

Annual Report 2021/22



Tasmanian Irrigation Pty Ltd

ABN 95 722 799 075

Tasmanian Irrigation 2021/22 Annual Report

Published September 2022

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

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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 projects, and advanced planning on a further six projects — including the Don Irrigation Scheme that is already under construction.

Tasmanian Irrigation now oversees 25,000 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 valued at more than \$900 million, capable of delivering 236,000 megalitres of water via 1,786km of pipeline, 49 pump stations, 15 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



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 following map shows where operational and planned schemes are located.

Existing Irrigation Schemes

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

Irrigation Schemes Under Development

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

FAST FACTS

Current delivery capacity

133,000 ML

Total area of State under irrigation

678,000 ha

Number of landowners

985

Operational schemes

18

Schemes under development

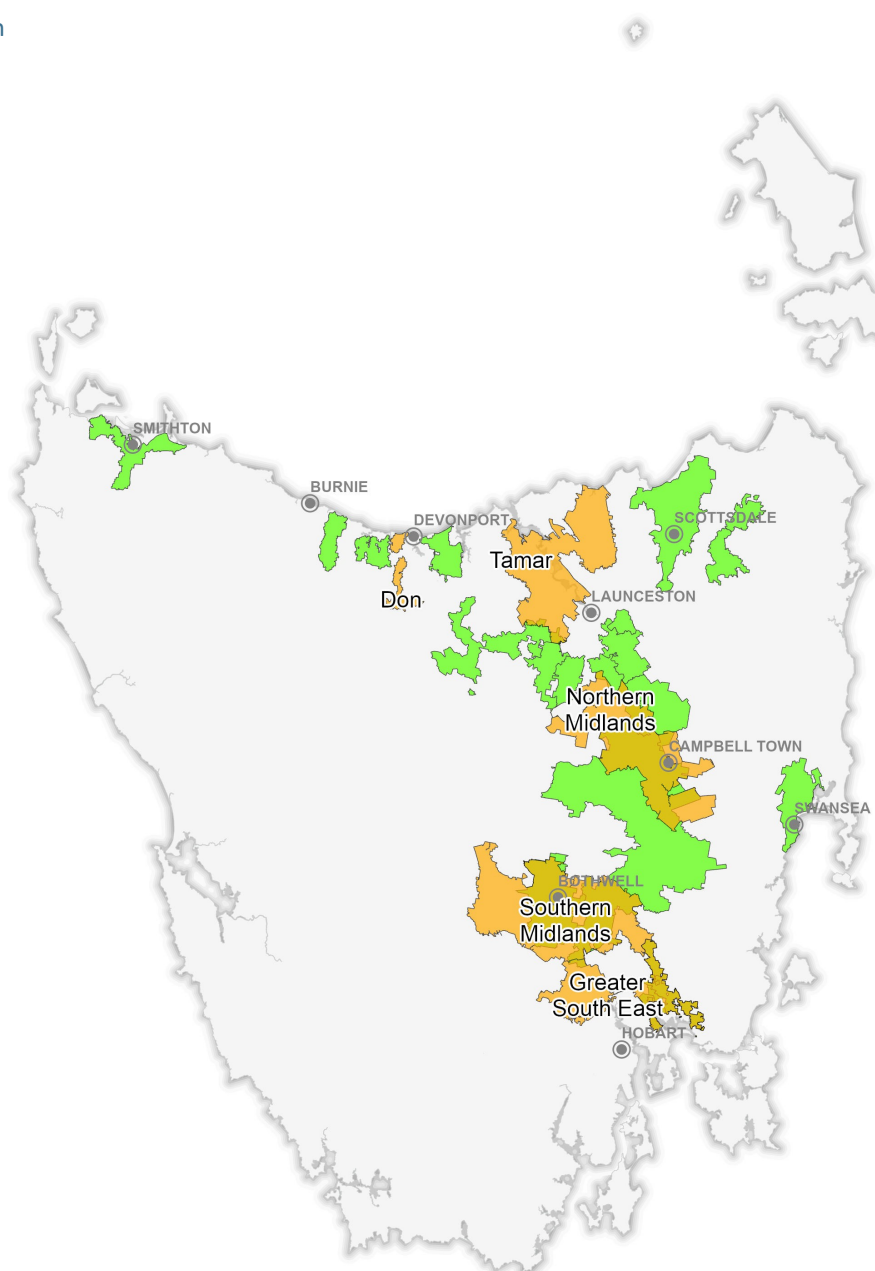
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Infrastructure assets

25,000

Infrastructure value

\$500 million





Samantha Hogg

Continued and ongoing focus on operational excellence has resulted in another strong year for Tasmanian Irrigation.

As a State-owned Company tasked to develop, own and operate irrigation schemes in Tasmania, it is our proud responsibility to deliver high-surety irrigation water to almost 1,000 farmers each year, as well as plan and construct new irrigation infrastructure projects.

Through the successful public / private partnership between the Tasmanian and Australian Governments and our State's landowners, Tasmanian Irrigation is on track to double its water delivery capacity in the next six years from the current 133,000 megalitres.

The \$1 billion Tranche Three program of works has been well advanced during 2021/22 and I am delighted that the first project in this tranche is now under construction – the 4,750-megalitre Don Irrigation Scheme.

I sincerely thank all contractors involved in this project, including Zekt, Netco, Hudson Civil Products, Hazell Bros and Fulton Hogan. We look forward to delivering irrigation water to farmers in the Don, Lilico, Forth, Forthside, Melrose, Lower Barrington, Barrington, Sheffield and West Kentish areas in 2023/24.

The Northern Midlands Irrigation Scheme is another great example of farmers realising the value of Tasmanian Irrigation water and putting their own funds on the table to underpin the success of the scheme.

It was originally anticipated that this would be an 8,000 megalitre scheme.

However, farmers applied for sufficient water entitlements to underpin the development of a 24,500 megalitre scheme.

Detailed design, permits and approvals are well advanced, and construction is expected to commence in mid 2023.

Successful Water Sales processes were also staged for augmentations of the existing Sassafras Wesley Vale and Greater Meander irrigation schemes, enabling existing irrigators to secure additional water and new landowners to access Tasmanian Irrigation water for the first time. Both these schemes are proceeding after strong Water Sales results.

Another exciting Tranche Three project is the Greater South East Irrigation Scheme, involving the amalgamation of the existing South East Stages One, Two and Three Irrigation Schemes, additional water being delivered to new and existing irrigators, and a new water source being secured to remove reliance on TasWater's potable supply.

At 41,000 megalitres, this has the potential to be the largest irrigation scheme ever designed and constructed in Tasmania.

Planning is also well underway for the Southern Midlands Irrigation Scheme and a re-design of the Tamar Irrigation Scheme is underway after Water Sales did not meet the viability threshold.

Tasmanian Irrigation faces a number of challenges to secure contractors due to the high number of infrastructure projects currently underway in the State. However, I am confident that Tasmanian Irrigation's new approach to communication and irrigation project design through the appointment of GHD, Pinion Advisory and Blue Tier as design partners will reduce duplication, enhance cross-scheme learnings, simplify procedures and provide more certainty to contractors.

With 18 irrigation schemes now operational around the State, Tasmanian Irrigation is continuing to adopt new technology and innovation to reduce irrigator costs, improve asset management and performance, and advance efficiencies.

Our end of financial year result is again in line with our Shareholder Ministers' expectations.

In the past financial year, we farewelled Tasmanian Irrigation Director Mr Guy Kingwill, who was appointed in January 2017. Guy, we thank you for your outstanding contribution to the Board. We also welcomed Northern Midlands farmer Judith Lyne and former Bellamy's Australia CEO Laura McBain to the Board.

This will be my last report as Chairman of Tasmanian Irrigation as my second term on the Board will shortly expire.

I sincerely thank all my fellow Board Directors and our Shareholder Ministers for their strategic, business and personal support over the past six years.

I also thank Andrew Kneebone for his ongoing leadership, innovation and commitment to excellence in the Chief Executive Officer's role. I am delighted that Andrew has recently signed a contract for a further three years as CEO of Tasmanian Irrigation.

To all Tasmanian Irrigation employees, your hard work, determination and resilience is hugely appreciated in ensuring Tasmanian Irrigation continues its outstanding work across delivering irrigation water to Tasmanian farmers, building new schemes, complying with a myriad of legislation and supporting all business operations.

I have every confidence that Tasmanian Irrigation will continue to play a pivotal role in the ongoing expansion of Tasmania's agricultural industries.

Sam





Andrew Kneebone

Tasmanian Irrigation proudly delivered 60,952 megalitres of high-surety irrigation water to 985 landowners across the State in 2021/22 – an increase of 3,300 megalitres compared to the previous year.

This irrigation water has given farmers across an area of 678,000 hectares – approximately 10 per cent of Tasmania's land mass – the confidence to expand existing operations, increase rotations, diversify into new enterprises, boost livestock numbers and employ more people.

Overall, given the variable weather patterns across the season, actual water delivery volumes were down 19 per cent against budgeted volumes.

When taking into account the commissioning of the Scottsdale Irrigation scheme, the Water Delivery and Corporate Services teams sold 5,239 megalitres of previously unsold water entitlements in 2021/22 at a value of \$7 million. There were also 150 water trades in the financial year.

Tasmanian Irrigation has again focused on improving efficiencies across its operations in 2021/22 in a bid to reduce water delivery costs to its customers. Two important projects designed to reduce ongoing costs to irrigators are being progressed. Planning is well underway to advance the \$5.5 million Tasmanian Government sponsored Energy on Farms program, which will see the installation of solar plants at 14 pump stations to off-set power consumption. Any surplus power will be sold back into the grid.

These solar arrays can on average save irrigators \$5 per megalitre. High efficiency pump motors are also being installed to replace older, existing motors to reduce energy consumption. Savings are expected to be up to \$2 per megalitre for these schemes.

The Tasmanian and Australian Governments also each contributed \$1.5 million toward essential works on the 140-year-old Lake Leake Dam to ensure it meets contemporary design standards and the life of this asset is extended.

This is an important project as part of Tasmanian Irrigation's commitment to manage 21 dams around the State with a combined storage capacity of more than 134 gigalitres.

A comprehensive repairs and maintenance program has again been carried out across many of Tasmanian Irrigation's 18 operational schemes, underpinning our new approach to asset management. With 25,000 individual infrastructure assets with a replacement value of approximately \$500 million, it is extremely pleasing to now have a system in place to ensure the ongoing high reliability and cost-effective management of our asset base, as well as more detailed reporting mechanisms to update our irrigator communities.

Our Program Development and Delivery team has worked exceptionally hard this financial year to progress the next Tranche Three projects. At one point, Tasmanian Irrigation had a record three projects open for Water Sales — when landowners can contractually apply for water entitlements.

It's pleasing that construction commenced on the Don Irrigation Scheme in March. Northern Midlands has progressed detailed design, approvals and permits post a very successful Water Sales process. The Greater Meander Augmentation and the Sassafras Wesley Vale Irrigation Scheme Augmentation both met the Water Sales viability threshold and will progress to detailed design and business case.

Further work on the Tamar Irrigation Scheme is underway after Water Sales applications did not meet the threshold.

We also launched the Preferred Option Design for the Greater South East Irrigation Scheme – Tasmania's largest ever irrigation project – for public comment. This long-awaited project will see the existing South East Stages One, Two and Three Irrigation Schemes amalgamated, as well as additional water delivered to new landowners across the expanded region extending from a new water source at Lake Meadowbank to Dodges Ferry.

It has been another very successful year for our Environment Team to ensure Tasmanian Irrigation's operations are sustainable for Tasmania's environment and that our irrigators continue to comply with their individual Farm Water Access Plans.

Tasmanian Irrigation has also ramped up proactive communication to key stakeholders, including post and pre-season newsletters to irrigators, a quarterly Branch Out newsletter sharing the success stories of Tasmanian irrigators, and a new communications platform with contractors.

