Augmentation and commencing tendering for construction in early 2024.

Operating result: The Company's Statement of Profit or Loss and Other Comprehensive Income for the year is set out on page 58 of this Annual Report. The Company's net result was a loss of \$44,940,696 after impairment of non-current assets of \$48,015,080 (2022: loss of \$18,141,679 after impairment of \$14,605,176 of non-current assets). In accordance with the Company's accounting policies and the application of accounting standards, the Company recorded an impairment expense of \$48,015,080 (2022: \$14,605,176) in its Statement of Profit or Loss and Other Comprehensive Income. The majority of this expense relates to the Don Irrigation Scheme's capital works.

The Company's underlying performance, excluding the sale of water entitlements and the impairment of non-current assets, was a surplus of \$1,926,094 (2022: deficit of \$7,768,105). The surplus relates to the Company accruing grant income for its feasibility and project overheads this financial year. This has meant there is \$2,058,964 in feasibility grant income recognised this year with feasibility expenses to match this in previous financial years. The underlying performance excluding this feasibility income was a deficit of \$132,870. This deficit is expected to be funded by grant releases in the 2023/24 financial year.

The Water Delivery segment made a surplus of \$116,847 (2022: surplus of \$182,189, excluding an impairment reversal of \$2,553,877 for the Meander mini hydro power station) that will assist to fund future dam safety reviews and contribute to the financial sustainability of schemes.

The Company's underlying performance is reconciled to the following amounts in the annual financial report:

	<i>Note</i>	30 June 2023	30 June 2022
Loss from continuing operations		(44,940,696)	(18,141,679)
Revenue from sale of water entitlements	<i>B2</i>	(1,148,290)	(4,231,602)
Impairment expense for property, plant and equipment	<i>B6</i>	48,015,080	14,605,176
Underlying profit / (loss) from continuing operations		1,926,094	(7,768,105)

Statement of financial position: The Company's cash and cash equivalents \$12,824,457 (2022: \$32,988,211), decreased by \$20,163,754 compared to the previous financial year. The decrease is due to receiving equity funding too late in the previous financial year to be used to pay down debt and a delay in federal project funding in this financial year. The Company is also expecting to receive equity milestone payments for the Don Irrigation Scheme early in the 2023/24 financial year.

4. Environmental regulations

The Company's operations are subject to the *Environmental Management and Pollution Control Act 1994*, *Land Use Planning and Approvals Act 1993*, *Water Management Act 1999*, *Threatened Species Protection Act 1995*, *Historic Cultural Heritage Act 1995*, *Aboriginal Heritage Act 1975* and the *Environment Protection and Biodiversity Conservation Act 1999*.

No notices were served, nor prosecutions launched against the Company, under the various legislations during the financial year. In addition, the Company recorded no statutory reportable incidents for the period. The Company ensures the necessary systems and processes are in place to monitor and manage compliance.

5. Dividends

No dividends were paid or declared by the Company to shareholders during the financial period.

6. Events subsequent to reporting date

There were no significant events subsequent to reporting date.

7. Directors' interests

The Directors have no interest in the Company with all shares held by the Minister for Primary Industries and Water and the Treasurer in trust for the Crown.

8. Indemnification and insurance of officers

The Company paid \$48,400 in insurance premiums during the year in respect of Directors, Company Secretary and executive officers of the Company against a liability incurred by a Director, Company Secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The Company has not otherwise, during or since the end of the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

9. Compliance with Guidelines for Tasmanian Government Business

During the year, the Company has complied with the Guidelines for Tasmanian Government Business – Directors and Executive Remuneration.

10. Auditor's independence declaration

The Auditor's independence declaration forms part of the Directors' Report for the financial year ended 30 June 2023.



Kate Vinot
Chair

Dated this 9th day of August 2023

Tasmanian Irrigation Proprietary Limited

Directors' Declaration — For the Year Ended 30 June 2023

In the opinion of the Directors of Tasmanian Irrigation Proprietary Limited ('the Company'):

- a. The financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - i. Giving a true and fair view of the Company's financial position as at 30 June 2023 and of its performance for the financial year ended on that date
 - ii. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*
- b. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- c. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2023; and
- d. The Directors draw attention to notes A3 and E1 in the financial statements, which include a statement regarding the Company's dependence on Government contributions and on-going Government support for the Company to access borrowings.

Signed in accordance with a resolution of the Directors:



Kate Vinot
Chair

Dated this 9th day of August 2023



Level 2, 144 Macquarie Street, Hobart, Tasmania, 7000
Postal Address GPO Box 851, Hobart, Tasmania, 7001
Phone: 03 6173 0900
Email: admin@audit.tas.gov.au
Web: www.audit.tas.gov.au

9 August 2023

The Board of Directors
Tasmanian Irrigation Pty Ltd
PO Box 84
EVANDALE TAS 7212

Dear Board Members

Auditor's Independence Declaration

In accordance with section 307C of the *Corporations Act 2001*, I provide the following declaration of independence.

As the auditor of the financial report of Tasmanian Irrigation Pty Ltd for the financial year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- (b) any applicable code of professional conduct in relation to the audit.

In accordance with the *Corporations Act 2001* a copy of this declaration must be included in the Directors' Report.

Yours sincerely

A handwritten signature in black ink, appearing to read "D Bond", is written over a light blue horizontal line.

David Bond
Assistant Auditor-General
Delegate of the Auditor General

Copy for:
Ms L McBain, Chairperson Audit and Risk Committee
Mr A Kneebone, Chief Executive Officer
Mr J Hipwood, Chief Financial Officer



Independent Auditor's Report

To the Members of Tasmanian Irrigation Pty Ltd

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of the Tasmanian Irrigation Pty Ltd (the Company), which comprises the statement of financial position as at 30 June 2023 and statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

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

- (a) giving a true and fair view of the Company's financial position as at 30 June 2023 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

I conducted the audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

The *Audit Act 2008* further promotes the independence of the Auditor-General. The Auditor-General is the auditor of all Tasmanian public sector entities and can only be removed by Parliament. The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of the Company on 9 August 2023 and included in the Directors'

Report, would be in the same terms if provided to the directors at the time of this auditor's report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. These matters were addressed in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Why this matter is considered to be one of the most significant matters in the audit	Audit procedures to address the matter included
Accuracy of impairment of land and buildings, dams, water infrastructure assets and capital work in progress <i>Refer to note B6</i>	
<p>The carrying amount of the Company's land and buildings, dams, water infrastructure assets and capital work in progress measured at cost, totalled \$29.95 million at 30 June 2023.</p> <p>Each year, management performs an assessment to determine whether there are any indicators these assets may be impaired. The annual assessment resulted in an impairment expense of \$48.02 million, reducing the value of these assets to their estimated recoverable amount, as represented by the value of unsold water entitlements and projected electricity generation revenues.</p> <p>Impairment tests required significant audit attention as they are complex and subject to significant management judgement and estimation, which included estimating the quantity and timing of future water right sales and applying an appropriate discount rate to future cash flows.</p>	<ul style="list-style-type: none"> • Evaluating management's assessment of impairment. • Assessing the reasonableness and relevance of the key inputs and assumptions used in management's calculations. • Assessing the appropriateness of the discount rates used to calculate the present value of future cash flows. • Reconciling input data to supporting evidence, including the water entitlements register. • Checking the calculations for mathematical accuracy. • Evaluating disclosures in the notes to the financial report for compliance with Australian Accounting Standards.

Accuracy and completeness of revenue from irrigation water charges and asset renewal levy

Refer to notes B2 and C7

Irrigation water charges of \$9.73 million includes a variable and fixed component. The fixed charge is based on water entitlement holdings and is further separated into an operation and maintenance charge and a storage charge in some cases. The variable charge is based on the volume of water purchased. Year-end accruals are required to account for variable water charges not yet invoiced.

The asset renewal levy of \$1.11 million provides for refurbishment and replacement of significant scheme assets or repairs in the event of a major scheme failure. The levy collected and related expenses are allocated to individual schemes, with funds kept in separate bank accounts. The levy is initially recorded as a contract liability, \$9.58 million at 30 June 2023, and is recognised as revenue when performance obligations are satisfied.

Due to the complex nature of some billing processes and the significant revenue amounts involved, we identified a number of significant risks around the accuracy and completeness of revenue.

- Assessing the review and approval of variable and fixed rates.
- Evaluating management's review of variable and fixed water charge sheets prior to invoicing.
- Assessing management's periodical reconciliation of subsidiary systems to the general ledger.
- Reconciling variable and fixed water charge sheets to the general ledger.
- Detailed substantive testing of a sample of variable and fixed water charges, including the annual asset renewal levy.
- Reconciling the movement in the asset renewal levy contract liability, ensuring the correct recognition of revenue.
- Evaluating the adequacy of disclosures in the notes to the financial report for compliance with Australian Accounting Standards.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's Directors' Report for the year ended 30 June 2023 but does not include the financial report and my auditor's report thereon.

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

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusion is based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



David Bond
Assistant Auditor-General
Delegate of the Auditor-General
Tasmanian Audit Office

10 August 2023
Hobart



Financial Report...



