

# Annual Report

2019/2020

Tasmanian  
Irrigation 

Tasmanian Irrigation Pty Ltd

ABN 95 722 799 075

Tasmanian Irrigation 2019/20 Annual Report

Published October 2020

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

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## Our Story

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

A State-owned Company, Tasmanian Irrigation is renowned for its proven ability to reliably and cost-effectively deliver water, as well as complex infrastructure projects, to enable farmers to expand, diversify 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 five projects. By 2025, Tasmanian Irrigation will manage a portfolio of irrigation infrastructure valued at more than \$680 million, capable of delivering 168,998 megalitres of water via 1,451 km of pipeline, 55 power stations, 24 dams and three power stations.

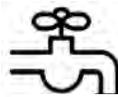
Business cases for a further five Tranche Three phase two projects will also be completed.

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.

# Highlights of 2019/20

## Record Water Delivery



2019/20  
87,510 ML

2018/19  
64,784 ML

## Record Number of Irrigators Serviced



2019/20  
854

2018/19  
783

## Reduction in Administration and Operating Overhead Costs Per Water Entitlement



2019/20  
\$18.13

2018/19  
\$19.96

## Record Expressions of Interest in New Irrigation Schemes



## Lost Time Injuries



2019/20  
0

2018/19  
3

## Our Chairman

Diligent planning, innovation, resilience and an ongoing commitment to delivering irrigation water to landowners enabled Tasmanian Irrigation to prevail over a challenging operating environment in 2019/20.

Strong cost control measures and prudent financial management resulted in the Company presenting an end of financial year result that is in line with Shareholder Ministers' economic value-adding expectations.

A record 87,510 megalitres of water was delivered by Tasmanian Irrigation to its irrigators during the reporting year - a 35 per cent increase on the previous year.

Above average temperatures and below average rainfall, particularly in the East and South of the State, resulted in unprecedented demand and tested irrigation infrastructure and water storage levels more than any other season in Tasmanian Irrigation's 12-year history.

However, a high degree of resourcefulness and planning ensured Tasmanian Irrigation was able to optimise its existing 17 schemes, continue to construct the final Tranche Two project at Scottsdale and remain focused on the development of a further 10 Tranche Three irrigation projects and augmentations.

The Tasmanian Irrigation Board extends its sincere gratitude to all South East Tasmanian farmers for their cooperation when irrigation water restrictions were imposed during the peak summer water usage period.

We understand the wide-ranging impacts these restrictions have on farming businesses, especially high-value crops such as wine grapes and green-leaf crops.

A new approach to communication, a shared focus on securing an alternate and reliable water source, and a collaborative attitude enabled the best possible outcomes during this difficult time.



Tasmanian Irrigation continues to advance the South East Interim Solution to disconnect the South East irrigation schemes from TasWater's drinking water systems and provide an alternate and cost-effective water supply. This will provide much-needed surety for South East farmers until the South East Integration Project is constructed in approximately five years.

Water sales and preferred design option development is well underway for the first five irrigation projects as part of Tranche Three phase one, which have been funded by the Australian and Tasmanian Governments in partnership with Tasmanian farmers. This investment of \$262 million will add an additional 46,025 megalitres of irrigation capacity to farmers in the Don, Fingal, Northern Midlands, Sassafras Wesley Vale and Tamar regions.

The level of interest from irrigators has reached record levels, proving the value farmers place on high-surety irrigation water to underpin future diversification and expansion.

The additional \$15 million provided by the Tasmanian Government, on top of the \$70 million already committed, to ensure that schemes can be designed and constructed to meet the higher-than-expected level of demand is very much appreciated.

First irrigation water from the final Tranche Two project, the \$57.27 million Scottsdale Irrigation Scheme, is on track to flow by late 2020.

COVID-19 restrictions delayed the completion of the power station. However, Tasmanian Irrigation's Program Development and Delivery Team developed a plan to enable water to be delivered to irrigators in the Scottsdale, Bridport, Springfield, Nabowla and Waterhouse areas, while waiting for the New Zealand based company to travel to Tasmania to commission the power station.

A smarter partnering approach to designing irrigation schemes, a renewed commercial focus for Program Development and Delivery, and a new 'lease to buy' initiative for unsold water entitlements underpin the heightened levels of innovation and opportunity being explored and implemented by the Tasmanian Irrigation team.

Achieving record water delivery and new financial benchmarks is a direct reflection of the new leadership under Chief Executive Officer Andrew Kneebone, his Senior Leadership Team and all Tasmanian Irrigation employees. The Board sincerely thanks the entire Tasmanian Irrigation team for its commitment to the Company's shared vision and objectives, and for the ongoing outstanding on-ground work in partnership with irrigators.

I also thank my fellow Tasmanian Irrigation Board Directors and our Shareholder Ministers, the Hon. Peter Gutwein and the Hon. Guy Barnett, for their strategic dedication to managing existing irrigation infrastructure and building new schemes to assist the Tasmanian Government reach its target of increasing the farmgate value of the State's agricultural sector to \$10 billion a year by 2050.

The unique public / private funding model for irrigation water management and scheme development in Tasmania is a national success story and Tasmanian Irrigation looks forward to continuing its vital role in water and irrigation project delivery.