Celebrating successes is another priority for Tasmanian Irrigation.

I whole-heartedly congratulate all Tasmanian Irrigation employees for their ongoing commitment to safety, with zero Lost Time Injuries recorded in the financial year. When considering the manual requirements, heavy machinery and outdoor nature of our operations, this is a credit to all.

I sincerely thank Tasmanian Irrigation's Senior Leadership Team in James Hipwood, David Skipper and Steve Powell, as well as all staff for their commitment to excellence, safety and innovation. It is quite remarkable that our small, determined and focused team continues to deliver so much as a result of the unique public / private funding model for irrigation infrastructure.

I also thank the Tasmanian Irrigation Board for its ongoing commitment and strategic oversight to our core business of water delivery and designing and constructing new irrigation projects.

To our previous Shareholder Ministers – the Hon. Peter Gutwein and the Hon. Guy Barnett – we very much appreciate your many years of hard work to advance irrigation infrastructure in Tasmania. Tasmanian Irrigation welcomes new Shareholder Ministers, the Hon. Michael Ferguson and the Hon. Jo Palmer, to their portfolios and looks forward to working closely with you both.

To almost 1,000 irrigators around Tasmania, we are very excited about the upcoming irrigation season and continuing our partnership to ensure our State's agricultural sector remains the envy of the nation.

Andrew



Tranche Three Successes

Don Irrigation Scheme
commenced construction

Greater Meander and
Sassafras Wesley Vale
Augmentations
achieved Water Sales
viability thresholds

Irrigators Served

2021/22
985
2020/21
951

Lost Time Injuries

2021/22
0
2020/21
1

Total Injury Frequency Rate

2021/22
0
2020/21
20.36

Megalitres Delivered

2021/22
60,952
2020/21
57,673

Tasmanian Irrigation continued to invest in key activities critical to developing our people during the 2021/22 financial year.

These activities included updating our staff induction process, automating our staff exit surveys, redesigning our performance planning process with a focus on continued personal development, and establishing ongoing training programs.

In addition, Tasmanian Irrigation understands that staff sentiment and feedback is crucial in delivering outcomes and has therefore continued our quarterly staff pulse surveys and delivered a more formal staff engagement survey in July 2022.

The feedback from these surveys has driven more effective communication outcomes through monthly staff newsletters and monthly all-staff virtual meetings chaired by Chief Executive Officer Andrew Kneebone.

Also, we rolled out our refreshed values:

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

Tasmanian Irrigation is committed to continuing to work vigilantly to ensure our policies and procedures remain concise, contemporary and compliant.

“Our vision to be recognised as a leader in working with others to sustainably grow the Tasmanian economy through providing reliable, cost-effective irrigation water. This can only be achieved through the continued focus on the development and engagement of our people to ensure they reach their full potential.”
-Linda Paynter, People and Culture Advisor

FAST FACTS

FTEs
(at 30 June 2022)

62

New employees
inducted

20

No. of employees with
5+ years experience

9

No. of employees with
10+ years experience

6





The Total Injury Frequency Rate (total injuries per million person work hours) was zero at 30 June 2022, and no significant injuries or safety breaches were recorded for the reporting period.

These exemplary safety statistics have been realised due to a number of important steps being developed and implemented in 2021/22, including:

- Renewed engagement and success in establishing leading safety indicators as a measure of safety culture;
- Embedding the Tasmanian Irrigation Safety Strategy;
- Promotion of active safety interactions by Tasmanian Irrigation leaders;
- Updating of the Tasmanian Irrigation Safety Manual ;
- Upgrading of TI's safety tracking systems to better engage staff and clarify risk; and

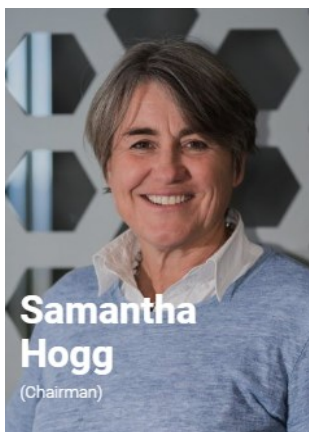
- Engagement with TI's contractors to clarify expectations and share safety learnings on shared hazards.

The five key pillars of the Safety Strategy include:

1. Visible aligned leadership, engaged and capable people;
2. Risks are identified, eliminated and / or controlled;
3. Systems that support safe work;
4. Operational excellence; and
5. Fair, just and learning culture.

The core goal underpinning Tasmanian Irrigation's safety commitment remains a focus on hazards and the easily measurable goal of 'Home Safe', to promote the safety and well being of employees and contractors.

"All Tasmanian Irrigation employees and contractors are congratulated on their exemplary commitment to safety in 2021/22. Zero Lost Time Injuries and a zero Total Injury Frequency Rate are remarkable achievements."
-Steve Powell, General Manager Environment Health and Safety



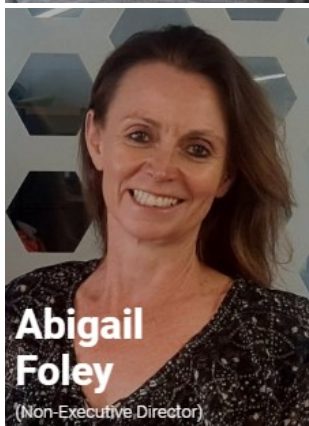
Samantha brings more than 27 years' experience in executive management across the resources and infrastructure sectors, as well as extensive experience in finance, marketing and strategic projects. She resides on a farm in northern Tasmania and holds positions on a number of Boards and Committees, including Non-Executive Director of Cleanaway Waste Management Limited, De Grey Mining Limited and Adbri Ltd (formerly Adelaide Brighton Cement Ltd). Samantha is the current chair of the Marinus Project Link.

Samantha holds a Bachelor of Commerce and is a Fellow of the Australian Institute of Company Directors.



John is the inaugural Chief Executive Officer of the Blue Economy Cooperative Research Centre (CRC). He was the Secretary of the Tasmanian Department of Primary Industries, Parks, Water and Environment for five years and has held numerous senior management positions since joining the Tasmanian State Service, including Chair of the Tasmanian Institute of Agriculture Advisory Board and Director of the Institute for Marine and Antarctic Studies.

John is a graduate of the University of Adelaide where he completed his PhD, and has postdoctoral experience at universities in Australia and the United States, and within the CRC for Freshwater Ecology.



Abigail Foley 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 2020. Abigail is part of Aurecon Group's Tasmanian leadership team where she currently holds the role of Tasmanian Practice Leader.



Laura joined Tasmanian Irrigation with extensive leadership experience including former CEO / General Manager at Bellamy's Australia Limited and Managing Director of Maggie Beer Holdings. Currently Laura is interim Managing Director of Lark Distilling Ltd, as well as a Non-Executive Director of ASX listed Capitol Health Limited. Laura was also formerly a Non-Executive Director of Nutra Organic Limited and Non-Executive Director of Export Finance Australia.

Laura was named Telstra Tasmanian Businesswoman of the Year in 2013 and went on to be named the Telstra Australian Businesswoman of the Year for 2013 (Private and Corporate).



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.

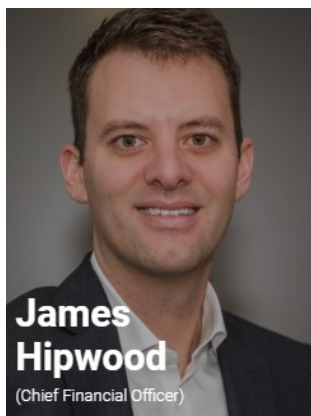
She is a Non-Executive Director of the Tasmanian Wool Centre, former board member of Epilepsy Tasmania, the Australiana Fund (Tas) and the Tasmanian Foundation, as well as a former municipal councillor.

Judith is determined that feasible water delivery can be made to as many Tasmanians as practically possible.



Andrew was appointed CEO of Tasmanian Irrigation in May 2019 after six months as Acting CEO and 11 months as General Manager Water Delivery and Infrastructure. He has more than 20 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 has extensive experience in finance, economic regulation, operational management, organisation development, leadership and change management.



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 its 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 14 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 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.



Steve joined Tasmanian Irrigation in May 2020 to lead the Environment Team. He brings more than 20 years of senior experience in strategic and focused leadership, project management, project approvals and stakeholder engagement in the mining, smelting, complex manufacturing and water utility sectors. Steve previously held Asia-Pacific executive-level environment and safety roles with Valmont Industries and senior environmental, safety and occupational health roles with Cement Australia, BHP, Carter Holt Harvey and Sydney Water. He has strong focus on strengthening brand image and reducing costs to achieve sustainable partnerships and outcomes. Steve has a degree in Environmental Science from Griffith University.

The Tasmanian Irrigation Water Delivery team is proud to provide a sustainable lifeblood to Tasmania's agricultural economy.

Our water delivery services support a food and fibre sector that contributes more than \$2.15 billion¹ to the State's economy each year.

Tasmanian Irrigation's Water Delivery team supplied 60,952 megalitres (ML) of high-surety water to 985 entitlement holders across the State in 2021/22. This was an increase of 3,300 ML from the previous year. The area now serviced exceeds 678,000 hectares or approximately 10 per cent of Tasmania's land mass.

Within this wide geographic area, Tasmanian Irrigation operates 18 irrigation districts and manages the 'take and use' licences from dams and waterways and the licences and compliance obligations relating to 22 storage dams.

With approximately \$0.5 billion in assets, Tasmanian Irrigation delivers water from catchment to farm gate. As custodians and managers of this irrigation water, the Company works hard to provide fair, equitable and sustainable access to water resources for all our customers.

There were 150 water trades in the financial year, consisting of 98 short and limited transfers and 52 permanent transfers of water entitlements.

Including the commissioning of the Scottsdale Irrigation Scheme, the Water Delivery and Commercial teams sold 5,239 ML at \$7.0 million of previously unsold water across all schemes in 2021/22.

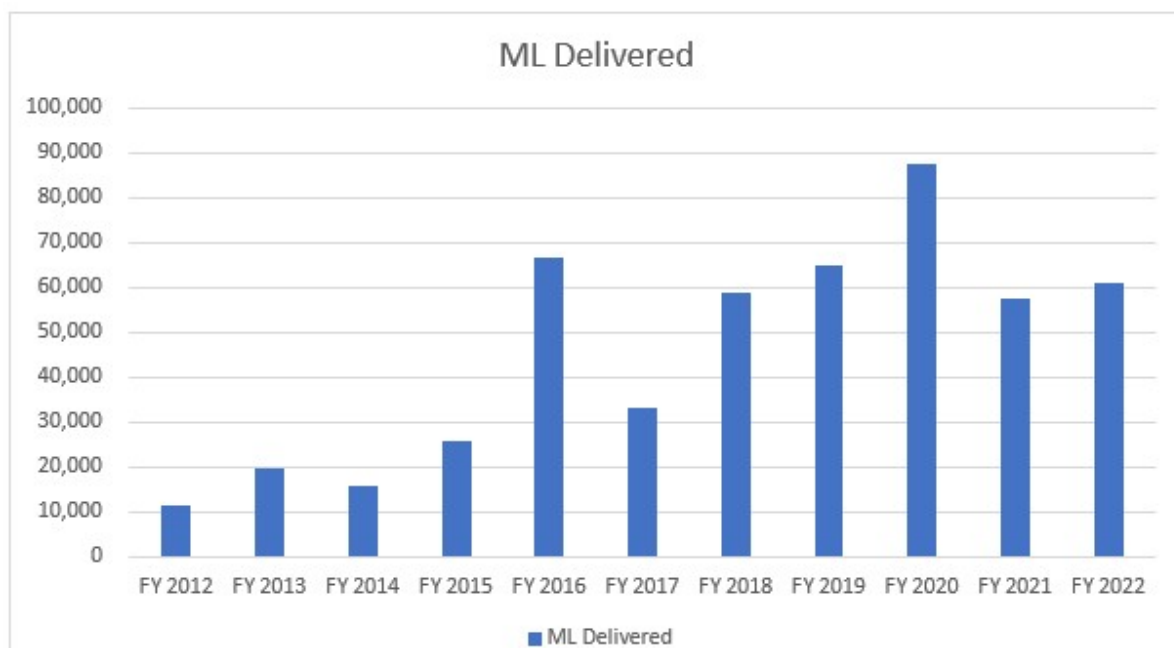
The 2021/22 irrigation year was like the previous year with a very wet spring and a cool, mild and early summer. The mid peak summer period did not endure large or extended periods of heat.