Tasmanian Irrigation Proprietary Limited

Statement of Financial Position

For the year ended 30 June 2023

	<i>Note</i>	30 June 2023	30 June 2022
Assets			
Cash and cash equivalents	<i>C1</i>	12,824,457	32,988,211
Trade and other receivables	<i>C2</i>	3,324,895	2,211,078
Contract asset	<i>C3</i>	3,592,251	-
Inventories	<i>C4</i>	864,270	1,196,110
Prepayments		616,456	383,967
Total current assets		21,222,329	36,779,366
Property, plant and equipment	<i>B6</i>	30,823,099	28,869,945
Other assets	<i>F1</i>	-	426,348
Total non-current assets		30,823,099	29,296,293
Total assets		52,045,428	66,075,659
Liabilities			
Trade and other payables	<i>C5</i>	6,661,699	5,234,902
Loans and borrowings	<i>E1</i>	23,004,196	33,641,832
Leases	<i>E5</i>	174,655	218,554
Employee benefits	<i>D1</i>	893,449	808,104
Deferred grant income	<i>C6</i>	97,146	234,596
Contract liability	<i>C7</i>	6,529,559	4,469,336
Total current liabilities		37,360,704	44,607,324
Loans and borrowings	<i>E1</i>	9,149,760	5,000,000
Leases	<i>E5</i>	269,193	430,366
Employee benefits	<i>D1</i>	271,237	199,336
Deferred grant income	<i>C6</i>	3,618,462	3,569,097
Contract liability	<i>C7</i>	7,882,291	7,260,059
Total non-current liabilities		21,190,943	16,458,858
Total liabilities		58,551,647	61,066,182
Net assets		(6,506,219)	5,009,477
Equity			
Issued capital	<i>E3</i>	358,000,777	324,575,777
Retained earnings / (accumulated losses)		(364,506,996)	(319,566,300)
Total equity		(6,506,219)	5,009,477

The notes on pages 62 to 102 are an integral part of these financial statements

Tasmanian Irrigation Proprietary Limited

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2023

	Note	30 June 2023	30 June 2022
Continuing operations			
Revenue from contracts with customers	B2	13,753,458	15,149,370
Government grants	B3	10,600,335	1,879,200
Other income	B3	530,651	549,391
Finance income	B3	217,781	53,151
Total revenue		25,102,225	17,631,112
Depreciation and amortisation	B6	(691,014)	(609,403)
Employee benefits	B4	(6,256,252)	(6,365,174)
Impairment loss—trade receivables		40,761	49,629
Impairment expense — land, dams and water infrastructure	B6	(48,015,080)	(14,605,176)
Write-off – construction project inventory		(545,906)	-
Write off – loan receivables		(426,348)	-
Operations and maintenance expenses	B4	(7,647,674)	(7,474,838)
Pre-feasibility and feasibility costs for Tranche Three and future irrigation projects		(4,040,281)	(3,989,055)
Administrative expenses	B4	(1,605,424)	(1,557,516)
Finance costs	E2	(855,703)	(1,221,258)
Total expenses		(70,042,921)	(35,772,791)
Loss from continuing operations		(44,940,696)	(18,141,679)
Tax (expense) benefit	B5	-	-
Profit (loss) for the year after tax before comprehensive income		(44,940,696)	(18,141,679)
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive profit (loss) for the year		(44,940,696)	(18,141,679)

The notes on pages 62 to 102 are an integral part of these financial statements

Tasmanian Irrigation Proprietary Limited

Statement of Changes in Equity

For the year ended 30 June 2023

	Note	Attributable to owners of the Company			
		Issued capital		Retained earnings (accumulated losses)	Total equity
		Share capital	Equity contributions		
Balance at 1 July 2021		2	312,629,791	(301,424,621)	11,205,172
Total comprehensive income for the year					
Profit or loss		-	-	(18,141,679)	(18,141,679)
Total other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	(18,141,679)	(18,141,679)
Transactions with owners, recorded directly in equity					
Capital contributions from Government	E3	-	11,945,984	-	11,945,984
Total contributions by and distributions to owners of the Company		-	11,945,984	-	11,945,984
Balance at 30 June 2022		2	324,575,775	(319,566,300)	5,009,477
Total comprehensive income for the year					
Profit or loss		-	-	(44,940,696)	(44,940,696)
Total other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	(44,940,696)	(44,940,696)
Transactions with owners, recorded directly in equity					
Capital contributions from Government	E3	-	33,425,000	-	33,425,000
Total contributions by and distributions to owners of		-	33,425,000	-	33,425,000
Balance at 30 June 2023		2	358,000,775	(364,506,996)	(6,506,219)

The notes on pages 62 to 102 are an integral part of these financial statements

Tasmanian Irrigation Proprietary Limited

Statement of Cash Flows

For the year ended 30 June 2023

	Note	30 June 2023	30 June 2022
Cash flows from operating activities			
Cash receipts from customers		17,908,428	14,205,877
Cash receipts from Government grants		6,920,000	2,417,392
Cash paid to suppliers and employees		(25,493,404)	(21,253,976)
Cash generated from (used in) operations		(664,976)	(4,630,707)
Interest received		217,781	53,151
Payment of interest on borrowings		(692,034)	(1,221,258)
Net cash used in operating activities	C1	(1,139,229)	(5,798,814)
Cash flows from investing activities			
Cash receipts from water entitlements		3,862,136	6,543,565
Proceeds from sale of property, plant and equipment		63,255	154,755
Payments for property, plant and equipment		(49,664,097)	(8,594,035)
Net cash used in investing activities		(45,738,706)	(1,895,715)
Cash flows from financing activities			
Capital contributions from Government		33,425,000	11,945,984
Repayment of borrowings		(14,978,884)	(5,854,644)
Repayment of lease liabilities	E5	(222,943)	(178,256)
Proceeds from borrowings		8,491,008	11,933,833
Net cash from financing activities		26,714,181	17,846,917
Net increase/(decrease) in cash and cash equivalents		(20,163,754)	10,152,388
Cash and cash equivalents at 1 July		32,988,211	22,835,823
Cash and cash equivalents at 30 June	C1	12,824,457	32,988,211

The notes on pages 62 to 102 are an integral part of these financial statements

Tasmanian Irrigation Proprietary Limited

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Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

Section A – About this Report

This section provides broad information relating to the nature of the Company's business, the structure of this financial report and significant accounting policies not covered elsewhere in this report.

- | | |
|---------------------------|--|
| A1. Reporting entity | A4. Significant accounting policies |
| A2. Basis of preparation | A5. Adoption of new Accounting Standards and |
| A3. Government dependency | pending Accounting Standards |

A1 Reporting entity

Tasmanian Irrigation Proprietary Limited (the "Company") is a Company domiciled in Australia. The address of the Company's registered office is Level 2, Terminal Building, Launceston Airport, Evandale Main Road, Western Junction, Tasmania.

The Company is a for-profit entity and its principal purpose is to develop, own and operate irrigation schemes in Tasmania and where feasible and appropriate, facilitate local community management of these schemes.

The Company is to operate its businesses and activities effectively and efficiently and in accordance with sound commercial practice, in accordance with the requirements for a State-Owned Company.

A2 Basis of preparation

(a) Statement of compliance

The financial statements are general purpose financial statements, which have been prepared in accordance with the Australian Accounting Standards Board (AASBs) and interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

The financial statements were authorised for issue by the Board of Directors on 9 August 2023.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the revaluation of certain non-current assets and financial instruments.

(c) Functional currency and presentation

These financial statements are presented in Australian dollars, which is the Company's functional currency. Where necessary, comparative figures are adjusted to conform with changes in presentation in the current year.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

A2 Basis of preparation continued

(d) Use of estimates and judgements continued

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in note B6 – impairment of property, plant and equipment.

A3 Government dependency

The Company receives contributions from the Tasmanian and Australian Governments towards the construction of approved capital projects and for some aspects of operating expenditure.

Contributions received for capital projects are accounted for as an increase to equity. Contributions received for operating activities are accounted for as income.

Contributions received for operating activities during the year were for:

	2023	2022
Capital projects – included in equity	33,425,000	10,885,984
Contributions for the repayment of borrowings – included in equity	-	1,060,000
Program Development and Delivery overheads and Business Case development – included in income	10,317,329	1,650,000
Contributions for operating activities – included as income	283,006	229,200
Total State and Federal Government contributions	44,025,335	13,825,184

The Tasmanian Government has undertaken to provide the Company with ongoing specified equity, as well as a supported borrowing facility with the Tasmanian Public Finance Corporation (refer note E1). The Company is dependent upon access to such funds.

Over the next four financial years, the Company is set to receive \$291,070,000 in project equity funding and \$14,440,000 in grant funding to deliver its activities for the foreseeable future. The Tasmanian Government expects the Company to continue operating as a State-Owned Company and to perform its functions given the substantial support the Government has provided.

Going Concern

The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

A3 Government dependency continued

Going concern continued

For the year ended 30 June 2023, the Company recorded a loss of \$44,940,696 (2021-22: \$18,141,679), and as at the end of the financial year, had net assets of (\$6,506,219).

The following additional information is relevant in the Company's going concern assessment:

- (i) The Company signed a new grant agreement in 2022-23 to fund project development and delivery costs. The total grant is \$16,000,000 receivable, with the first \$4,000,000 received in 2022-23, with \$4,000,000 to be received annually through to 2025-26.
- (ii) The 2023-24 Budget and Forward Estimates include equity contributions of \$100,100,000 for the continuation of the State's equity contributions to the Company to support its projects. The Australian Government has committed \$190,000,000 over the 2023-24 Budget and Forward Estimates to support Tranche Three irrigation projects and the Lake Leake Dam Life Extension Project.
- (iii) In July 2023 the Treasurer wrote to the Company and confirmed that the Government continues to support the Company's activities and for the foreseeable future, the Government expects the Company to continue operating as a State-Owned Company and to perform its functions as specified in the *Irrigation Company Act 2011*. The TasCorp borrowings are also secured by a Letter of Comfort from the Treasurer issued on 16 February 2015. The explicit support by the Treasurer for the TasCorp borrowings of the Company up to \$68,200,000 remains in place, with \$32,153,956 borrowed (2022: \$38,386,460).
- (iv) Budget for 2023-24 and projections through to date of signing the 2023-24 financial statements forecasts a return to a positive net asset position as at 30 June 2024.