However, the state generally experienced a late hot dry summer and autumn period. Irrigation demand rose in that period and unusually the north west of the State continued to be very dry though autumn and winter.

Volumes and demand across all the schemes for the 12 months to June 2022 was down on forecasted deliveries.

60,952 ML was delivered to irrigators against a forecast of 75,113 ML— 19 per cent less than budgeted volumes.

¹ *Tasmanian Agri-Food SCORECARD 2019-20*



As in the previous year, Tasmanian water storages were in a very strong position with most dams nearing full supply in readiness for the new irrigation season. It was hoped that winter and early spring rains would assist one or two dams, such as in the Duck Irrigation District, to also reach full capacity.

Many of the schemes have seen significant activity with asset replacement and repair and maintenance program works in the off season. The asset replacements and improvements will help deliver water efficiently to irrigators and effectively minimise costs to landowners at every opportunity.

The Water Delivery team met with all 18 Irrigator Representative Committees (IRCs) and presented the financial results for each individual scheme, as well as their respective proposed new season pricing.

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

Success Story — Solar Savings

As part of the Energy on Farms grant, Tasmanian Irrigation is commencing three projects in 2022/23.

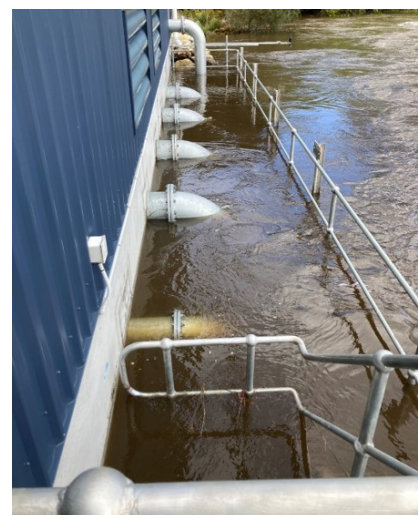
One project is to install solar plants at 13 pump stations to off-set power consumption at the pump stations and to sell any surplus power back into the grid. On average the solar installs will save irrigators up to \$5 per megalitre.

The second project will install high efficiency pump motors to replace existing motors to reduce energy consumption.

These replacements will be progressively rolled out from September 2022. On average the high efficiency electric motors could save irrigators \$1 to \$2 per megalitre.

The third project is a refurbishment of the Meander Mini Hydro Power Station. Tasmanian Irrigation thanks the Tasmanian Government for the \$5.5 million in funding for these exciting projects.

“Tasmanian Irrigation is committed to providing fair, equitable, cost effective and sustainable access to water resources for all our highly valued customers.”
-David Skipper, General Manager Water Delivery



A restructure of the Program Development and Delivery business unit in 2021/22 focused on improving communication, re-establishing partnerships with contractors and best positioning Tasmanian Irrigation to deliver almost \$1 billion of works.

Project Development is responsible for progressing projects from pre-feasibility to business case submission, and Project Delivery oversees detailed design to construction and water delivery.

This new structure will enable Tasmanian Irrigation to adapt, improve and ensure the Tranche Three projects follow a rigorous process through concept; consultation; Expressions of Interest; Preferred Option Design; Water Sales; detailed design; business case; permits and approvals; construction; and commissioning.

At each step, Tasmanian Irrigation assesses risk and return in terms of sustainability, social acceptability, cost and economic outcomes. Building irrigation schemes with a minimal impact footprint that are designed to last at least 100 years, deliver water at an average annual reliability of more than 95 per cent and keep delivery costs to landowners as low as possible remain unwavering priorities.

In 2021/22, the first Tranche Three project entered construction – the Don Irrigation Scheme – and a record three projects simultaneously progressed to Water Sales.

Don Irrigation Scheme

Capacity: 4,750 ML

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

- Contractors engaged included Zetz (pipe supply); Netco (pump supply); Hudson Civil Products (property outlet supply); Hazell Bros

(pipelines construction contract); and Fulton Hogan (pump stations construction contract);

- Early works at Lake Barrington of installing inlet pipeline were finished; and
- Construction scheduled to be completed in 2023 and first full water delivery season expected in 2023/24.

Northern Midlands Irrigation Scheme

Capacity: 25,500 ML

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

- Business Case was approved in October 2021, enabling the progression of permits and approvals, such as Aboriginal Heritage, Flora and Fauna, and gazetting of the Northern Midlands Irrigation District;
- Tender documents expected to be released in late 2022; and
- Construction expected to commence in mid-2023.

Sassafras Wesley Vale Irrigation Scheme Augmentation

Capacity: 9,200 ML

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

- Water Sales met the viability threshold, enabling the project to proceed to detailed design and business case;
- This augmentation will increase the capacity of the existing 5,460 ML Sassafras Wesley Vale Irrigation Scheme, which commenced operations in 2012, to 14,660 megalitres; and
- Construction is expected to commence in late 2023.

Tamar Irrigation Scheme

Capacity: 24,500 ML

Area serviced: Under re-design

- Water Sales did not meet the viability threshold, resulting in a review of the project and a re-design; and
- Further updates on the re-design will be shared with landowners once complete.

Greater South East Irrigation Scheme

Capacity: 38,000 megalitres

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

- This is the largest irrigation project 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;

- Preferred Option Design consultation feedback was being incorporated into an updated design at the end of the financial year, prior to the launch of Water Sales in September 2022; and
- Business case expected to be submitted in early 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

- Preferred Option Design launch anticipated for early to mid 2023;
- Options to source water from the Derwent catchment are being explored ; and
- There is potential to provide supply through to Hollow Tree, Elderslie and Broadmarsh areas with additional branch lines.

“Tasmanian Irrigation takes very seriously its responsibility to manage public and private money to design and construct sustainable irrigation schemes that will grow the wealth of Tasmania.”

**-Josh Marshall,
Manager, Program Development**



Tasmanian Irrigation manages a diverse portfolio of 21 dams providing a combined storage of over 134 gigalitres of high-surety water through irrigation schemes across the State.

Tasmanian Irrigation is committed to complying with its dam safety management obligations and responsibilities.

During the 2021/22 period, Tasmanian Irrigation executed all regulated surveillance reports in accordance with the *Water Management (Safety of Dams) Regulations 2015*.

This included four Comprehensive Surveillance Reports and one Dam Safety Review, as well as Intermediate Surveillance Reports on the balance of the portfolio.

The Dam Safety Review completed at Lake Leake Dam identified upgrades to the 140-year-old structure that will bring it up to

contemporary design standards and extend the life the asset.

The upgrade work is being funded through commitments of \$1.5 million from both the State and Federal Governments.

All dams reviewed under the Comprehensive Surveillance Reports program were found to be satisfactory, with the exception of the 200 ML Rekuna Dam located on the South East Stage Three Irrigation Scheme.

A detailed review of the Rekuna Dam construction records has highlighted the need for further special investigations at the dam site to be conducted.

The findings of the surveillance program highlight the effectiveness and engagement of Tasmanian Irrigation's dam safety program in proactively managing and maintaining dams across the State.

"Dam Safety at Tasmanian Irrigation is integral to our commitment to delivering high-surety water through pro-active, risk-based management of our storages."
-Josh Clark, Dam Safety Engineer



Corporate Services has continued its strong focus and commitment to continuous process improvement.

The team has successfully delivered multiple projects that have made processes more efficient, improving quality and reducing unnecessary activities.

A focus early in the year was the annual billing process cycle, covering both fixed and variable charges. A small working group was formed to map out the end-to-end process and the resultant findings of the project have resulted in improvements in both timeliness and accuracy of the 2021/22 season billing.

In an effort to increase transparency, the Corporate Services team has introduced two newsletters to provide updates on scheme performance. The 'End of Season Wrap' provides all irrigators with a summary of the season that was, including how much water was delivered, the scheme's utilisation and a summary of any highlights and lowlights.

The 'Pre-Season Newsletter' will be issued in the weeks leading up to the start of the new irrigation season and will provide a summary of key information relevant to each scheme, such as season length, dam levels, entitlements for sale, financial year performance, upcoming annual charges, trading information and more.

The Information Technology team performed a detailed tender process for outsourced services, resulting in a new managed service provider.

The new provider will deliver greater services and value to Tasmanian Irrigation. One example of this is the transition of the system servers back inhouse to the Launceston office. This transition will create cost savings over the next five years.

Another highlight is the creation of a Cyber Security Committee to oversee the continual improvement of cyber security and to ensure compliance to the ISO27001 and ASD Essential 8 standards.

The Finance team has implemented projects that have allowed for greater transparency and tailoring of reports for stakeholders.

This has resulted in a greater number of stakeholders receiving financial reporting information, and also improved the quality of information being received.

The Finance team has been able to achieve this by maximising the value received from current software packages and reconfiguration of the existing finance system. The enhancements have now allowed for greater flexibility of reporting with multiple sources available to extract data from.



"Improving processes and efficiencies in a bid to reduce overhead costs — and passing these savings onto irrigators — is the core focus of Tasmanian Irrigation's Corporate Services team."
-James Hipwood,
Chief Financial Officer

Tasmanian Irrigation's Environment team's principal function is to advance the Company's strategic objectives and mission statement to develop and operate irrigation schemes that are environmentally sustainable.

To do this, the team is responsible for implementing Tasmanian Irrigation's environment policy and strategy by:

- Monitoring environmental parameters in the catchments we operate within;
- Supporting regulatory approval processes for new and existing schemes; and
- Promoting sustainability and environmental awareness both within Tasmanian Irrigation and with our stakeholders.

The team consists of a General Manager, three Environment Coordinators, an Environmental Scientist and a Graduate Environment Coordinator who share responsibilities and work collaboratively on projects to meet a varied and demanding cross organisational workload.

Tasmanian Irrigation implements a range of procedures to ensure all activities undertaken meet environmental statutory requirements and are conducted in an environmentally responsible manner.

Key highlights in 2021/22 include:

- All monitoring programs found no discernable impacts from Tasmanian Irrigation operations;
- Environment team strengthened to build depth and capacity to ensure Tasmanian Irrigation can meet its statutory, environmental and sustainability commitments;
- Developed seven new Farm Water Access Plans in operational schemes and commenced 42 on Tranche Three projects; and
- No incidents of environmental harm recorded.

Water Quality and Aquatic Health

In 2021/22, 120 surface water quality monitoring sites were sampled monthly in 68 scheme waterways. Twelve groundwater bores were monitored monthly / quarterly in three groundwater areas.

Water quality sampling and aquatic weed inspections occurred monthly and inspections for blue green algae were undertaken weekly in 16 priority storages. No algal blooms were detected.

Aquatic habitat monitoring (AusRivAS) occurred during spring and autumn to monitor aquatic health at a total of seven sites in two irrigation districts.

Monitoring and survey results indicate that there were no discernible impacts on water quality or aquatic health attributed to the operation of Tasmanian Irrigation's schemes during 2021/22.

Environmental Monitoring Programs

In accordance with State and Federal approvals, surveys continued across schemes for the presence of native and pest fish, aquatic habitat quality for burrowing crayfish and giant freshwater crayfish, progress of rehabilitation, and to detect any erosion impacts from water releases into receiving waterways. All surveys show minimal impact from Tasmanian Irrigation activities.

Hydrometrics

Rating curves for Tasmanian Irrigation's 20 hydrography streamflow sites continue to be developed and adjusted as required. Field work and data management related to the gauging stations and flow monitoring weirs continue to be undertaken externally, and all sites and infrastructure are being maintained to 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 from 15 of the 20 sites and storage level on four dams being made available in real time on the public NRE web portal.

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 the long-term viability of land for agricultural production.

They 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 is to be covered under a Farm WAP. All irrigators applying Tasmanian Irrigation water have a Farm WAP in place, which now total 746 across operational schemes, including seven new Farm WAPs developed for operational schemes.

Forty two Farm WAPs were developed for the Don Irrigation Scheme (Tranche Three) in 2021/22. Farm WAP development will be completed before construction finishes. An annual Farm WAP audit process is in place, which assesses compliance with randomly selected Farm WAPs.

In 2020-21, 45 random audits, one Matter of National Environmental Significance (MNES) audit, four triggered audits (South East Irrigation Scheme Stage Three landscape monitoring protocol) and 14 non-compliance audits were conducted during the annual compliance audit process. A more cost-effective automated process has been developed to assist with auditing, which is providing enhanced compliance opportunities.

Farm Water Access Plan Compliance

As a result of holding federal approvals for schemes, Tasmanian Irrigation has a jointly-held responsibility for compliance of each scheme with Farm WAPs, which are required under those approvals.

The table to the right provides detail regarding the nature of the non-conformances discovered during the 2021/22 Farm WAP audit season.

Of the 60 finalised audits, the 2021/22 Farm WAP audit season revealed that 14 irrigators (21.6 per cent) did not meet one or more requirements of their Farm WAP.

Most non-conformances were of low significance (no environmental harm resulted) caused by administrative errors. Landowners have committed to rectifying these issues.

There were two Level Two non-compliances identified related to clearing of vegetation and disposal of drainage water. Both have been addressed with the relevant landholder and remedial actions implemented to ensure ongoing compliance.

The audit team, after assessing the impact of the non-compliances, are of the view that due to the limited nature of the non compliances that there was no long term environmental harm.

However, Tasmanian Irrigation will increase its focus on working collaboratively with landowners to improve Farm WAP compliance levels.

A Farm WAP communication and engagement program is underway to ensure irrigators are aware of their Farm WAP requirements, and to encourage proactive adoption of best management practices, including more frequent reviews of Farm WAPs to reflect current farming practices.

Moving forward, Tasmanian Irrigation will include Farm WAP non-compliance in its Statement of Corporate Intent Key Performance Indicators.

Scheme	NC 2020/21 Audit	Non-compliance
Headquarters Road	1	-Dam not approved for use in Farm WAP
Dial Blythe	2	-Dam not approved for use in Farm WAP -Irrigation outside Farm WAP area
Upper Ringarooma	2	-Irrigation outside Farm WAP area x2
South East Stage Three	1 level 2 NC 1 level 1 NC	-Dams not approved for use in Farm WAP and insufficient chemical records -Drainage water (with high salinity) from horticulture allowed to enter the environment
Duck	1	-Irrigation outside Farm WAP area
North Esk	1	-Soil test not collected prior to receiving TI water
Winnaleah Irrigation Scheme Augmentation	1 level 2 NC 2 level 1 NC	-Vegetation cleared without approved Forest Practices Plan -Dams not approved for use in Farm WAP -Irrigation outside Farm WAP area
Lower South Esk – Midlands Irrigation Scheme	1	-Irrigation outside Farm WAP area and land capability classed as not suitable for crop type
Midlands Irrigation Scheme – Arthurs Pipeline	1	-Irrigation outside Farm WAP area
Total	14	

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 2021/22:

Business Area	Key Performance Indicators	Target 2021/22	Actual 2021/22	Comments
Health and safety	-Lost Time Injuries	0	0	The embedding of a zero tolerance safety culture continues to resonate throughout the workforce, resulting in zero LTIs and a lower than target TIFR.
	-Total Injury Frequency Rate*	15	0	
Financial	-Operational and admin overheads per water entitlement sold	\$21.88	\$23.73	Above target due to general inflationary pressures and rising fuel and insurance costs.
	-Capital program \$ per budget	\$37.6m	\$13.1m	Don was delayed due to increased funding requirements. Don and Northern Midlands construction now tracking to re-baselined schedule.
Commercial	-Post construction water entitlement sales	\$2.0m	\$1.4m	Rainfall reduced demand for unsold water.
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.
	-Planned maintenance completed as per plan	100%	100%	All Water Delivery scheme maintenance was completed on time and on budget.
Environment	-Number of notifiable incidents	0	0	Tasmanian Irrigation continues to work closely with all landowners and regulatory authorities to ensure environmental targets are achieved and all permits and approvals are complied with, noting Farm WAP compliance is reported separately.**
	-Compliance with environmental permits and approvals	100%	100%	
Program Development and Delivery	-Schemes under construction	1	1	Don Irrigation Scheme entered construction during the reporting period.
	-Project pre-feasibility completed	3	3	Tamar, Greater South East and Sassafras Wesley Vale Augmentation all successfully met this milestone.
	-Funding milestone payments achieved per plan	100%	50%	Changing funding requirements and increased project complexity contributed to delays on the Don and Greater South East projects.
People	-Employee turnover rate	12%	19%	Higher than target due to a combination of staff leaving to pursue different career paths. and retirement.

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

**This target was established prior to individual Farm WAPs being recognised as a regulatory compliance obligation.

Additional detail can be found in the Environment Report on page 23.

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

It's 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.

Regular health safety and environment, and financial and corporate governance compliance reporting to the Board and Audit and Risk Committee also occur to ensure the highest standards of corporate governance and compliance reporting obligations are met.

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; 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 Government Shareholder Members 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.

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 Members 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 Members 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 Members 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 Members 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 Members.

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 Members. The Board has procedures for communication with Shareholder Members 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 Members.

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 Members with information about risk by including key financial and operational risks in the annual Corporate Plan and regularly discussing risks at Shareholder Member briefings.

Principle Eight: Remunerate fairly and responsibly

In accordance with the Company's Constitution, Directors are paid remuneration as is resolved by the Members from time to time. The Board has established a Remuneration Committee, which is responsible for ensuring that remuneration policies and practices are fair and responsible.

Under its Charter, the Remuneration Committee's role is to:

- Ensure that coherent remuneration policies and practices are observed, which enable the attraction and retention of senior management and staff who will achieve the aims of Tasmanian Irrigation;
- Ensure these remuneration policies, practices and performance indicators are aligned to the Board's vision, values and overall business objectives;
- Monitor the performance of the CEO and key performance indicators to determine and recommend to the Board performance criteria and payments;

- Fairly and responsibly reward senior management and staff having regard to the Company's performance, the performance of senior management and general conditions of the labour market; and
- Comply with all relevant statutory and regulatory provisions.

The Committee approves the annual remuneration report and makes recommendations to the Board for the inclusion of the remuneration report 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.



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 2021/22, or the previous financial year.

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 2021/22, Tasmanian Irrigation received three Right to Information requests. All available information was provided for one request. The other two requests were deemed commercial in confidence.

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 2021/22.

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.

Remuneration

Tasmanian Irrigation has provided a detailed remuneration report from page 78 in this 2021/22 Annual Report.

Superannuation

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.

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	2021/22	2020/21	2019/20
% of purchases from Tasmanian businesses	92.99%	93.52%	89.38%
Value of purchases from Tasmanian businesses	\$23,495,696	\$28,374,898	\$44,336,049

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

Consultants

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 2022 include:

Consultant	Location	Description	Amount \$ (exc. GST)
GHD Pty Ltd	TAS	Design and engineering	2,431,726
Pitt & Sherry	TAS	Design and engineering	1,095,514
Sugden & Gee Pty Ltd	TAS	Project management	641,948
HWB Ebsworth Lawyers	TAS	Legal advisory	295,975
Pinion Advisory	TAS	Agribusiness consulting and project advisory	280,712
SUB41	TAS	Project management	232,050
Watermark Search International Pty Ltd	NSW	Provision of interim General Manager Program Development and Delivery	205,569
Marsden Jacob Associates	VIC	Economic advisory	166,853
W A Cromarty & Co	TAS	Electrical engineering	145,644
Geoton Pty Ltd	TAS	Geotechnical engineering	134,907
Adetra Pty Ltd	TAS	Engineering	123,261
Sarah Hirst Strategy	TAS	Communications and marketing	104,833
Blue Tier Consulting	TAS	Construction professional services	102,122
GAP Business Consulting	TAS	ERP system improvement and support	98,820
Cultural Heritage Management Australia	ACT	Heritage surveys	98,000
Committo Pty Ltd	VIC	IT consulting and IT project management	96,097
North Barker	TAS	Environmental consulting	90,375
IPD Consulting	TAS	Civil engineering	89,229
PDA Surveyors	TAS	Land surveying	87,250
34 Consultants were paid under \$50,000 (exc. GST)			603,628
TOTAL			\$7,124,513

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.

During the COVID-19 pandemic the Tasmanian Government requested that Government-owned businesses pay their accounts within 14 days.

Tasmanian Irrigation met this request.

Accounts due or paid within each year	2021/22	2020/21	2019/20
Creditor days	12.24	11.67	14.17
Number of accounts due for payment	3,294	3,064	2,520
Number of accounts paid on time	3,224	2,995	2,484
Amount due for payment	\$25,314,383	\$30,594,500	\$49,603,725
Amount paid on time	\$24,954,785	\$28,363,792	\$48,845,059
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 them.



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

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

18 September 2022

Dear Shareholder Members,

Tasmanian Irrigation Pty Ltd Annual Report 2021/22 — 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 2021/22 ending 30 June 2022.

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

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

Yours faithfully,



Ms Samantha Hogg
CHAIRMAN



Dr John Whittington
NON-EXECUTIVE DIRECTOR

The Directors present their report, together with the Financial Report, of Tasmanian Irrigation Proprietary Limited ("the Company") for the financial year ended 30 June 2022 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 Samantha Hogg Chair Appointed: 9 September 2016 Term to: 30 November 2022	Independent Non-Executive Director - Remuneration Committee Chair	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 AICD.
Ms Abigail Foley Appointed: 22 February 2021 Term to: 30 November 2023	Independent Non-Executive Director - Remuneration Committee Member - 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. She holds a Bachelor of Science (Hons) and a Diploma of Education.
Ms Laura McBain Appointed: 2 August 2021 Term to: 30 November 2024	Independent Non-Executive Director - Remuneration Committee Member - Audit and Risk Committee Member (Chair from 1 December 2021)	Laura joined the Company with extensive leadership experience having held the roles of CEO / General Manager at Bellamy's Australia Limited, Managing Director of Maggie Beer Holdings Limited and Non-Executive Director of Export Finance Australia. She is currently interim Managing Director and CEO for Lark Distilling Ltd (ASX:LARK) and was a Non-Executive Director from June 2020 to February 2022. Laura was named Telstra Tasmanian Businesswoman of the Year in 2013 and went on to be named the Telstra Australian Businesswoman of the Year for 2013 (Private and Corporate). Laura is a Non-Executive Director and member of the Audit and Risk Committee for Capitol Health Ltd (ASX:CAJ).