At the date of this report and having considered the above, the Directors are of the opinion that the Company will be able to continue as a going concern.

A4 Significant accounting policies

Accounting policies are selected and applied in a manner that ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. All significant accounting policies are contained in the notes to the financial statements to which they relate.

A5 Adoption of new Accounting Standards and pending Accounting Standards

There have been new or amended Accounting Standards adopted by the Company for the first time in this financial report. These new or amended Accounting Standards have not had a material impact on the recognition and measurement of transactions, or disclosures in the financial report. A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2023 and have not been applied in preparing these financial statements. The Company is not an early adopter of these standards. The pending standards have been analysed and are not expected to have a significant impact on the Company's financial statements.

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

Section B – Business performance

This section provides information that is most relevant to understanding the financial performance of the Company during the financial year and where relevant, the accounting policies applied and the critical judgements and estimates made.

B1. Operating segments	B4. Expenses
B2. Revenue from contracts with customers	B5. Taxation
B3. Other income	B6. Property, plant and equipment

B1 Operating segments

Identification of reportable segments

The Company has elected to provide segment reporting in accordance with AASB 8 Operating Segments. The Company determines and presents operating segments based on the information that internally is provided to the Chief Executive Officer (CEO) and the Board of Directors.

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are regularly reviewed by the Company's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

The Company has identified the following reportable segments, which differ in the nature of services provided:

Water Delivery – The Company owns and manages the Water Delivery operations of 18 irrigation schemes, owns the infrastructure of one locally-managed irrigation scheme, as well as managing Togari Water Supply Scheme, two river improvement schemes, one drainage scheme and two standalone dams. The Company operates the 2MW mini hydro power station at Meander Dam, 2MW hydro power station at Scottsdale and a 6MW hydro power station as part of the Midlands Water Scheme. The Company operates the irrigation schemes under a cost recovery model.

Program Development and Delivery – The Company designs, develops and constructs irrigation schemes through a public / private funding partnership model.

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

B1 Operating segments continued

Identification of reportable segments continued

Information related to each reportable segment is set out below:

Year ended 30 June 2023	Water Delivery	Program Development and Delivery	Total
External revenue	13,373,491	11,728,734	25,102,225
Segment revenue	13,373,491	11,728,734	25,102,225
Segment profit/(loss) before tax	116,847	(45,057,543)	(44,940,696)
Interest income	217,781	-	217,781
Interest expense	(352,460)	(503,243)	(855,703)
Depreciation and amortisation	(610,602)	(80,412)	(691,014)
Other material non-cash items:			
- impairment of property, plant and equipment	(363,522)	(47,651,558)	(48,015,080)
- impairment of construction project inventory	(426,348)	(545,906)	(972,254)

Year ended 30 June 2022	Water Delivery	Program Development and Delivery	Total
External revenue	11,763,841	5,867,271	17,631,112
Inter-segment revenue	-	-	-
Segment revenue	11,763,841	5,867,271	17,631,112
Segment profit/(loss) before tax	2,736,064	(20,877,743)	(18,141,679)
Interest income	53,119	32	53,151
Interest expense	(136,616)	(1,084,642)	(1,221,258)
Depreciation and amortisation	(618,086)	(41,205)	(659,291)
Other material non-cash items:			
- impairment of property, plant and equipment	2,553,875	(17,159,051)	(14,605,176)

Statement of Financial Position information is not disclosed due to some items not being specifically allocated to the reportable segments.

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

B2 Revenue from contracts with customers

	2023	2022
Irrigation fees		
Irrigation water charges	9,733,351	8,475,058
Renewable energy generation		
Electricity generation	1,345,466	858,343
Renewable Energy Certificates	416,539	646,481
	1,762,005	1,504,824
Water entitlement revenue		
Midlands Water Scheme	-	155,250
Scottsdale Irrigation Scheme	879,800	3,205,602
Upper Ringarooma Irrigation Scheme	12,740	108,000
Whitemore Irrigation Scheme	255,750	762,750
	1,148,290	4,231,602
Asset Renewal Levy	1,109,812	937,886
Total revenue from contracts with customers	13,753,458	15,149,370

Performance obligations and revenue recognition policies

Revenue is measured based on consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a good or service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

Type of product / service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under AASB 15
Irrigation water charges	Customers obtain control of the supply of water when it is delivered. For operations and maintenance, this is when they are delivered. Invoices are raised periodically for the water supply and annually in advance for the asset renewal and operations and maintenance charges.	Revenue is recognised over time, ie. as the water is delivered or the services are provided to the customer.
Renewable energy generation	Customer obtains the electricity as it is generated. Invoice is per unit of generated electricity. Renewable Energy Certificates (RECs) are created as electricity generation occurs. Invoices for RECs are done half-yearly.	Revenue relating to electricity and RECs are recognised as the electricity is generated.

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

B2 Revenue from contracts with customers continued

Performance obligations and revenue recognition policies continued

Type of product / service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under AASB 15
Water entitlement revenue	Performance obligation is the commissioning of the relevant irrigation scheme. Payment terms vary but are generally 30 days.	Revenue recognised at the point of commissioning the relevant scheme.
Asset Renewal Levy	The Asset Renewal Levy is an annual fee levied on each water entitlement holder for all of the operating irrigation schemes. The purpose of the Asset Renewal Levy is to undertake future repairs and renewal of assets on each irrigation scheme. The Asset Renewal Levy is recognised initially as a contract liability when invoiced. The performance obligation is satisfied when the Company repairs or renews the scheme assets. Invoices are raised annually and payment terms are generally 30 days.	Revenue is recognised over time as the Company repairs or renews the scheme assets.

B3 Other income

	2023	2022
Government grants		
Grants received for operational funding	283,006	229,200
Grants received for Business Case development and Program	10,317,329	1,650,000
	10,600,335	1,879,200
Finance income		
Interest income on cash funds invested	217,781	53,151
	217,781	53,151
Other income		
Gain on sale of non-current assets	20,705	128,564
Reimbursement of third-party expenditure	78,690	24,105
External services	198,037	71,104
Other	233,219	325,618
	530,651	549,391
Total other income	11,348,767	2,481,742

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

B3 Other income continued

Recognition and measurement

Finance income

Finance income comprises interest income on cash funds invested.

Interest income is recognised using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset.

Revenues from Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and that the Company will comply with the conditions associated with the grant.

Grants that compensate the Company for expenses incurred are recognised in Profit or Loss as income in the same periods in which the expenses are recognised.

Grants that compensate the Company for the cost of an asset are recognised in Profit or Loss on a systematic basis over the useful life of the asset unless they have been designated as an equity contribution by the State Treasurer. Where this occurs, the funding is allocated directly to “equity contributions” and reflected in the Statement of Changes in Equity.

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

B4 Expenses

	Note	2023	2022
Employee benefits			
Salaries and wages		7,265,896	6,514,620
Superannuation		763,177	645,066
Other employee entitlements		729,360	797,364
		8,758,433	7,957,050
Less: capitalised in work in progress		(1,708,438)	(716,380)
Less: allocated to pre-feasibility costs		(793,743)	(875,495)
		6,256,252	6,365,174
Operations and maintenance expenses			
Contractors and consultants		597,677	780,156
Maintenance		1,433,076	1,212,664
Water purchases		2,404,391	2,246,653
Power charges		1,352,243	1,318,446
Rates, land tax and insurances		793,165	689,501
Other operations and maintenance expenses		1,067,122	1,227,418
		7,647,674	7,474,838
Administration expenses			
External audit fees		42,340	40,820
Internal audit fees		6,664	15,279
Advertising and promotion		7,841	17,480
Travel expenses (i)		77,430	70,944
Information technology and communication expenses		965,220	917,902
Training and professional development		101,819	85,108
Rental expenses		3,245	10,322
Other administration expenses		400,865	399,661
		1,605,424	1,557,516

(i) There was no overseas travel by the Board of Directors or the CEO in either the current or prior financial year.

Recognition and measurement

Expenses are recognised in the Statement of Profit or Loss and Other Comprehensive Income when it is probable that the outflow or the other depletion of future economic benefits has occurred and can be reliably measured.

Short term employee benefits

Short term employee benefits include salaries, wages, paid annual leave and paid sick leave entitlements. Short term employee benefits are measured on an undiscounted basis. Short term employee benefits are expensed as the related service is provided, unless the expenditure relates to self-constructed assets, in which case it is capitalised in accordance with the accounting policy in note B6.

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

B5 Taxation

Current tax expense

	2023	2022
Tax recognised in profit or loss		
Current tax expense		
Current year	-	-
Adjustment for prior periods	-	-
	-	-
Deferred tax expense		
Origination and reversal of temporary differences		
Decrease (increase) in deferred tax asset	(11,598,002)	(7,791,263)
Increase (decrease) in deferred tax liability	275,257	(1,260,818)
Tax benefits not recognised	6,672,073	9,052,081
Adjustment for prior years	4,650,672	-
	-	-
	-	-
Total tax expense attributable to continuing operations	-	-

Numerical reconciliation between tax expense and pre-tax net profit

	2023	2022
Profit / (loss) from operations	(44,940,696)	(18,141,679)
Income tax expense calculated at 25%	(11,235,174)	(4,535,420)
Non-temporary items	4,475	2,136
Tax benefit not recognised	11,230,699	4,533,284
Income tax expense	-	-

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	2023	2022
(Assessable) deductible temporary differences at 25%	(4,651,956)	(4,417,450)
Tax losses at 25%	95,052,409	88,145,830
	90,400,453	83,728,380

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

B5 Taxation continued

In addition to the above, deferred tax assets of \$11,952,575 (2022: \$11,952,575) were not recognised in respect of taxation losses that are potentially available to the Company upon the acquisition of assets from Rivers and Water Supply Commission in July 2012. Pursuant to a Private Ruling obtained from the Australian Taxation Office, these losses will be available subject to the application of an available fraction methodology based upon the value of the assets acquired.

All of the above deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise the benefits therefrom.

Movement in deferred tax balances during the year

	Balance 1 July 2022	Recognised in profit or loss	Tax benefit derecognised	Balance 30 June 2023	Opening balance not recognised 1 July 2022	Current year movement not recognised	Total tax benefit derecognised at 30 June 2023
Property, plant and equipment	-	(392,898)	392,898	-	(4,570,184)	(392,898)	(4,963,082)
Trade and other Inventories	-	(2,665)	2,665	-	21,463	(2,665)	18,798
Provisions	-	117,641	(117,641)	-	(117,641)	117,641	-
Leases	-	38,404	(38,404)	-	236,976	38,404	275,380
Other	-	2,768	(2,768)	-	6,169	2,768	8,937
	-	2,244	(2,244)	-	5,767	2,244	8,011
Tax loss carry-	-	6,906,579	(6,906,579)	-	88,145,830	6,906,579	95,052,409
	-	6,672,073	(6,672,073)	-	83,728,380	6,672,073	90,400,453

	Balance 1 July 2021	Recognised in profit or loss	Tax benefit derecognised	Balance 30 June 2022	Opening balance not recognised 1 July 2021	Current year movement not recognised	Total tax benefit derecognised at 30 June 2022
Property, plant and equipment	-	1,220,563	(1,220,563)	-	(5,790,747)	1,220,563	(4,570,184)
Trade and other Inventories	-	(9,656)	9,656	-	31,119	(9,656)	21,463
Provisions	-	40,255	(40,255)	-	(157,896)	40,255	(117,641)
Lease liabilities	-	62,407	(62,407)	-	174,569	62,407	236,976
Other	-	823	(823)	-	5,346	823	6,169
	-	(132,502)	132,502	-	138,269	(132,502)	5,767
Tax loss carry-	-	7,870,191	(7,870,191)	-	80,275,639	7,870,191	88,145,830
	-	9,052,081	(9,052,081)	-	74,676,299	9,052,081	83,728,380

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

B5 Taxation continued

Recognition and measurement

(i) Current and deferred tax

The Company is subject to the National Tax Equivalent Regime, which is broadly based on the provisions of the *Income Tax Assessment Act (1997)*.

Income tax expense comprises current and deferred tax. Current and deferred income tax is recognised in Profit or Loss, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(ii) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities recoverable from, or payable to, the ATO are classified as operating cash flows.

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

B6 Property, plant and equipment

	Note	Land and buildings	Dams	Water infrastructure	Other equipment	Capital work in progress	Total
Gross carrying amount							
Balance at 1 July 2021		3,400,724	108,254,126	306,467,956	3,089,102	24,305,447	445,517,357
Additions	B6(a)	-	28,865	311,321	494,843	9,643,897	10,478,926
Disposals		(25,684)	-	-	(303,575)	-	(329,259)
Write-off		-	-	-	-	(502,381)	(502,381)
Transfers		-	-	15,586,234	-	(15,586,234)	-
Balance at 30 June 2022		3,375,040	108,282,991	322,365,511	3,280,370	17,860,729	455,164,641
Balance at 1 July 2022		3,375,040	108,282,991	322,365,511	3,280,370	17,860,729	455,164,641
Additions	B6(a)	226,175	109,124	1,031,787	47,578	49,329,364	50,744,028
Disposals		(9,177)	-	-	(666,856)	-	(676,033)
Transfers		-	-	5,181,488	-	(5,181,488)	-
Balance at 30 June 2023		3,592,038	108,392,115	328,578,786	2,661,092	62,008,605	505,232,636
Depreciation and impairment losses							
Balance at 1 July 2021		(2,691,384)	(106,346,434)	(300,481,338)	(1,808,686)	-	(411,327,842)
Depreciation for the year (i)		(164,332)	(3,532)	(46,437)	(444,990)	-	(659,291)
Impairment loss (ii)	B6(b)	(46,177)	(917,669)	(13,641,330)	-	-	(14,605,176)
Disposals		-	-	-	297,613	-	297,613
Balance at 30 June 2022		(2,901,893)	(107,267,635)	(314,169,105)	(1,956,063)	-	(426,294,696)
Balance at 1 July 2022		(2,901,893)	(107,267,635)	(314,169,105)	(1,956,063)	-	(426,294,696)
Depreciation for the year (i)		(164,197)	(2,971)	(105,905)	(454,128)	-	(727,201)
Impairment loss (ii)	B6(b)	(226,517)	(437,230)	(6,449,152)	-	(40,902,181)	(48,015,080)
Disposals		7,984	-	-	619,456	-	627,440
Balance at 30 June 2023		(3,284,623)	(107,707,836)	(320,724,162)	(1,790,735)	(40,902,181)	(474,409,537)
Carrying amounts							
at 1 July 2021		709,340	1,907,692	5,986,619	1,280,416	24,305,447	34,189,515
at 30 June 2022		473,147	1,015,356	8,196,406	1,324,307	17,860,729	28,869,945
at 30 June 2023		307,415	684,279	7,854,624	870,357	21,106,424	30,823,099

(i) Total depreciation expense is \$727,201 (2022: \$659,291), of which \$36,187 (2022: \$49,888) is allocated to “pre-feasibility and feasibility costs” and “capital work in progress”, leaving net depreciation of \$691,014 (2022: \$605,403) as disclosed in the Statement of Profit or Loss and Other Comprehensive Income.

(ii) The impairment loss consists of:

	Note	2023	2022
Impairment losses		(48,256,610)	(18,496,714)
Impairment reversals		241,530	3,891,538
Impairment loss in Statement of Profit or Loss and Other Comprehensive Income		(48,015,080)	(14,605,176)

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

B6 Property, plant and equipment continued

The impairment reversals arise due to changes in the estimated future cash flows – see note B6 (b) for a description of assumptions and basis of calculations.

(a) Additions

The additions to property, plant and equipment relate to the following schemes:

	2023	2022
Cressy Longford Irrigation Scheme	-	219,060
Don Irrigation Scheme	37,861,788	3,948,710
Fingal Irrigation Scheme	-	91,452
Kindred North Motton Irrigation Scheme	721,952	-
Lake Leake Project	1,995,345	-
Meander Valley Irrigation Scheme	3,951,508	494,594
Midlands Water Scheme	86,982	-
North Esk Irrigation Scheme	208,304	-
Northern Midlands Irrigation Scheme	1,457,400	2,130,309
Sassafras Irrigation Scheme	1,293,614	-
Scottsdale Irrigation Scheme	55,437	443,241
South East Irrigation Scheme	1,248,864	2,016,130
Whitemore Irrigation Scheme	60,870	-
Other	1,801,964	1,135,430
	50,744,028	10,478,926

(b) Impairment loss

Recognition and measurement – impairment

The carrying amounts of the Company's property, plant and equipment assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value with the following key assumptions:

- The amount and timing of unsold water entitlements, as well as ongoing costs and results of operations. Currently, pricing of ongoing annual operating water charges is based on a cost recovery model and as a result the Company is not forecasting any future cash inflows from operations;
- Projected electricity generation and Renewable Energy Certificate revenue; and
- A pre-tax discount rate of seven per cent that reflects current market assessments of the time value of money and the risks specific to the asset. This discount rate is based on the current recommended Infrastructure Australia discount rate for assets of this nature.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. During the year ended 30 June 2023, a net impairment expense of \$48,015,080 (2022: \$14,605,176) has been recognised in the Statement of Profit or Loss and Other Comprehensive Income. The majority of this expense relates to the impairment of the capital work in progress of the Don Irrigation Scheme.

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

B6 Property, plant and equipment continued

(b) Impairment loss continued

Water infrastructure development is funded by a combination of Government capital contributions and the sale of water entitlements to the public. From time to time, funding is also sourced from operational cash flows and borrowings. The accounting treatment for the primary sources of funding differ in that:

- Government capital contributions for the construction of the schemes are recognised directly in equity (note E3); and
- Sale of water entitlements is recognised as revenue in the Statement of Profit or Loss and Other Comprehensive Income (note B2).