Term	Status and Committees	Experience and Other Directorships
<p>Ms Judith (Poppy) Lyne</p> <p>Appointed: 2 August 2021</p> <p>Term to: 30 November 2024</p>	<p>Independent Non-Executive Director</p> <p>- Remuneration Committee Member</p>	<p>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.</p> <p>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.</p>
<p>Dr John Whittington</p> <p>Appointed: 1 February 2015</p> <p>Term to: 30 November 2022</p>	<p>Independent Non-Executive Director</p> <p>- Remuneration Committee Member</p> <p>- Audit and Risk Committee Member</p>	<p>John is the CEO of Blue Economy CRC-Co Ltd, having also been the Secretary of the Tasmanian Department of Primary Industries, Parks, Water and Environment.</p> <p>John previously Chaired the Tasmanian Institute of Agriculture Advisory Board and was a Director of the Institute of Marine and Antarctic Studies.</p> <p>John has a PhD in algal physiology and has postdoctoral experience in Australia and the United States.</p>
<p>Mr Guy Kingwill</p> <p>Appointed: 24 January 2017</p> <p>Term ended: 30 November 2021</p>	<p>Independent Non-Executive Director</p> <p>- Remuneration Committee Member</p> <p>- Audit and Risk Committee Chair (until 30 November 2021)</p>	<p>Guy has an extensive background in horticulture, international soft commodity marketing and water investment and trading, having held senior executive positions in Australia and the United States.</p> <p>Guy is the Managing Director of Agriculture Capital Management Australia Pty Ltd and previously served as the Managing Director of Tandou Limited. Guy is also a Non-Executive Director of ACMII Australia 1 Group and Select Harvests Ltd.</p> <p>Guy is a Chartered Accountant and a Fellow of the AICD.</p>
<p>Mr Timothy Baker</p> <p>Appointed: 4 October 2021</p> <p>Ceased: 28 January 2022</p>	<p>Independent Non-Executive Director</p> <p>-Remuneration Committee Member</p>	<p>Tim has held a range of senior roles within the Tasmanian public service, including Secretary of Natural Resources and Environment Tasmania (formerly Department of Primary Industries, Parks, Water and Environment) and Chief of Staff to former Tasmanian Premier Will Hodgman.</p> <p>Tim holds a Bachelor of Information Systems from the University of Tasmania and has completed the Executive Leadership Program at Stanford University in California.</p>

Tasmanian Irrigation Proprietary Limited

Directors' Report

For the year ended 30 June 2022

1. Directors (continued)

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 2022 include:

Director	Board Meetings		Audit and Risk Committee		Remuneration Committee	
	Attended	Eligible	Attended	Eligible	Attended	Eligible
Samantha Hogg	12	12	-	-	1	1
Abigail Foley	12	12	4	4	1	1
Laura McBain	9	9	3	3	1	1
Judith Lyne	9	9	-	-	1	1
John Whittington	12	12	4	4	1	1
Guy Kingwill	6	6	2	2	1	1
Tim Baker	2	3	-	-	-	-

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 higher at 60,952 megalitres (ML) of water delivered, compared to 56,473 ML delivered during the same period last year.

Achievements during the financial year included the commencement of power generation at the Scottsdale Irrigation Scheme; the upgrades to the Cressy-Longford channels were completed, which allow additional flow rates to supply the Whitmore Irrigation Scheme while facilitating the offer of additional volume to be sold; the commencement of the \$5,500,000 'Energy on Farms' project to deliver lower costs for irrigators; and additional funding acquired for the Meander Augmentation (\$5,000,000 from the Commonwealth) and Lake Leake (\$1,500,000 each from the Tasmanian and Australian Governments).

Overall, irrigation water charges for the financial year were \$8,475,058, which was slightly above the same period last year (\$8,193,456) with an increase due to the first full irrigation season of the Scottsdale Irrigation Scheme combined with an increase in Asset Renewal Levy revenue.

Lower contracted Renewable Energy Certificate rates and the Meander Mini Hydro Power Station being offline for part of the financial year caused renewable energy generation revenue to fall to \$1,504,824 for the financial year, compared to \$2,496,774 in the previous financial year.

Water purchases and power charges were lower this financial year due to favourable pricing and contracts. These reductions were offset by an increase in scheme maintenance activity. Additional salaries and wages expenses in the financial year related to the recruitment of additional personnel associated with the Tranche Three capital program.

Administration costs were lower during the period due to the completion of the transition to a new ICT governance and operating structure.

3. Operating and Financial Review (continued)

During the financial year, the Company also focused on the development and delivery of the Tranche Three program of irrigation scheme development with highlights including:

- Embedding our design partner in the projects;
- The detailed design for the Don Irrigation Scheme being completed and construction commencing in early 2022;
- The Northern Midlands Irrigation Scheme completing detailed design of the pipeline and pump stations;
- Completing Water Sales for the Sassafras Wesley Vale Irrigation Scheme Augmentation and the Tamar Irrigation Scheme; and
- Approval of the Preferred Option Design for the Greater South East Irrigation Scheme.

Looking ahead, Directors have prioritised the continued 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 proficient asset renewal and maintenance planning and delivery.

In the Program Development and Delivery segment, the continued focus will be on progressing the construction of the Don Irrigation Scheme, progressing the Northern Midlands Irrigation Scheme to construction, finalising the business cases for the Sassafras Wesley Vale Augmentation and the Tamar Irrigation Scheme, and commencing the Water Wales process for Greater South East Irrigation Scheme.

Operating result: The Company's Statement of Profit or Loss and Other Comprehensive Income for the year is set out on page 50 of this Annual Report. The Company's net result was a loss of \$18,141,679 after impairment of non-current assets of \$14,605,176 (2021: loss of \$43,055,356 after impairment of \$47,039,054 of non-current assets).

In accordance with the Company's accounting policies, assets are reviewed annually for impairment. As a result of this review, an impairment expense of \$14,605,176 (2021: \$47,039,054) has been recognised in the Statement of Profit or Loss and Other Comprehensive Income. The majority of the impairment expense relates to the mini hydro power station assets of the Scottsdale Irrigation Scheme.

The Company's underlying performance, excluding the sale of water entitlements and the impairment of non-current assets, was a deficit of \$7,768,105 (2021: deficit of \$5,630,941).

This deficit relates to Program Development and Delivery overheads and Tranche Three pre-feasibility and feasibility costs that cannot be capitalised. This deficit will be funded by Tasmanian Government equity and grant contributions in the 2022/23 financial year.

The Water Delivery segment, excluding an impairment reversal of \$2,553,877 for the Meander Mini-Hydro Power Station, made a surplus of \$182,189 (2021: deficit of \$1,232,036) that will assist to fund future dam safety reviews.

3. Operating and financial review (continued)

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

	Note	30 June 2022	30 June 2021
Loss from continuing operations		(18,141,679)	(43,055,356)
Revenue from sale of water entitlements	B2	(4,231,602)	(9,614,639)
Impairment expense for non-current assets	B6	14,605,176	47,039,054
Underlying loss from continuing operations		(7,768,105)	(5,630,941)

Statement of financial position: The Company's cash and cash equivalents \$32,988,211 (2021: \$22,835,823) was an increase of \$10,152,388, compared to the previous financial year. The increase is due to receiving \$4,231,602 in water entitlement sales and equity contributions of \$11,945,984 received during the year (with \$4,500,000 being unspent at the end of the financial year).

An increase in trade and other payables of \$899,376 and a reduction in trade and other receivables of \$931,390 also contributed to the increase in cash.

Water entitlement deposits and equity were used to reduce debt in July 2022.

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.

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 \$47,319 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 2022.



Samantha Hogg
Chair

Dated at Western Junction this 11th day of August 2022

Tasmanian Irrigation Proprietary Limited
Directors' Declaration — For the Year Ended 30 June 2022

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 2022 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 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 2022; and
- d. The Directors draw attention to note A2 to the financial statements, which includes a statement of compliance with International Financial Reporting Standards, and note A3, which includes a statement regarding the Company's dependence on Government contributions.

Signed in accordance with a resolution of the Directors:



Samantha Hogg
Chair

Dated at Western Junction this 11th day of August 2022

11 August 2022

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 for the financial year ended 30 June 2022, 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



David Bond
Assistant Auditor-General
Delegate of the Auditor General

Copy for:
Ms L McBain, Chairperson Audit 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 Tasmanian Irrigation Pty Ltd (the Company), which comprises the statement of financial position as at 30 June 2022 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 2022 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 11 August 2022 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 and water infrastructure assets <i>Refer to note B6</i>	
<p>The carrying amount of the Company's land and buildings, dams and water infrastructure assets and capital work in progress measured at cost, totalled \$27.55 million at 30 June 2022.</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 \$15.11 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"> • Challenging the reasonableness of management's assessment of impairment. • Assessing the reasonableness and relevance of 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.

Why this matter is considered to be one of the most significant matters in the audit	Audit procedures to address the matter included
Accuracy and completeness of revenue from irrigation water charges and asset renewal levy <i>Refer to notes B2 and C6</i>	
<p>Irrigation water charges of \$8.48 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.</p> <p>The asset renewal levy, \$0.94 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, \$8.48 million at 30 June 2022, and is recognised as revenue when performance obligations are satisfied.</p> <p>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.</p>	<ul style="list-style-type: none"> • Reconciling variable and fixed water charge spreadsheets 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 renewal levies contract liability. • Assessing revenue calculations for mathematical accuracy. • 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 2022, 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

15 August 2022
Hobart



Financial Report



Tasmanian Irrigation Proprietary Limited

Statement of Financial Position

For the year ended 30 June 2022

	Note	30 June 2022	30 June 2021
Assets			
Cash and cash equivalents	C1	32,988,211	22,835,823
Trade and other receivables	C2	2,211,078	3,142,468
Inventories	C3	1,196,110	1,244,286
Prepayments		383,967	394,805
Total current assets		36,779,366	27,617,382
Property, plant and equipment	B6	28,869,945	34,189,515
Other assets	F1	426,348	426,348
Total non-current assets		29,296,293	34,615,863
Total assets		66,075,659	62,233,245
Liabilities			
Trade and other payables	C4	5,234,902	4,335,526
Loans and borrowings	E1	33,860,386	25,885,286
Employee benefits	D1	808,104	731,342
Deferred grant income	C5	234,596	473,632
Contract liability	C6	4,469,336	3,524,106
Total current liabilities		44,607,324	34,949,892
Loans and borrowings	E1	5,430,366	7,298,552
Employee benefits	D1	199,336	70,815
Deferred grant income	C5	3,569,097	2,791,867
Contract liability	C6	7,260,059	5,916,947
Total non-current liabilities		16,458,858	16,078,181
Total liabilities		61,066,182	51,028,073
Net assets		5,009,477	11,205,172
Equity			
Share capital	E3	324,575,777	312,629,793
Retained earnings / (accumulated losses)		(319,566,300)	(301,424,621)
Total equity		5,009,477	11,205,172

The notes on pages 54 to 93 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 2022

	Note	30 June 2022	30 June 2021
Continuing operations			
Revenue from contracts with customers	B2	15,149,370	20,922,345
Government grants	B3	1,879,200	528,568
Other income	B3	549,391	963,689
Finance income	B3	53,151	113,324
Total revenue		17,631,112	22,527,926
Depreciation and amortisation	B6	(609,403)	(665,720)
Employee benefits	B4	(6,365,174)	(5,945,722)
Impairment loss—trade receivables		49,629	(56,735)
Impairment expense — land, dams and water infrastructure	B6	(14,605,176)	(47,039,054)
Operations and maintenance expenses	B4	(7,474,838)	(7,582,380)
Pre-feasibility and feasibility costs for Tranche Three and future irrigation projects		(3,989,055)	(1,984,354)
Administrative expenses	B4	(1,557,516)	(1,673,984)
Finance costs	E2	(1,221,258)	(635,333)
Total expenses		(35,772,791)	(65,583,283)
Loss from continuing operations		(18,141,679)	(43,055,356)
Tax (expense) benefit	B5	-	-
Profit (loss) for the year after tax before comprehensive income		(18,141,679)	(43,055,356)
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive profit (loss) for the year		(18,141,679)	(43,055,356)

The notes on pages 54 to 93 are an integral part of these financial statements

Tasmanian Irrigation Proprietary Limited

Statement of Changes in Equity

For the year ended 30 June 2022

	Note	Attributable to owners of the Company		
		Issued capital	Retained earnings (accumulated losses)	Total equity
Balance at 1 July 2020		Share capital 2	Equity contributions 298,929,791	(258,369,265) 40,560,528
Total comprehensive income for the year				
Profit or loss		-	-	(43,055,356) (43,055,356)
Total other comprehensive income		-	-	- -
Total comprehensive income for the year		-	-	(43,055,356) (43,055,356)
Transactions with owners, recorded directly in equity				
Capital contributions from Government	E3	-	13,700,000	- 13,700,000
Total contributions by and distributions to owners of the Company		-	13,700,000	- 13,700,000
Balance at 30 June 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