Accumulated impairment losses

The impairment loss for each scheme commissioned to date, allocated between Government contributions and other funding sources, is as follows:

	30 June 2023			30 June 2022		
	Government contributions	Other funding sources	Total	Government contributions	Other funding sources	Total
Dial Blythe Irrigation Scheme	11,061,295	2,673,507	13,734,802	11,061,295	2,673,507	13,734,802
Duck Irrigation Scheme	15,746,466	14,120,758	29,867,224	15,746,466	14,021,830	29,768,296
Great Forester Irrigation Scheme	2,124,000	4,323,035	6,447,035	2,124,000	4,323,035	6,447,035
Kindred North Motton Irrigation Scheme	7,606,673	3,633,907	11,240,580	7,606,673	2,923,250	10,529,923
Lower South Esk Irrigation Scheme	8,814,272	5,700,112	14,514,384	8,814,272	5,700,112	14,514,384
Meander Valley Irrigation Scheme*	-	16,818,153	16,818,153	-	16,776,312	16,776,312
Midlands Water Scheme	65,487,723	32,392,603	97,880,326	65,487,723	32,488,729	97,886,452
North Esk Irrigation Scheme	14,949,637	12,291,508	27,241,145	14,949,637	12,083,204	27,032,841
Sassafras Wesley Vale Irrigation Scheme	6,114,000	5,904,400	12,018,400	6,114,000	5,873,184	11,987,184
Scottsdale Irrigation Scheme	2,200,000	56,267,358	58,467,358	2,200,000	54,984,309	57,184,309
South East Interim Solution	1,200,000	7,218,249	8,418,249	-	4,112,912	4,112,912
South East Irrigation Scheme (Stage 1 and 2)*	-	578,025	578,025	-	578,025	578,025
South East Irrigation Scheme (Stage 3)	25,417,508	5,545,294	30,962,802	25,417,508	5,436,170	30,853,678
Southern Highlands Irrigation Scheme	22,906,229	6,753,687	29,659,916	22,906,229	6,758,231	29,664,460
Swan Valley Irrigation Scheme	15,580,000	3,132,723	18,712,723	15,580,000	3,132,723	18,712,723
Togari, Montagu and Riley's Creek Schemes*	-	561,403	561,403	-	561,403	561,403
Upper Ringarooma Irrigation Scheme	21,166,960	5,138,896	26,305,856	21,166,960	5,165,428	26,332,388
Whitemore Irrigation Scheme	5,050,000	6,963,048	12,013,048	5,050,000	6,511,402	11,561,402
Winnaleah Irrigation Scheme	6,491,624	4,364,937	10,856,561	6,491,624	4,364,937	10,856,561
Augmentation	231,916,387	194,381,603	426,297,990	230,716,387	188,468,703	419,185,090

* Funded by Government prior to acquisition by the Company

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

B6 Property, plant and equipment continued

(b) Impairment loss continued

Following the recognition of impairment losses, the carrying values of these schemes included in property, plant and equipment, representing unsold water entitlements and the written down value of ancillary items, are as follows:

	2023	2022
Duck Irrigation Scheme	38,692	137,619
Kindred North Motton Irrigation Scheme	338,381	332,933
Midlands Water Scheme	3,046,984	2,867,451
Scottsdale Irrigation Scheme	1,593,950	2,822,502
Southern Highlands Irrigation Scheme	79,993	76,513
Swan Valley Irrigation Scheme	14,019	14,019
Upper Ringarooma Irrigation Scheme	436,184	415,363
Whitemore Irrigation Scheme	491,517	-
	6,039,720	6,666,400

Recognition and measurement – property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- The cost of materials and direct labour; and
- Any other costs directly attributable to bringing the assets to a working condition for their intended use.

Assets are only recognised when they have a cost (or fair value) greater than \$20,000 and a useful life in excess of one year or where, when grouped together with a number of other similar items with individual values below the capitalisation threshold, they represent a value that is a significant proportion of the total value of the Company's assets.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gains or losses on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in Profit or Loss.

Land held for use in the production or supply of goods or services is carried in the balance sheet at cost less any subsequent accumulated impairment losses.

Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

B6 Property, plant and equipment continued

Recognition and measurement continued

Depreciation

Items of property, plant and equipment, whether owned or right of use assets, are depreciated on a straight-line basis in Profit or Loss over the estimated useful lives of each component. Land is not depreciated.

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

- Dams and pipelines 100 years
- Drains 50 years
- Plant and equipment 5 - 20 years
- Pump stations 25 years
- Meters and pumps 25 years
- Vehicles 5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

Section C – Operating assets and liabilities

This section provides information relating to the operating assets and liabilities of the Company.

C1. Cash and cash equivalents	C5. Payables
C2. Receivables	C6. Deferred grant income
C3. Contract asset	C7. Contract liability
C4. Inventories	

C1 Cash and cash equivalents

	2023	2022
Bank balances	12,113,799	32,345,657
Short-term investments at call with Tascorp	710,658	642,554
Cash and cash equivalents in the Statement of Cash Flows	12,824,457	32,988,211

(i) Recognition and measurement

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Company in the management of its short-term commitments. The Company's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note E4.

(ii) Reconciliation of profit / (loss) for the period and net cash used in operating activities

The reconciliation of the profit / (loss) for the period and net cash used in operating activities is as follows:

	2023	2022
Cash flows from operating activities		
Profit / (loss) for the period	(44,940,696)	(18,141,679)
Adjustments for:		
Depreciation and amortisation	727,201	659,291
Impairment of current assets	(40,761)	(49,629)
Impairment of non-current assets	48,015,080	14,605,176
Write-off of capital work-in-progress	-	502,381
Write-off of construction project inventory	545,906	-
Write-off of loans receivable	426,348	-
Sales of water entitlements recognised as investing activities	(3,862,136)	(6,543,565)
(Gain) / loss on sale of non-current assets	(20,706)	(128,564)
	850,236	(9,096,589)
Change in trade and other receivables	(1,073,056)	981,019
Change in prepayments	(232,490)	10,838
Change in inventories	(214,065)	48,176
Change in contract assets	(3,592,251)	-
Change in trade and other payables	370,782	(774,074)
Change in provisions and employee benefits	157,245	205,284
Change in deferred grant income	(88,083)	538,193
Change in contract liability	2,682,453	2,288,339
Net cash provided by / (used in) operating activities	(1,139,229)	(5,798,814)

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

C1 Cash and cash equivalents continued

(iii) Restricted cash balances

	2023	2022
Cash balances included in this total which are restricted for use in:		
Capital construction projects	-	5,363,051
Asset Renewal Levy expenditure *	9,564,722	8,432,945
	9,564,722	13,795,996

** Funds collected are quarantined in separate bank accounts and are expressly identified as belonging to a particular scheme*

(iv) Reconciliation of liabilities arising from financing activities

Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Statement of Cash Flows as cash flows from financing activities.

	2023	2022
Balance at 1 July	39,290,752	33,183,838
Additional lease liabilities recognised in year	17,871	205,982
Changes from financing cash flows:		
Cash received from loans	14,978,884	11,933,832
Cash repayments of loans	(21,466,760)	(5,854,643)
Cash repayments of lease liabilities	(222,943)	(178,257)
Balance at 30 June	32,597,804	39,290,752

C2 Receivables

	2023	2022
Trade receivables (i)	1,500,102	1,092,540
Impairment of trade receivables (ii)	(75,191)	(85,853)
Goods and Services Tax receivable	679,850	278,832
Accrued income	1,220,134	925,559
	3,324,895	2,211,078

(i) Trade receivables

Trade receivables are made up of annual charges relating to the operations of irrigation schemes, as well as water entitlement sales.

Trade receivables are initially recognised when they are originated and measured using the amortised cost approach, as represented by the transaction price.

Trade receivables are subsequently measured at amortised cost, reduced by impairment losses.

Any gain or loss on derecognition is recognised in Profit or Loss.

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

C2 Receivables continued

(ii) Impairment of financial assets

	2023	2022
Movement in the allowance for impairment		
Balance at the beginning of the year	(85,853)	(124,476)
Reassessment of impairment losses on receivables	40,761	38,428
Recovery of previously written-off debtors	(32,400)	-
Impaired receivables written-off during year	2,301	195
Balance at the end of the year	(75,191)	(85,853)

The Company recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost. The Company measures loss allowances at an amount equal to lifetime ECLs. The Company assumes that the credit risk of a financial asset has increased significantly since initial recognition after the consideration of reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The credit risk on a financial asset is assumed to have increased significantly if it is more than 90 days past due. A financial asset is considered to be in default when the financial asset is more than 180 days past due, and there is no recourse available (eg. security held) to the Company.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between the cash flows due to the Company, and the cash flows it expects to receive.

At each reporting date, the Company assesses whether financial assets carried at amortised costs are credit impaired. Evidence that a financial asset is credit impaired includes significant financial difficulty of the borrower or breach of contract, such as default or being more than 180 days past due.

Expected Credit Loss (ECLs) assessment

The Company uses an allowance matrix to measure the ECLs of trade receivables, which comprise a large number of smaller balances. Loss rates are calculated using a "roll rate" method based on the probability of a receivable progressing through successive stages of delinquency to write-off.

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows to another party.

C3 Contract asset

	2023	2022
Accrued grant income	3,592,291	-

Recognition and measurement

The Company recognises accrued grant income when there is reasonable assurance that it will comply with the conditions relating to the grant, and the grant will be received. The increase in contract asset recognises that the timing of incurring grant-related expenditure does not match the receipt of the grant income.

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

C4 Inventories

	2023	2022
Water stock on hand:		
South Riana Dam (Dial Blythe Irrigation Scheme)	5,778	8,836
Milford Dam (Lower South Esk Irrigation Scheme)	77,640	99,504
Daisy Banks Dam (South East Irrigation Scheme Stage Two)	27,325	37,344
Rekuna Dam (South East Irrigation Scheme Stage Three)	33,407	19,450
Dunns Creek Dam (Upper Ringarooma Irrigation Scheme)	9,868	14,042
Southernfield Dam (Southern Highlands Irrigation Scheme)	118,403	128,170
Rocklands Dam (North Esk Irrigation Scheme)	80,348	83,959
Melrose Dam (Swan Valley Irrigation Scheme)	60,930	55,457
Mill Creek Dam (Duck Irrigation Scheme)	82,395	23,802
Total water stock on hand	496,094	470,564
Construction project inventory	368,176	725,546
Total inventory	864,270	1,196,110

Recognition and measurement

Inventories are measured at the lower of cost and net realisable value. The cost of water stock is based on the costs of acquiring and storing water prior to distribution. The cost of water construction project inventory is based on original invoice value.

C5 Payables

	2023	2022
Trade payables	496,377	2,177,242
Accrued expenses	5,833,240	2,889,247
Interest payable	332,082	168,413
	6,661,699	5,234,902

Recognition, measurement and derecognition

The Company's financial liabilities comprise trade payables (above) and loan and borrowings (note E1). They are classified as measured at amortised cost. Subsequent measurement is at amortised costs using the effective interest method.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. On derecognition, the difference between the carrying amount and the consideration paid is recognised in Profit or Loss.