The notes on pages 54 to 93 are an integral part of these financial statements

Tasmanian Irrigation Proprietary Limited

Statement of Cash Flows

For the year ended 30 June 2022

	Note	30 June 2022	30 June 2021
Cash flows from operating activities			
Cash receipts from customers		12,295,992	11,269,692
Cash receipts from Government grants		2,417,392	894,674
Cash paid to suppliers and employees		(19,344,091)	(20,712,828)
Cash generated from (used in) operations		(4,630,707)	(8,548,462)
Interest received		53,151	113,324
Payment of interest on borrowings		(1,221,258)	(635,333)
Net cash from (used in) operating activities	C1	(5,798,814)	(9,070,471)
Cash flows from investing activities			
Cash receipts from water entitlements		6,543,565	13,398,935
Proceeds from sale of property, plant and equipment		154,755	365,817
Payments for property, plant and equipment		(8,594,035)	(14,688,851)
Net cash used in investing activities		(1,895,715)	(924,099)
Cash flows from financing activities			
Capital contributions from Government		11,945,984	13,700,000
Repayment of borrowings		(5,854,644)	(28,737,028)
Repayment of lease liabilities		(178,256)	(154,730)
Proceeds from borrowings		11,933,833	29,000,000
Net cash from financing activities		17,846,917	13,808,242
Net increase/(decrease) in cash and cash equivalents		10,152,388	3,813,672
Cash and cash equivalents at 1 July		22,835,823	19,022,151
Cash and cash equivalents at 30 June	C1	32,988,211	22,835,823

The notes on pages 54 to 93 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 (AASBs) and interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial statements comply with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

The financial statements were authorised for issue by the Board of Directors on 11 August 2022.

(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.

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

A2 Basis of preparation (continued)

(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.

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:

	2022	2021
Capital projects – included in equity	10,885,984	2,200,000
Contributions for the repayment of borrowings – included in equity	1,060,000	11,500,000
Program Development and Delivery overheads and business case development – included in income	1,650,000	-
Contributions for operating activities – included as income	229,200	528,568
Total State and Federal Government contributions	13,825,184	14,228,568

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.

Cash flow from operations (net of interest) is forecast to be positive in financial year 2023. In 2023 the Tasmanian Government has committed \$10,480,000 in equity to pay down all debt associated with Program Development and Delivery overheads and Tranche Three business cases. In addition, Tasmanian Irrigation will receive \$14,300,000 in grant funding in 2023 to cover Program Development and Delivery overheads and business case expenditure. This is expected to address the current assets to current liabilities deficiency at 30 June 2022.

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

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 2022 and have not been applied in preparing these financial statements. The Company does not plan to early adopt these standards.

The pending standards 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 Hydro Power Station at Meander Dam, 2MW Hydro Power Station at Scottsdale and a 6MW Hydro Power Station as part of the Midlands Irrigation 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 successful 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 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)
Year ended 30 June 2021	Water Delivery	Program Development and Delivery	Total
External revenue	9,679,817	10,511,728	20,191,545
Inter-segment revenue	-	-	-
Segment revenue	9,679,817	10,511,728	20,191,545
Segment profit/(loss) before tax	(3,865,958)	(39,189,398)	(43,055,356)
Interest income	57,536	55,788	113,324
Interest expense	(76,619)	(558,714)	(635,333)
Depreciation and amortisation	(567,682)	(98,038)	(665,720)
Other material non-cash items:			
- impairment of property, plant and equipment	(2,633,922)	(44,405,132)	(47,039,054)

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

	2022	2021
Irrigation fees		
Irrigation water charges	8,475,058	8,193,456
Renewable energy generation		
Electricity generation	858,343	1,321,694
Renewable Energy Certificates	646,481	1,175,080
	1,504,824	2,496,774
Water entitlement revenue		
Midlands Irrigation Scheme	155,250	3,672,567
Scottsdale Irrigation Scheme	3,205,602	5,798,072
Upper Ringarooma Irrigation Scheme	108,000	24,000
Whitemore Irrigation Scheme	762,750	-
Greater Meander Irrigation Scheme	-	120,000
	4,231,602	9,614,639
Asset Renewal Levy	937,886	617,476
Total revenue from contracts with customers	15,149,370	20,922,345

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

Government grants

Grants received for operational funding

Grants received for business case development

Finance income

Interest income on loans provided for the acquisition of water entitlements

Interest income on cash funds invested

Other income

Gain on sale of non-current assets

Reimbursement of third-party expenditure

External services

Other

Total other income

	2022	2021
	229,200	528,568
	1,650,000	-
	1,879,200	528,568
	-	(4,022)
	53,151	117,346
	53,151	113,324
	128,564	335,955
	24,105	131,385
	71,104	43,292
	325,618	453,057
	549,391	963,689
	2,481,742	1,605,581

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 and late fees.

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	2022	2021
Employee benefits			
Salaries and wages		5,394,361	5,206,562
Salaries and wages capitalised		(545,560)	(622,201)
Other employee entitlements		1,002,572	898,365
Superannuation		513,801	462,996
		6,365,174	5,945,722
Operations and maintenance expenses			
Contractors and consultants		780,156	715,260
Maintenance		1,212,664	707,191
Water purchases (i)		2,246,653	3,313,031
Power charges (i)		1,318,446	1,446,756
Rates, land tax and insurances		689,501	613,191
Other operations and maintenance expenses		1,227,418	786,951
		7,474,838	7,582,380
(i) Operations and maintenance expenses are lower in these areas due to a decrease in the price of water supplied this irrigation season compared to the prior year.			
Administration expenses			
External audit fees		40,820	39,630
Internal audit fees		15,279	16,320
Advertising and promotion		17,480	23,378
Travel expenses (ii)		70,944	48,249
Information technology and communication expenses		917,902	1,011,974
Training and professional development		85,108	104,018
Rental expenses		10,322	7,013
Other administration expenses		399,661	423,402
		1,557,516	1,673,984

(ii) 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

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

Increase (decrease) in deferred tax liability

Tax benefits not recognised

Adjustment for prior years

Total tax expense attributable to continuing operations

	2022	2021
	-	-
	-	-
	-	-
	7,791,263	5,108,305
	1,260,818	(9,478,989)
	(9,052,081)	4,370,684
	-	-
	-	-
	-	-

Numerical reconciliation between tax expense and pre-tax net profit

	2022	2021
Profit/(loss) from operations	(18,141,679)	(43,055,356)
Income tax expense calculated at 25% (2021: 26%)	(4,535,420)	(11,194,393)
Non-temporary items	2,136	1,734
Tax rate change on temporary differences and tax losses not recognised from 26% to 25%	-	6,821,975
Tax benefit not recognised	4,533,284	4,370,684
Income tax expense	-	-

Unrecognised deferred tax assets

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

	2022	2021
(Assessable) deductible temporary differences at 25% (2021: at 25%)	(4,417,450)	(5,599,340)
Tax losses at 25% (2021: at 25%)	88,145,830	80,275,639
	83,728,380	74,676,299

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

B5 Taxation (continued)

In addition to the above, deferred tax assets of \$11,952,575 (2021: \$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 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 receivables	-	(9,656)	9,656	-	31,119	(9,656)	21,463
Inventories	-	40,255	(40,255)	-	(157,896)	40,255	(117,641)
Provisions	-	62,407	(62,407)	-	174,569	62,407	236,976
Lease liabilities	-	823	(823)	-	5,346	823	6,169
Other	-	(132,502)	132,502	-	138,269	(132,502)	5,767
Tax loss carry-forwards	-	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

	Balance 1 July 2020	Recognised in profit or loss	Tax benefit derecognised	Balance 30 June 2021	Opening balance not recognised 1 July 2020	Current year movement not recognised	Total tax benefit derecognised at 30 June 2021
Property, plant and equipment	-	9,479,072	(9,479,072)	-	(15,269,819)	9,479,072	(5,790,747)
Trade and other receivables	-	(4,822)	4,822	-	35,941	(4,822)	31,119
Inventories	-	(83)	83	-	(157,813)	(83)	(157,896)
Provisions	-	5,695	(5,695)	-	168,874	5,695	174,569
Lease liabilities	-	762	(762)	-	4,584	762	5,346
Other	-	138,269	(138,269)	-	-	138,269	138,269
Tax loss carry-forwards	-	(5,248,209)	5,248,209	-	85,523,848	(5,248,209)	80,275,639
	-	4,370,684	(4,370,684)	-	70,305,615	4,370,684	74,676,299

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 2020		2,582,941	94,735,487	271,118,232	3,000,758	60,257,195	431,694,615
Additions	B6(a)	68,119	-	-	484,943	13,666,279	14,219,341
Disposals		-	-	-	(396,599)	-	(396,599)
Transfers		749,664	13,518,639	35,349,724	-	(49,618,027)	-
Balance at 30 June 2021		3,400,724	108,254,126	306,467,956	3,089,102	24,305,447	445,517,357
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
Depreciation and impairment losses							
Balance at 1 July 2020		(1,671,414)	(92,650,496)	(267,881,706)	(1,752,321)	-	(363,955,937)
Depreciation for the year		(163,640)	(32,757)	(80,089)	(389,234)	-	(665,720)
Impairment loss	B6(b)	(856,330)	(13,663,181)	(32,519,543)	-	-	(47,039,054)
Disposals		-	-	-	332,869	-	332,869
Balance at 30 June 2021		(2,691,384)	(106,346,434)	(300,481,338)	(1,808,686)	-	(411,327,842)
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)
Carrying amounts							
at 1 July 2020		911,527	2,084,991	3,236,528	1,248,437	60,257,195	67,738,679
at 30 June 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

(i) Total depreciation expense is \$659,291 (2021: \$665,720), of which \$49,888 (2021: \$nil) is allocated to “pre-feasibility and feasibility costs” and “capital work in progress”, leaving net depreciation of \$605,403 (2021: \$665,720) as disclosed in the Statement of Profit or Loss and Other Comprehensive Income.

(ii) Impairment loss consists of:

	Note	2022	2021
Impairment losses		(18,496,714)	(49,393,009)
Impairment reversals		3,891,538	2,083,955
Impairment loss in Statement of Profit or Loss and Other Comprehensive Income		(14,605,176)	(47,309,054)

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.