C6 Deferred grant income

	2023	2022
Current		
Net interest cover	88,079	225,529
Operational grants	9,067	9,067
	97,146	234,596
Non-current		
Net interest cover	3,618,462	3,569,097

Net interest cover is Government grants provided to cover the cost of funding the construction of certain schemes until all water entitlement sales have been received by the Company.

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

C7 Contract liability

	2023	2022
Current		
Water entitlement deposits	4,832,570	3,247,549
Asset Renewal Levies	1,530,489	975,887
Asset Renewal Levies – self managed	166,500	245,900
	6,529,559	4,469,336
Non-current		
Asset Renewal Levies	6,221,671	5,832,918
Asset Renewal Levies – self managed	1,660,620	1,427,141
	7,882,291	7,260,059

(i) Recognition and measurement

Water entitlement deposits

Deposits received from irrigators under purchase contracts for water entitlements are held until the scheme has been commissioned. For those schemes that have not satisfied the conditions precedent in the water entitlement contracts, interest earned on the deposits is also included in the amount reported.

Asset Renewal Levies

Refer to note B2.

(ii) Revenue recognised from contract liabilities

	2023	2022
Revenue recognised in the year from contract liabilities balance at the beginning of the period:		
Water entitlement sales	1,148,290	4,231,602
Asset Renewal Levies	1,109,812	937,886
	2,258,102	5,169,488

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

C7 Contract liability continued

(iii) Asset Renewal Levies – by scheme

The movement in the contract liability for the Asset Renewal Levy during the year is as follows:

30 June 2023	Opening balance	Received or receivable	Recognised as revenue	Movement	Closing balance
Cressy Longford Irrigation Scheme	642,554	68,104	-	68,104	710,658
Dial Blythe Irrigation Scheme	395,747	12,646	(18,285)	(5,639)	390,107
Duck Irrigation Scheme	290,785	124,303	(40,960)	83,344	374,129
Great Forester Irrigation Scheme	71,980	7,495	(1,250)	6,245	78,225
Kindred North Motton Irrigation Scheme	22,025	72,277	(52,230)	20,047	42,072
Lower South Esk Irrigation Scheme	203,322	51,999	(5,371)	46,628	249,950
Meander Valley Irrigation Scheme	1,724	239,837	(158,928)	80,909	82,633
Midlands Water Scheme	1,898,137	480,930	(238,551)	242,379	2,140,515
North Esk Irrigation Scheme	313,011	87,120	(35,321)	51,799	364,811
Sassafras Wesley Vale Irrigation Scheme	348,715	69,801	(61,897)	7,904	356,619
Scottsdale Irrigation Scheme	214,649	149,328	(6,362)	142,966	357,615
South East Irrigation Scheme (Stages 1-2)	280,860	59,032	(172,183)	(113,151)	167,710
South East Irrigation Scheme (Stage 3)	772,665	165,693	(53,769)	111,924	884,589
Southern Highlands Irrigation Scheme	711,046	177,027	(85,227)	91,800	802,846
Swan Valley Irrigation Scheme	274,419	113,628	(8,310)	105,318	379,736
Upper Ringarooma Irrigation Scheme	640,083	131,009	(45,633)	85,375	725,458
Whitemore Irrigation Scheme	369,640	78,319	(92,812)	(14,493)	355,147
Winnaleah Irrigation Scheme	1,030,484	118,699	(32,724)	85,975	1,116,461
	8,481,846	2,207,246	(1,109,812)	1,097,433	9,579,280

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

C7 Contract liability continued

(iii) Asset Renewal Levies – by scheme continued

30 June 2022	Opening balance	Received or receivable	Recognised as revenue	Movement	Closing balance
Cressy Longford Irrigation Scheme	641,499	1,055	-	1,055	642,554
Dial Blythe Irrigation Scheme	398,770	86,769	(89,792)	(3,023)	395,747
Duck Irrigation Scheme	198,226	110,059	(17,500)	92,559	290,785
Great Forester Irrigation Scheme	69,653	5,202	(2,875)	2,327	71,980
Kindred North Motton Irrigation Scheme	20,741	62,389	(61,105)	1,284	22,025
Lower South Esk Irrigation Scheme	282,690	40,844	(120,212)	(79,368)	203,322
Meander Valley Irrigation Scheme	35,818	116,213	(150,307)	(34,094)	1,724
Midlands Water Scheme	1,697,724	422,929	(222,516)	200,413	1,898,137
North Esk Irrigation Scheme	211,698	103,961	(2,648)	101,313	313,011
Sassafras Wesley Vale Irrigation Scheme	421,055	59,645	(131,985)	(72,340)	348,715
Scottsdale Irrigation Scheme	90,020	126,338	(1,709)	124,629	214,649
South East Irrigation Scheme (Stages 1-2)	256,332	48,802	(24,274)	24,528	280,860
South East Irrigation Scheme (Stage 3)	655,166	139,944	(22,445)	117,499	772,665
Southern Highlands Irrigation Scheme	575,251	152,091	(16,296)	135,795	711,046
Swan Valley Irrigation Scheme	196,004	101,277	(22,862)	78,415	274,419
Upper Ringarooma Irrigation Scheme	551,601	107,131	(18,649)	88,482	640,083
Whitemore Irrigation Scheme	333,786	58,551	(22,697)	35,854	369,640
Winnaleah Irrigation Scheme	899,142	141,356	(10,014)	131,342	1,030,484
	7,535,176	1,884,556	(937,886)	946,670	8,481,846

(iv) Asset Renewal Levies – componential breakdown

	2023	2022
Cash held - scheme accounts	9,564,722	8,432,945
Outstanding debtors	14,558	48,901
	9,579,280	8,481,846

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

Section D – Employee benefits

This section provides details on employee benefits and the remuneration arrangements for key management personnel.

D1. Employee benefits

D2. Key management personnel

D1 Employee benefits

	2023	2022
Current liabilities— employee benefits	893,449	808,104
Non-current liabilities— employee benefits	271,237	199,336

Recognition and measurement

Annual and long service leave

The Company's net obligation in respect of annual leave and long service leave benefits are the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs. For amounts eligible to be taken within 12 months, these are measured at amounts that are expected to be paid, with the remaining amounts discounted to determine their present value.

D2 Key management personnel

Key Management Personnel compensation

The aggregate compensation to key management personnel of the Company is set out below:

	Director Remuneration		Executive Remuneration		Consolidated	
	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$
Short-term employee benefits	249,942	251,738	883,782	1,320,427	1,133,724	1,572,165
Post-employment benefits	26,262	25,184	91,596	125,922	117,858	151,106
Long-term employee benefits	-	-	21,411	7,757	21,411	7,757
Termination benefits	-	-	9,954	99,071	9,954	99,071
	276,204	276,922	1,006,743	1,553,177	1,282,947	1,830,099

For Director remuneration, short-term employment benefits includes Director fees, Committee fees and other benefits. Post-employment benefits represent superannuation contributions.

For Executive remuneration, short-term employment benefits include any salary, short-term incentive payments, other monetary benefits, vehicle benefits and other non-monetary benefits.

Post-employment benefits represent superannuation contributions and long-term employee benefits, including leave movements. Termination benefits are provided for as below.

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

D2 Key management personnel continued

Remuneration for the Board of Directors

The following tables disclose the remuneration details for each person that acted as a Director during the current and previous financial year:

Director Remuneration for Year ended 30 June 2023 ¹

Name	Position	Period	Director's Fees (\$)	Committee Fees (\$)	Other Benefits (\$)	Superannuation ² (\$)	Total
Non-Executive Directors							
Ms Samantha Hogg	Chair	To: 16 December 2022	35,030	-	-	3,684	38,714
Ms Laura McBain	Director	Full year	41,458	-	-	4,356	45,814
Ms Judith Lyne	Director	Full year	41,458	-	-	4,356	45,814
Ms Kate Vinot	Chair	From: 16 December 2022	40,820	-	-	4,286	45,106
Mr Hugh McKenzie	Director	From: 16 December 2022	22,397	-	-	2,352	24,749
Dr John Whittington	Director	To: 28 February 2023	27,321	-	-	2,872	30,193
Ms Abigail Foley	Director	Full year	41,458	-	-	4,356	45,814
Total			249,942	-	-	26,262	276,204

See over for key to footnotes

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

D2 Key management personnel continued

*Director Remuneration for Year ended 30 June 2022*¹

Name	Position	Period	Director's Fees (\$)	Committee Fees (\$)	Other Benefits (\$)	Superannuation ² (\$)	Total
Non-Executive Directors							
Ms Samantha Hogg	Chair	Full year	75,560	-	-	7,560	83,120
Mr Guy Kingwill	Director	To: 30 November 2021	17,313	-	-	1,734	19,047
Ms Laura McBain	Director	From: 2 August 2021	37,963	-	-	3,796	41,759
Ms Judith Lyne	Director	From: 2 August 2021	37,963	-	-	3,796	41,759
Mr Tim Baker	Director - Crown Servant ³	From: 4 October 2021 to 28 January 2022	-	-	-	-	-
Dr John Whittington	Director	Full year	41,458	-	-	4,148	45,606
Ms Abigail Foley	Director	Full year	41,481	-	-	4,150	45,631
Total			251,738	-	-	25,184	276,922

Board remuneration notes and statements

¹ Amounts are all forms of consideration paid, payable or provided by the entity, ie. disclosure is made on an accruals basis as at 30 June.

² Superannuation means the contribution to the superannuation fund of the individual, including accrued superannuation.

³ As a Crown Servant, Timothy Baker was not directly remunerated for his role on the Board.

D2 Key management personnel continued**Executive Remuneration**

The following tables disclose the remuneration details for each relevant senior executive during the current and previous financial year:

Executive Remuneration for Year ended 30 June 2023 (see over for key to footnotes)

Name	Position	Period	Salary ¹ (\$)	Short Term Incentive payments ² (\$)	Other Monetary Benefits ³ (\$)	Vehicle Benefits ⁴ (\$)	Other Non Monetary Benefits ⁵ (\$)	Super-annuation ⁶ (\$)	Reported Remuneration ⁷ (\$)	Other Long Term Benefits ⁸ (\$)	Termination Benefits ⁹ (\$)	Total (\$)
Mr Andrew Kneebone	Chief Executive Officer	Full year	313,203	-	-	22,402	528	35,132	371,265	13,879	-	385,144
Mr James Hipwood	Chief Financial Officer and Company Secretary	Full year	182,134	-	-	-	528	19,138	201,800	9,287	-	211,087
Mr David Skipper	Chief Operating Officer	Full year	231,741	-	-	-	528	24,208	256,477	14,068	-	270,545
Ms Sophie Grace	General Manager Environment, Health & Safety	From: 13 March 2023	52,906	-	-	-	158	5,555	58,619	5,586	-	64,205
Mr Steven Powell	General Manager Environment, Health and Safety	To: 28 September 2022	37,862	-	-	7,610	129	3,987	49,588	(21,409)	9,954	38,133
Sub-total			817,846	-	-	30,012	1,871	88,020	937,749	21,411	9,954	969,113
Acting arrangements	Acting Chief Executive Officer	7 April 2023 to 13 May 2023	34,054	-	-	-	-	3,576	37,630	-	-	37,630
Sub-total			34,054	-	-	-	-	3,576	37,630	-	-	37,630
Total			851,900	-	-	30,012	-	91,596	975,378	21,411	9,954	1,006,743

D2 Key management personnel continued

Executive Remuneration for Year ended 30 June 2022 (see over for key to footnotes)

Name	Position	Period	Salary ¹ (\$)	Short Term Incentive payments ² (\$)	Other Monetary Benefits ³ (\$)	Vehicle Benefits ⁴ (\$)	Other Non Monetary Benefits ⁵ (\$)	Super-annuation ⁶ (\$)	Reported Remuneration ⁷ (\$)	Other Long Term Benefits ⁸ (\$)	Termination Benefits ⁹ (\$)	Total (\$)
Mr Andrew Kneebone	Chief Executive Officer	Full year	297,340	-	-	22,402	638	20,005	350,385	(13,925)	-	336,460
Mr James Hipwood	Chief Financial Officer	Full year	188,690	-	-	-	638	18,879	208,207	21,584	-	229,791
Mr Eric Shegog	General Manager Program Development and Delivery	From: 13 September 2021 to 3 June 2022	146,153	-	-	2,983	461	14,615	164,212	-	74,063	238,275
Mr Steven Maycock	Company Secretary and General Counsel	To: 21 February 2022	104,200	-	-	-	425	10,429	115,054	(11,636)	5,248	108,666
Mr Paul Davis	General Manager Technical Support Services	To: 26 June 2022	174,827	-	-	13,684	631	17,493	206,635	(10,108)	19,760	216,287
Mr David Skipper	General Manager Water Delivery	Full year	196,355	-	-	5,892	638	19,646	222,531	10,294	-	232,825
Mr Steven Powell	General Manager Environment, Health and	Full year	148,469	-	-	15,362	638	14,855	179,324	11,548	-	190,872
Total			1,256,034	-	-	60,323	4,070	125,922	1,446,349	7,757	99,071	1,553,177

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

D2 Key management personnel continued

Executive remuneration notes and statements

Amounts are all forms of consideration paid, payable or provided by the entity, ie. disclosure is made on an accruals basis and includes all accrued benefits at 30 June.

- ¹ *Salary includes all forms of consideration paid and payable for services rendered and compensated absences during the period.*
- ² *Short-term incentive payments are non-recurrent payments paid or payable which depend on achieving specified performance goals within specified timeframes. The Company does not have a short-term incentive scheme for any of its employees and therefore did not pay any incentives during the financial year.*
- ³ *Other monetary benefits include all other forms of employment allowances (excludes reimbursements such as travel, accommodation or meals), payments in lieu of leave, and any other compensation paid and payable to the Executive, either directly or indirectly. None are paid by the Company.*
- ⁴ *Vehicle benefits include the personal use component of the total cost of providing and maintaining a vehicle for an Executive's use, including registration, insurance, fuel and other consumables, maintenance cost and parking (ie. the notional value of parking provided at premises that are owned or leased) and the reportable fringe benefits amount referable to a vehicle.*
- ⁵ *Other non-monetary benefits include all other benefits not included in the total remuneration package for the purpose of assessing compliance with the remuneration guideline, including medical care, housing, free or subsidised goods or services and reportable fringe benefits. Only car parking benefits are paid by the Company.*
- ⁶ *Superannuation means the contribution to the superannuation fund of the individual. All individuals are in accumulation funds and the contribution is measured as the amount of superannuation contributions paid and accrued.*
- ⁷ *Reported remuneration includes the individual's salary, short term incentive payments, other monetary benefits, vehicle benefits, other non-monetary benefits and superannuation. For the purposes of assessing compliance with the guidelines, other long-term employee benefits and termination benefits are not included in the reported remuneration amount.*
- ⁸ *Other long-term benefits include movements in annual leave accruals and long service leave provisions.*
- ⁹ *Termination benefits include all forms of benefit paid or accrued as a consequence of termination, including leave entitlements paid out on termination.*

Tasmanian Irrigation has complied with the *Guidelines for Tasmanian Government Businesses — Director and Executive Remuneration* for the year ended 30 June 2023.

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

D2 Key management personnel continued

Remuneration policies

Non-Executive Directors

Non-Executive Directors are appointed by the Treasurer and Portfolio Minister. Each instrument of appointment is for a maximum period of three years and prescribes the relevant remuneration provisions. Directors can be re-appointed in accordance with the relevant *Guidelines for Tasmanian Government Business – Board Appointments*. The level of fees paid to Non-Executive Directors is administered by the Department of Premier and Cabinet, as is additional fees paid in respect of their work on Board Committees.

Superannuation is paid at the appropriate rate as prescribed by superannuation guarantee legislation. No other leave, termination or retirement benefits are accrued or paid to Directors. Directors are entitled to reimbursement of expenses reasonably incurred while attending to Board business.

Non-Executive Directors' remuneration is reviewed periodically with increases subject to approval by the Treasurer and Portfolio Minister.

Executive remuneration

Remuneration levels for key management personnel are set in accordance with the Director and Executive Remuneration Guidelines. Under these guidelines, remuneration bands for Chief Executive Officers (CEOs) reflect the principles outlined in the guidelines, and broadly align with State Service Heads of Agency. Positioning within the bands depends on the complexity and size of the business and the environment in which the business operates. Remuneration for other senior executives is set with reference to the CEO's salary.

The CEO is appointed by the Board. The CEO's remuneration package must not exceed the maximum of the CEO remuneration band approved by the Treasurer.

The employment terms and conditions of each senior executive are contained in individual employment contracts, which prescribe total remuneration, superannuation, annual and long service leave, vehicle and salary sacrifice provisions. In addition, the Company also provides non-monetary benefits and contributes to post-employment superannuation plans on their behalf.

The performance of each senior executive, including the CEO, is reviewed annually, which includes a review of their remuneration package. The terms of employment of each senior executive, including the CEO, contain a termination clause that requires the senior executive or the Board to provide a minimum notice period of up to six months prior to termination of the contract. Whilst not automatic, the contract can be extended.

No key management personnel appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

Short term incentive payments

The Company does not have any short term incentive schemes for any of its Board or employees.

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

D2 Key management personnel continued

Termination benefits

During the current year:

- Mr Steve Powell ceased employment effective 28 September 2022 and was paid \$9,954, representing the balance of his accrued annual leave entitlements.

During the prior year:

- Mr Steven Maycock ceased employment effective 21 February 2022 and was paid \$5,248 representing the balance of his accrued annual leave entitlements;
- Mr Eric Shegog ceased employment effective 3 June 2022 and was paid \$74,063 representing the balance of his accrued annual leave (\$7,396), plus four months salary in lieu of notice (\$66,666); and
- Mr Paul Davis ceased employment effective 26 June 2022 and was paid \$19,760 representing the balance of his accrued annual leave entitlements (\$6,154), plus four weeks salary in lieu of notice (\$13,606).

Acting Arrangements

When key management personnel are unable to fulfill their duties, consideration is given to appointing other members of senior staff to their position during their period of absence. Individuals are considered members of key management personnel when acting arrangements are for more than a period of one month.

During the current financial year, Mr James Hipwood was appointed Acting Chief Executive Officer whilst Mr Andrew Kneebone was on extended annual leave.

During the previous financial year, no senior staff acted as key management personnel.

Related Party Transactions

For all Tasmanian Government businesses, related parties are considered to include:

- A subsidiary or joint venture;
- Key management personnel or close family members of key management personnel;
- Ministers or close family members of Ministers;
- Any entities controlled or jointly controlled by key management personnel or their close family members; and
- Any entities controlled or jointly controlled by Ministers or their close family members.

All related party transactions have been entered into on an arm's length basis.

During the year, no Directors acquired and received irrigation water from the Company in the ordinary course of business. During the year, Premier Jeremy Rockliff paid \$9,965 (2022: \$8,349) for the supply of irrigation water and no further deposits for irrigation on the Sassafras Wesley Vale Augmentation (2022: \$2,090) of which \$5,591 was paid in the financial year and the remaining \$4,373 paid in July 2023.