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

B6 Property, plant and equipment (continued)

(a) Additions

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

	2022	2021
Cressy Longford Irrigation Scheme	219,060	663,232
Don Irrigation Scheme	3,948,710	2,658,619
Duck Irrigation Scheme	-	23,974
Fingal Irrigation Scheme	91,452	401,437
Lower South Esk Scheme	-	34,418
Meander Valley Irrigation Scheme	494,594	-
North Esk Irrigation Scheme	-	34,912
Northern Midlands Irrigation Scheme	2,130,309	4,238,360
Scottsdale Irrigation Scheme	443,241	2,819,669
South East Interim Solution	-	1,632,698
South East Irrigation Scheme – Interconnect Project	2,016,130	1,149,468
Other	1,135,430	562,554
	10,478,926	14,219,341

(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 2022, a net impairment expense of \$14,605,176 (2021: \$47,039,054) has been recognised in the Statement of Profit or Loss and Other Comprehensive Income. The majority of this expense relates to the dam and distribution assets of the Scottsdale 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. The accounting treatment for these 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 water entitlements and other revenue, is as follows:

	30 June 2022			30 June 2021		
	Government contributions	Sale of water entitlements and other revenue	Total	Government contributions	Sale of water entitlements and other revenue	Total
Dial Blythe Irrigation Scheme	11,061,295	2,673,507	13,734,802	11,061,295	2,614,407	13,675,702
Duck Irrigation Scheme	15,746,466	14,021,830	29,768,296	15,746,466	14,124,861	29,871,327
Great Forester Irrigation Scheme	2,124,000	4,323,035	6,447,035	2,124,000	4,294,170	6,418,170
Kindred North Motton Irrigation	7,606,673	2,923,250	10,529,923	7,606,673	2,808,530	10,415,203
Lower South Esk Irrigation Scheme	8,814,272	5,700,112	14,514,384	8,814,272	5,644,381	14,458,653
Meander Valley Irrigation Scheme*	-	16,776,312	16,776,312	-	16,707,737	16,707,737
Midlands Irrigation Scheme	65,487,723	32,488,729	97,886,452	65,487,723	33,671,523	99,159,246
North Esk Irrigation Scheme	14,949,637	12,083,204	27,032,841	14,949,637	12,083,204	27,032,841
Sassafras Wesley Vale Irrigation Scheme	6,114,000	5,873,184	11,987,184	6,114,000	5,804,697	11,918,697
Scottsdale Irrigation Scheme	2,200,000	54,984,309	57,184,309	2,200,000	37,005,548	39,205,548
South East Interconnect Scheme	4,112,912	-	4,112,912	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	5,436,170	30,853,678	25,417,508	5,436,170	30,853,678
Southern Highlands Irrigation Scheme	22,906,229	6,758,231	29,664,460	22,906,229	6,760,638	29,666,867
Swan Valley Irrigation Scheme	15,580,000	3,132,723	18,712,723	15,580,000	3,146,741	18,726,741
Togari, Montagu and Riley's Creek Schemes*	-	561,403	561,403	-	561,403	561,403
Upper Ringarooma Irrigation Scheme	21,166,960	5,165,428	26,332,388	21,166,960	5,068,873	26,235,833
Whitemore Irrigation Scheme	5,050,000	6,511,402	11,561,402	5,050,000	6,511,402	11,561,402
Winnaleah Irrigation Scheme						
Augmentation	6,491,624	4,364,937	10,856,561	6,491,624	4,364,937	10,856,561
	234,829,299	184,355,791	419,185,090	234,829,299	167,187,246	402,016,545

* 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:

	2022	2021
Duck Irrigation Scheme	137,619	34,588
Kindred North Motton Irrigation Scheme	332,933	431,303
Midlands Irrigation Scheme	2,867,451	1,670,614
Scottsdale Irrigation Scheme	2,822,502	5,216,858
Southern Highlands Irrigation Scheme	76,513	75,140
Swan Valley Irrigation Scheme	14,019	-
Upper Ringarooma Irrigation Scheme	415,363	518,754
	<u>6,666,400</u>	<u>7,947,257</u>

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	C4. Payables
C2. Receivables	C5. Deferred grant income
C3. Inventories	C6. Contract liability

C1 Cash and cash equivalents

	2022	2021
Bank balances	32,345,657	22,227,340
Short-term investments at call with Tascorp	642,554	608,483
Cash and cash equivalents in the Statement of Cash Flows	32,988,211	22,835,823

(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:

	2022	2021
Cash flows from operating activities		
Profit (loss) for the period	(18,141,679)	(43,055,357)
Adjustments for:		
Depreciation and amortisation	659,291	665,720
Impairment of current assets	(49,629)	56,735
Impairment of non-current assets	14,605,176	47,039,054
Write-off of capital work-in-progress	502,381	-
Proceeds from sales of water entitlements recognised as investing activities	(6,543,565)	(13,398,934)
(Gain) loss on sale of non-current assets	(128,564)	(335,955)
	(9,096,589)	(9,028,737)
Change in trade and other receivables	981,019	2,888,644
Change in prepayments	10,838	(34,952)
Change in inventories	48,176	(670,421)
Change in other assets	-	55,895
Change in trade and other payables	(774,074)	(2,997,615)
Change in provisions and employee benefits	205,284	176,601
Change in deferred grant income	538,193	(993,515)
Change in contract liability	2,288,339	1,533,629
Net cash provided by / (used in) operating activities	(5,798,814)	(9,070,471)

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

C1 Cash and cash equivalents (continued)

(iii) Restricted cash balances

	2022	2021
Cash balances included in this total which are restricted for use in:		
Capital construction projects	5,363,051	920,707
Asset renewal levy expenditure *	8,432,945	7,407,505
	<u>13,795,996</u>	<u>8,328,212</u>

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

C2 Receivables

	2022	2021
Trade receivables (i)	1,092,540	1,716,252
Impairment of trade receivables (ii)	(85,853)	(124,476)
Goods and Services Tax receivable	278,832	167,086
Accrued income	925,559	1,383,606
	<u>2,211,078</u>	<u>3,142,468</u>

(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.

(ii) Impairment of financial assets

	2022	2021
Movement in the allowance for impairment		
Balance at the beginning of the year	(124,476)	(130,696)
Reassessment of impairment losses on receivables	38,428	(45,063)
Impaired receivables written-off during year	195	51,283
Balance at the end of the year	<u>(85,853)</u>	<u>(124,476)</u>

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

C2 Receivables (continued)

(ii) Impairment of financial assets (continued)

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.

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

C3 Inventories

	2022	2021
Water stock on hand		
South Riana Dam (Dial Blythe Irrigation Scheme)	8,836	11,645
Milford Dam (Lower South Esk Irrigation Scheme)	99,504	134,841
Daisy Banks Dam (South East Irrigation Scheme Stage Two)	37,344	40,322
Rekuna Dam (South East Irrigation Scheme Stage Three)	19,450	32,871
Dunns Creek Dam (Upper Ringarooma Irrigation Scheme)	14,042	19,629
Southernfield Dam (Southern Highlands Irrigation Scheme)	128,170	159,279
Rocklands Dam (North Esk Irrigation Scheme)	83,959	91,259
Melrose Dam (Swan Valley Irrigation Scheme)	55,457	70,966
Mill Creek Dam (Duck Irrigation Scheme)	23,802	70,772
	470,564	631,584
Construction project inventory	725,546	612,702
	1,196,110	1,244,286

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.

C4 Payables

	2022	2021
Trade payables	2,177,242	101,676
Accrued expenses	2,889,247	4,117,148
Interest payable	168,413	116,702
	5,234,902	4,335,526

Recognition, measurement and derecognition

The Company's financial liabilities comprises 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.

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

C5 Deferred grant income

	2022	2021
Current		
Net interest cover ¹	225,529	440,405
Operational grants	9,067	33,227
	<u>234,596</u>	<u>473,632</u>
Non-current		
Net interest cover ¹	3,569,097	2,791,867

¹ 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.

C6 Contract liability

	2022	2021
Current		
Water entitlement deposits	3,247,549	1,905,878
Asset Renewal Levies	975,887	1,618,228
Asset Renewal Levies – self managed	245,900	-
	<u>4,469,336</u>	<u>3,524,106</u>
Non-current		
Asset Renewal Levies	5,832,918	4,376,304
Asset Renewal Levies – self managed	1,427,141	1,540,643
	<u>7,260,059</u>	<u>5,916,947</u>

(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 B3.

(ii) Revenue recognised from contract liabilities

	2022	2021
Revenue recognised in the year from contract liabilities balance at the beginning of the period:		
Water entitlement sales	4,231,602	9,614,639
Asset Renewal Levies	937,886	617,476
	<u>5,169,488</u>	<u>10,232,115</u>

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

C6 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 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 Irrigation 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

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

C6 Contract liability (continued)

(iii) Asset Renewal Levies – by scheme (continued)

30 June 2021	Opening balance	Received or receivable	Recognised as revenue	Movement	Closing balance
Cressy Longford Irrigation Scheme	602,895	38,604	-	38,604	641,499
Dial Blythe Irrigation Scheme	317,157	84,681	(3,068)	81,613	398,770
Duck Irrigation Scheme	96,593	107,329	(5,696)	101,633	198,226
Great Forester Irrigation Scheme	59,786	9,867	-	9,867	69,653
Kindred North Motton Irrigation Scheme	231,473	60,635	(271,367)	(210,732)	20,741
Lower South Esk Irrigation Scheme	259,011	39,882	(16,203)	23,679	282,690
Meander Valley Irrigation Scheme	113,817	80,289	(158,288)	(77,999)	35,818
Midlands Irrigation Scheme	1,394,493	345,120	(41,890)	303,230	1,697,724
North Esk Irrigation Scheme	139,096	72,602	-	72,602	211,698
Sassafras Wesley Vale Irrigation Scheme	389,430	57,954	(26,329)	31,625	421,055
Scottsdale Irrigation Scheme	-	90,020	-	90,020	90,020
South East Irrigation Scheme (Stages 1-2)	273,671	48,724	(66,063)	(17,339)	256,332
South East Irrigation Scheme (Stage 3)	536,171	137,015	(18,020)	118,995	655,166
Southern Highlands Irrigation Scheme	431,577	151,138	(7,464)	143,674	575,251
Swan Valley Irrigation Scheme	97,180	98,824	-	98,824	196,004
Upper Ringarooma Irrigation Scheme	452,397	102,216	(3,012)	99,204	551,601
Whitemore Irrigation Scheme	283,762	50,099	(75)	50,024	333,786
Winnaleah Irrigation Scheme	830,334	68,809	-	68,809	899,143
	6,508,843	1,643,808	(617,476)	1,026,333	7,535,176

(iv) Asset Renewal Levies – componential breakdown

	2022	2021
Cash held - scheme accounts	8,432,945	7,407,505
Outstanding debtors	48,901	127,671
	8,481,846	7,535,176

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

	2022	2021
Current liabilities— employee benefits	808,104	731,342
Non-current liabilities— employee benefits	199,336	70,815

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:

	Directors' remuneration		Executive remuneration		Consolidated	
	2022	2021	2022	2021	2022	2021
Short-term employee benefits	250,314	217,116	1,315,126	1,337,913	1,565,440	1,555,029
Post-employment benefits	25,031	20,625	126,936	130,404	151,967	151,029
Other long-term employee benefits	-	-	18,099	18,379	18,099	18,379
Termination benefits	-	-	99,071	62,394	99,071	62,394
	275,345	237,741	1,559,232	1,549,090	1,834,577	1,786,831

For Directors' remuneration, short-term employment benefits include: Director fees, Committee fees and other benefits. Post-employment benefits represent superannuation contributions.

For Executive remuneration, short-term employment benefits include: base salary, vehicles, other benefits and other non-monetary benefits. Post-employment benefits represent superannuation contributions. Other long-term employee benefits include leave movements. Termination benefits are provided for on the following pages.

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 2022 ¹

Name	Position	Period	Director's fees	Committee fees	Superannuation ²	Other Benefits	Total
Ms Samantha Hogg Non-Executive	Chair	Full term	75,270	-	7,527	-	82,797
Mr Guy Kingwill Non-Executive	Director	To: 30 November 2021	17,790	-	1,779	-	19,569
Ms Laura McBain Non-Executive	Director	From: 2 August 2021	37,328	-	3,733	-	41,061
Ms Judith Lyne Non-Executive	Director	From: 2 August 2021	37,328	-	3,733	-	41,061
Mr Tim Baker Non-Executive	Director - Crown Servant	From: 4 October 2021 to 28 January 2022	-	-	-	-	-
Dr John Whittington Non-Executive	Director	Full term	41,299	-	4,130	-	45,429
Ms Abigail Foley Non-Executive	Director	Full term	41,299	-	4,130	-	45,429
Total			250,314	-	25,031	-	275,345

See over for key

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

D2 Key management personnel (continued)

Name	Position	Period	Director's fees	Committee fees	Superannuation ²	Other Benefits	Total
Ms Samantha Hogg Non-Executive	Chair	Full term	75,270	-	7,151	-	82,421
Mr Michael Chilvers Non-Executive	Director	To: 19 March 2021	30,180	-	2,867	-	33,047
Mr Guy Kingwill Non-Executive	Director	Full term	41,299	-	3,923	-	45,222
Mr Christopher Thompson Non-Executive	Director	To: 15 March 2021 ³	14,772	-	1,403	-	16,175
Dr John Whittington Non-Executive	Director	Full term	41,299	-	3,923	-	45,222
Ms Abigail Foley Non-Executive	Director	From: 22 February 2021	14,296	-	1,358	-	15,654
Total			217,116	-	20,625	-	237,741

Director Remuneration for Year ended 30 June 2021 ¹

Director remuneration notes and statements:

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

² Superannuation means the contribution to the superannuation fund of the individual.

³ Christopher Thompson took a leave of absence from the Board from 4 November 2020 until 15 March 2021 and was not remunerated during this period.

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

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 2022

Name	Position	Period	Base Salary ¹	Short Term Incentive payment ²	Super-annuation ³	Vehicles ⁴	Other Monetary Benefits ⁵	Other Non Monetary Benefits ⁶	Total Remuneration	Termination Benefits ⁷	Other Long Term Benefits ⁸	Total
Mr Andrew Kneebone	Chief Executive Officer	Full year	295,679	-	29,568	21,372	-	-	346,619	-	(13,925)	332,694
Mr James Hipwood	Chief Financial Officer	Full year	187,955	-	18,795	-	-	-	206,750	-	21,584	228,334
Mr Eric Shegog	General Manager Program Development and Delivery	From: 13 September 2021 to 3 June 2022	146,153	-	14,615	10,961	-	-	171,729	74,063	-	245,792
Mr Steven Maycock	Company Secretary and General Counsel	To: 21 February 2022	106,024	-	10,602	-	-	-	116,626	5,248	(5,248)	116,626
Mr Paul Davis	General Manager Technical Support Services	To: 26 June 2022	176,828	-	19,043	13,055	-	-	208,926	19,760	(6,154)	222,532
Mr David Skipper	General Manager Water Delivery	Full year	195,383	-	19,538	3,906	-	-	218,827	-	10,294	229,121
Mr Steven Powell	General Manager Environment, Health & Safety	Full year	147,751	-	14,775	10,059	-	-	172,585	-	11,548	184,133
Total			1,255,773	-	126,936	59,353	-	-	1,442,062	99,071	18,099	1,559,232

See over for key

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

D2 Key management personnel (continued)

Executive Remuneration for Year ended 30 June 2021

Name	Position	Period	Base Salary ¹	Short Term Incentive payment ²	Super-annuation ³	Vehicles ⁴	Other Monetary Benefits ⁵	Other Non Monetary Benefits ⁶	Total Remuneration	Termination Benefits ⁷	Other Long Term Benefits ⁸	Total
Mr Andrew Kneebone	Chief Executive Officer	Full year	288,616	-	33,867	21,372	-	-	343,855	-	22,982	366,837
Mr James Hipwood	Chief Financial Officer	Full year	180,471	-	17,145	-	-	-	197,616	-	9,584	207,200
Mr Paul Ellery	General Manager Program Development and Delivery	To: 6 April 2021	166,744	-	17,791	6,728	-	-	191,263	62,394	(48,241)	205,416
Mr Steven Maycock	Company Secretary and General Counsel	Full year	158,076	-	15,017	-	-	-	173,093	-	1,752	174,845
Mr Paul Davis	General Manager Technical Support Services	Full year	173,374	-	16,470	13,054	-	-	202,898	-	9,226	212,124
Mr David Skipper	General Manager Water Delivery	Full year	181,033	-	17,198	4,834	-	-	203,065	-	13,215	216,280
Mr Steven Powell	General Manager Environment, Health & Safety	Full year	135,961	-	12,916	7,650	-	-	156,527	-	9,861	166,388
Total			1,284,275	-	130,404	53,638	-	-	1,468,317	62,394	18,379	1,549,090

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

D2 Key management personnel (continued)

Key to Executive remuneration tables

Executive remuneration amounts are all forms of consideration paid, payable or provided by the entity.

- ¹ Base salary includes all forms of consideration paid and payable for services rendered, compensated absences during the period and salary sacrifice amounts.
- ² Short-term incentive payments are non-recurrent payments, which depend on achieving specified performance goals within specified timeframes. Tasmanian Irrigation 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 Superannuation means the contribution to the superannuation fund of the individual.
- ⁴ 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 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.
- ⁶ 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.
- ⁷ Termination benefits include all forms of benefit paid or accrued as a consequence of termination.
- ⁸ Other long-term benefits include annual and long service leave movement.

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.

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

D2 Key management personnel (continued)

Senior executives

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 Treasurer and Portfolio Minister following selection and recommendation by the Board. The Board must not exceed the maximum of the CEO remuneration band approved by the Treasurer when determining the CEO's remuneration package.

The employment terms and conditions of senior executives are contained in individual employment contracts, which prescribe total remuneration, superannuation, annual and long service leave, vehicle and salary sacrifice provisions.

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 the CEO contain a termination clause that requires the CEO to provide a minimum notice period of 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

No fixed performance targets with short term incentive payments were set by the Board during the current year.

Termination benefits

During the current 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).

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

D2 Key management personnel (continued)

Remuneration policies (continued)

Termination benefits (continued)

During the prior year, Mr Paul Ellery ceased employment effective 6 April 2021 and was paid \$62,394, representing the balance of his accrued annual leave entitlements (\$48,241), plus four weeks salary in lieu of notice (\$14,693).

Acting arrangements

When key management positions are vacant or the incumbent is 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 fortnight.

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

Related party transaction

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;
- Minister 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. The total amount paid for the supply of irrigation water was \$nil (2021: \$78,195) and the total amount of water entitlements bought was \$nil (2021: \$43,772).

During the previous financial year, the Company procured \$360,487 of environmental services in the ordinary course of business from Pinion, a Company jointly controlled by a Director.

Ministerial Declarations

During the year, Dr John Whittington's spouse, Sarah Courtney, was a Minister in the Tasmanian Government until 9 February 2022. Over the full financial year, Dr John Whittington received \$45,429 (2021: \$45,222) in Director fees.

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
- E2. Finance costs
- E3. Issued capital
- E4. Capital and risk management
- E5. Leases

E1 Loans and borrowings

	2022	2021
Current liabilities		
Secured loans – TasCorp	33,641,832	25,722,948
Lease liabilities	218,554	162,338
	33,860,386	25,885,286
Non-current liabilities		
Secured loans – TasCorp	5,000,000	6,839,695
Lease liabilities	430,366	458,857
	5,430,366	7,298,552

(i) Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

	Nominal interest rate	Year of maturity	30 June 2022		30 June 2021	
			Fair value	Carrying amount	Fair value	Carrying amount
Secured loans – TasCorp	1.05% - 1.40%	2023 - 2024	38,386,460	38,641,832	32,644,342	32,562,643
Lease liabilities			648,920	648,920	621,195	621,195
Total interest-bearing liabilities			39,035,380	39,290,752	33,265,537	33,183,838

As part of the State Government's response to the COVID-19 pandemic, the Treasurer has ensured that all Government businesses have access to sufficient funds. On 15 June 2020, the Treasurer provided explicit support to the Tasmanian Public Finance Corporation (TasCorp) for a borrowing limit of \$68.2 million. The TasCorp borrowings are also secured by a Letter of Comfort from the Treasurer issued on 16 February 2015.

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

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

E1 Loans and borrowings (continued)

(ii) 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.

Interest-bearing loans and borrowings	2022	2021
Balance at 1 July	33,183,838	33,007,477
Additional lease liabilities recognised in year	205,982	68,119
Changes from financing cash flows:		
Cash received from loans	11,933,832	29,000,000
Cash repayments of loans	(5,854,643)	(28,737,028)
Cash repayments of lease liabilities	(178,257)	(154,730)
Balance at 30 June	39,290,752	33,183,838

E2 Finance costs

	2022	2021
Finance costs		
Interest on financial liabilities measured at amortised cost	944,875	370,399
Interest on lease liabilities	11,215	11,328
Guarantee fee	265,088	253,526
Collection costs	80	80
	<u>1,221,258</u>	<u>635,333</u>

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

	Ordinary shares	
	2022	2021
Share capital – ordinary shares on issue at 1 July and 30 June (1)	2	2
Equity contributions at 1 July	312,629,791	298,929,791
Government contributions (2)	11,945,984	13,700,000
Equity contributions at 30 June	324,575,775	312,629,791
Total issued capital	<u>324,575,777</u>	<u>312,629,793</u>

(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	
		2022	2021
Trade receivables	C2	1,006,687	1,591,776
		1,006,687	1,591,776

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 collections agency. Impairment losses on financial assets were recognised in profit or loss during the period, and the basis of the expected credit loss assessment are detailed in note C2.

Cash and cash equivalents

The Company held cash and cash equivalents of \$32,988,211 at 30 June 2022 (2021: \$22,835,823), 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, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

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 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	-
Lease liabilities	648,920	648,920	18,212	36,426	163,916	430,366	-
Trade and other payables	5,234,902	5,234,902	5,234,902	-	-	-	-
	44,525,654	44,525,654	37,394,946	36,426	1,663,916	5,430,366	-

30 June 2021

	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	32,562,643	32,562,643	25,400,000	-	322,948	6,839,695	-
Lease liabilities	621,195	621,195	13,590	27,118	122,885	457,602	-
Trade and other payables	4,335,526	4,335,526	4,335,526	-	-	-	-
	37,519,364	37,519,364	29,749,116	27,118	445,833	7,297,297	-

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

E4 Capital and risk management (continued)

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.

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 \$82,471 (2021: \$57,090).

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 funding 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 \$38,386,460 (2021: \$32,644,342).

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

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 on the following page.

(i) 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.

	2022	2021
Balance at 1 July	595,618	691,139
Additions	205,983	68,119
Depreciation charge for the year	(177,357)	(163,640)
Balance at 30 June	624,244	595,618

(ii) Amounts recognised in Profit or Loss

	2022	2021
Interest on lease liabilities	11,216	11,328
Expenses relating to short-term leases	10,322	7,013
Depreciation charge for the year	177,356	163,640
	198,894	181,981

(iii) Amounts recognised in Statement of Cash Flows

	2022	2021
Principal component – financing activity	178,256	154,730
Interest component – operating activity	11,216	11,328
Total cash outflow for leases	189,472	166,058

(iv) 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.

Tasmanian Irrigation Proprietary Limited

Notes to the Financial Statements

E5 Leases (continued)

(iv) Recognition and measurement (continued)

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.

The Company presents right-of-use assets in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the Statement of Financial Position.

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. Auditors' remuneration |
| F2. Commitments | F5. Subsequent events |
| F3. Contingent liabilities | |

F1 Other assets

	2022	2021
Cressy Longford Irrigation Scheme Limited	193,556	193,556
Winnaleah Irrigation Scheme Limited	232,792	232,792
	426,348	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 as follows:

	Within 1 year	Between 1 and 5 years	Total
As at 30 June 2022			
Don Irrigation Scheme	323,094	35,289,309	35,612,403
Northern Midlands Irrigation Scheme	167,189	80,000	247,189
Scottsdale Irrigation Scheme	471,193	-	471,193
	961,476	35,369,309	36,330,785
As at 30 June 2021			
Scottsdale Irrigation Scheme	3,542,159	-	3,542,159
	3,542,159	-	3,542,159

F3 Contingent liabilities

The Company has certain obligations to remove certain assets and / or restore the site at the end of the economic life of irrigation schemes. The estimate of the costs of dismantling and removing the items and restoring the site has not yet been determined.

F4 Auditors' remuneration

	2022	2021
Audit and review of financial statements	40,820	39,630

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.

Congratulations to Maintenance Technician Bill Whinnett on celebrating his 10-year milestone with Tasmanian Irrigation. Bill is pictured here with the Sassafras Wesley Vale Irrigation Scheme Great Bend Pump, which has been in service since 1968.

Tasmanian Irrigation sincerely thanks Bill for his fabulous work supporting Scheme Operators and the Engineering Team to provide the best outcomes for irrigation asset management and future development.



Tasmanian
Irrigation