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

Section E – Capital structuring and financing

This section provides information relating to the Company's capital structure and its exposure to financial risk, how they affect the Company's financial position and how the risks are managed.

- | | |
|--------------------------|---------------------------------|
| E1. Loans and borrowings | E4. Capital and risk management |
| E2. Finance costs | E5. Leases |
| E3. Issued capital | |

E1 Loans and borrowings

	2023	2022
Current liabilities		
Secured loans – TasCorp	23,004,196	33,641,832
Non-current liabilities		
Secured loans – TasCorp	9,149,760	5,000,000

(i) Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

	Nominal interest rate	Year of maturity	30 June 2023		30 June 2022	
			Fair value	Carrying amount	Fair value	Carrying amount
Secured loans – TasCorp	1.07% -	2024 -	32,137,038	32,153,956	38,386,460	38,641,832

In July 2023, the Treasurer wrote to the Company and confirmed that the Government continues to support the Company's activities and for the foreseeable future, the Government expects the Company to continue operating as a State-Owned Company and to perform its functions as specified in the *Irrigation Company Act 2011*.

The TasCorp borrowings are also secured by a Letter of Comfort from the Treasurer issued on 16 February 2015. The explicit support by the Treasurer for the TasCorp borrowings of the Company up to \$68,200,000 remains in place, with \$32,153,956 borrowed (2022: \$38,386,460).

Information about the Company's exposure to interest rate and liquidity risk is included in note E4.

The Company has a credit card facility of \$280,000 (2022: \$280,000), which is repaid monthly. The company also has a Bank Guarantee facility of \$310,000 (2022: \$310,000) of which none was utilised in the current or prior financial year.

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

E2 Finance costs

	2023	2022
Finance costs		
Interest on financial liabilities measured at amortised cost	652,745	944,875
Interest on lease liabilities	12,265	11,215
Guarantee fee	190,500	265,088
Collection costs	193	80
	855,703	1,221,258

Recognition and measurement

Finance costs include interest expense and fees on borrowings and debtor collection fees. Interest expense is recognised using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to the amortised cost of the financial liability.

E3 Issued capital

	2023	2022
Share capital – ordinary shares on issue at 1 July and 30 June (1)	2	2
Equity contributions at 1 July	324,575,775	312,629,791
Government contributions (2)	33,425,000	11,945,984
Equity contributions at 30 June	358,000,775	324,575,775
Total issued capital	358,000,777	324,575,777

- (1) The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the Company's residual assets.
- (2) The State Treasurer has formally designated this funding to be classified as equity as the substantial purpose is to purchase, construct or otherwise acquire non-current assets.

The funding is allocated directly to issued capital and is reflected in the Statement of Changes in Equity.

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

E4 Capital and risk management

Financial risk management

Overview

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

This note presents information about the Company's exposure to each of the above risks, as they relate to financial instruments.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and other financial assets.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The Company does not hold any collateral or other security. The maximum exposure to credit risk at the reporting date was as follows:

	Note	Carrying amount	
		2023	2022
Trade receivables	C2	1,424,911	1,006,687
		1,424,911	1,006,687

Trade receivables

The Company's exposure to credit risks is influenced by the individual characteristics of each customer. The Company limits its exposure to credit risk for trade receivables by establishing payment terms of 30 days. Thereafter a surcharge may be applied to the outstanding balance, water supply may be suspended and the matter referred to a collection agency. Impairment losses on financial assets were recognised in Profit or Loss during the period, and the basis of the expected credit loss assessment is detailed in note C2.

Cash and cash equivalents

The Company held cash and cash equivalents of \$12,824,457 at 30 June 2023 (2022: \$32,988,211), which are held with an Australian-owned bank regulated by the Australian Prudential Regulatory Authority in accordance with the *Banking Act 1959*. No impairment allowance exists in relation to these assets.

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

E4 Capital and risk management continued

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due and maintains ongoing grant and equity funding from the Government, as well as access to borrowings.

The average credit period on purchases of goods is 14 days. No interest is charged on the trade payables for the first 14 days from the date of the invoice. Thereafter, interest may be charged on the outstanding balance. The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

The following are the contractual maturities of financial liabilities:

30 June 2023	Carrying amount	Contractual cash flows	1 mth or less	1-3 mths	3 mths - 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities							
Secured loans - Tascorp	32,153,956	32,153,956	18,004,196	-	5,000,000	9,149,760	-
Trade and other payables	6,661,700	6,661,700	6,661,700	-	-	-	-
	38,815,656	38,815,656	24,665,896	-	5,000,000	9,149,760	-

30 June 2022	Carrying amount	Contractual cash flows	1 mth or less	1-3 mths	3 mths - 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities							
Secured loans - Tascorp	38,641,832	38,641,832	32,141,832	-	1,500,000	5,000,000	-
Trade and other	5,234,902	5,234,902	5,234,902	-	-	-	-
	43,876,734	43,876,734	37,376,734	-	1,500,000	5,000,000	-

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The primary market risks that the Company is exposed to are the sale of water rights and interest rate risk.

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

E4 Capital and risk management continued

Interest rate risk

The Company manages its interest rate risk exposure by borrowing at a fixed rate. Repayment plans for the acquisition of water entitlements are fixed rate instruments.

The Company does not account for any fixed rate financial assets or financial liabilities at fair value through Profit or Loss. Therefore, a change in interest rates at the reporting date would not affect Profit or Loss.

The cash and cash equivalents are held in bank accounts bearing variable interest rates. A reasonably possible change of 25 basis points in interest rates at the reporting date would have increased / decreased equity and Profit or Loss by \$32,061 (2022: \$82,471).

Capital management

The Company manages its capital to ensure that it will be able to continue as a going concern. The Company is reliant on Government funds and debt to cover construction funding shortfalls that occur due to the timing of the receipt of water entitlement funds, specifically, and the timing of construction expenditure generally. There were no changes in the Company's approach to capital management during the year.

Accounting classifications and fair values

The Company has no financial assets or financial liabilities that are accounted for and measured at fair value.

The carrying amounts of trade and other receivables, cash and cash equivalents and trade payables approximate fair value because of the short maturity of these instruments. Fair value of loans and borrowings at amortised cost is \$32,157,038 (2022: \$38,386,460).

E5 Leases

The Company leases office spaces, storage units and forklifts. The leases typically run for a period of 5 — 10 years, with an option to renew the lease after that date. Some leases provide for rental adjustments that are based on changes in local price indices. Information about leases for which the Company is a lessee is presented below:

(i) Lease liability

The minimum lease payments relating to lease liabilities are presented below:

	2023	2022
Less than 1 year	242,014	218,554
1 to 5 years	201,834	430,366
Greater than 5 years	-	-
	443,848	648,920

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

E5 Leases continued

(ii) Right-of-use assets

Right-of-use assets related to leased properties are presented within the “land and buildings” class of property, plant and equipment.

	2023	2022
Balance at 1 July	624,244	595,618
Additions	17,871	205,983
Derecognition of asset	(1,193)	-
Depreciation charge for the year	(216,136)	(177,357)
Balance at 30 June	424,786	624,244

(iii) Amounts recognised in Profit or Loss

	2023	2022
Interest on lease liabilities	12,265	11,216
Expenses relating to short-term leases	3,245	10,322
Depreciation charge for the year	216,136	177,356
	231,646	198,894

(iv) Amounts recognised in Statement of Cash Flows

	2023	2022
Principal component – financing activity	222,943	178,256
Interest component – operating activity	12,265	11,216
Total cash outflow for leases	235,208	189,472

(v) Recognition and measurement

At inception of a contract, the Company assesses whether a contract is, or contains, a lease using the definition of a lease in AASB 16 to assess this.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in Profit or Loss if the carrying amount of the right-of-use asset has been reduced to zero.

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

E5 Leases continued

(v) Recognition and measurement continued

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

Section F – Other

This section provides details on other required disclosures relating to the Company to comply with the accounting standards and other pronouncements:

- | | |
|----------------------------|----------------------------|
| F1. Other assets | F4. Auditor's remuneration |
| F2. Commitments | F5. Subsequent events |
| F3. Contingent liabilities | |

F1 Other assets

	2023	2022
Cressy Longford Irrigation Scheme Limited	-	193,556
Winnaleah Irrigation Scheme Limited	-	232,792
	-	426,348

F2 Commitments

The Company has entered into contracts with third parties which will result in capital expenditure related to the construction of irrigation schemes and other assets as follows:

As at 30 June 2023	Within 1 year	Between 1 and 5 years	Total
Don Irrigation Scheme	5,400,838	-	5,400,838
Lake Leake	289,280	-	289,280
Greater Meander Irrigation Scheme	5,640,954	-	5,640,954
	11,331,072	-	11,331,072
As at 30 June 2022	Within 1 year	Between 1 and 5 years	Total
Don Irrigation Scheme	323,095	35,289,309	35,612,404
Northern Midlands Irrigation Scheme	167,189	80,000	247,189
Scottsdale Irrigation Scheme	471,193	-	471,193
	961,477	35,369,309	36,330,786

The Company has also entered into contracts with third parties which will result in operating expenditure that will fall due as follows:

	2023	2022
Within 1 year	84,035	170,562
Between 1 and 5 years	116,726	182,510
5 years or more	-	-
	200,761	353,072

F3 Contingent liabilities

There were no contingent liabilities at reporting date.

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

F4 Auditors' remuneration

	2023	2022
Audit and review of financial statements	42,340	40,820

The auditor of Tasmanian Irrigation Pty Ltd is the Auditor-General of Tasmania.

F5 Subsequent events

There were no significant events subsequent to reporting date.