Samantha Hogg

CHAIRMAN

"Federal Water Minister David Littleproud told all Australians that of the 20 dams completed in Australia since 2003, 16 of them are in Tasmania. This is a figure that all Tasmanians, and Tasmanian Irrigation, should be very proud of."

- Samantha Hogg,  
Chairman



Financial	ML
2012	11,207
2013	19,677
2014	15,721
2015	25,909
2016	66,473
2017	33,280
2018	58,924
2019	64,784
2020	87,510

# Our Chief Executive Officer

The level of trust placed in Tasmanian Irrigation to construct 20 irrigation projects over 15 years at a total investment of more than \$680 million to deliver 168,998 megalitres of water is a responsibility the Company takes very seriously.

By 2025, taking into account Tasmanian Irrigation's inherited infrastructure and the commissioning of an additional five irrigation projects, the Company will manage a portfolio of assets that includes 1,451 kilometres of pipeline, 55 pump stations, 24 dams and three power stations.

This infrastructure more than proved its worth in this financial year when Tasmanian Irrigation delivered a record 87,510 megalitres (ML) of water around the State to enable farmers to combat the dry spring and summer, expand operations, diversify into high-value crops, increase rotations and employ additional people.

There is no doubt that high-surety irrigation water has empowered Tasmanian landowners to have the confidence to invest and reliably produce crops and grow out livestock that are in high demand in global markets.

Tasmanian Irrigation sincerely thanks the Tasmanian and Australian Governments, as well as local landowners, for recognising the value of irrigation to farm businesses and the State's economy, and continuing to invest in existing and new irrigation projects.

This unique public / private partnership has become a national benchmark for infrastructure management and construction projects to underpin real economic, social and environmental outcomes.

The Company has this year undergone an extensive internal restructure to better position the organisation to deliver our core purposes of delivering irrigation water and developing new schemes in partnership with irrigators. Tasmanian Irrigation has taken on board much feedback from key stakeholders to refine and simplify our operations, systems and improve communication.



"Tasmanian Irrigation continues to achieve new benchmarks of excellence in cost management, water delivery operations, project development and safety culture. This is a very exciting time for Tasmania and irrigated agriculture."

- Andrew Kneebone,  
Chief Executive Officer



The new Senior Leadership Team brings a great deal of experience and passion to Tasmanian Irrigation and is focused on delivering strategic priorities around water delivery, program development and delivery, safety culture, asset management and design partner selection.

I also share my ongoing gratitude to all Tasmanian Irrigation team members for embracing the year of change and executing their roles in a professional and diligent manner, despite the many challenges endured due to COVID-19 and lock down.

To deliver a record volume of water in what was an extremely challenging year for water supply, particularly in the South and East of the State, and also attract a record level of Expressions of Interest in new irrigation projects, is testament to the level of dedication of the entire team.

As Tasmanian Irrigation continues to launch preferred design options and open water sales for the first five Tranche Three projects, the Company will be working in close partnership with irrigators to design schemes that meet demand, as well as engineering, environmental and hydrological factors, and deliver water at an average reliability of greater than 95 per cent per annum.

Another significant milestone was accomplished in 2019/20 when Tasmanian Irrigation employees and contractors achieved zero Lost Time Injuries. This compares to three in the previous year.

I congratulate all on their proactive approach to identifying and minimising risks, as well as adapting and learning to underpin best practice.

A new Health and Safety Representative Committee comprising employees from all business units has been established and a number of key actions have already been implemented to underpin zero harm in the workplace, including reviewing the Safety Risk Register, drafting a Fatigue Management Plan and Policy, and assisting with the COVID-19 Safety Plan.

As well as Tasmanian Irrigation employees and the Senior Leadership Team, I also extend my heartfelt thanks to the Tasmanian Irrigation Board and our Shareholder Ministers for their ongoing support and oversight.

And to all irrigators, Tasmanian Irrigation sincerely thanks you for your cooperation so that we can stand by our promise to deliver fit-for-purpose, high surety and cost effective irrigation water to your properties to enable ongoing growth in our agricultural industries.

Andrew Kneebone  
CHIEF EXECUTIVE OFFICER

# Performance Targets

Tasmanian Irrigation measures its performance against a range of agreed targets that are published in an annual Statement of Corporate Intent. The table below summarises Tasmanian Irrigation's actual performance against key agreed measures and targets for 2019/20:

Business Area	Key Performance Indicators	Target 2019/20	Actual 2019/20	Comments
Commercial	<ul style="list-style-type: none"> <li>Administrative and operational overhead allocated to irrigation schemes:</li> <li>Cost per water entitlement sold</li> <li>Irrigation scheme fixed revenue (excl asset renewal) / irrigation scheme fixed expense (excl asset renewal)</li> <li>Irrigation scheme variable revenue (incl Midlands Power Station revenue) / irrigation scheme variable expenses</li> <li>Average debtor days</li> </ul>	\$21.85 141.92% 95% 45 days	\$18.13 125.50% 89.16% 59.13 days	Cost per entitlement sold was better than target due to spending below budget in administration and water delivery and selling additional water entitlement. This was below target due to fixed pricing discounts across several schemes in order to reduce carried forward surpluses. Variable pricing discounts at the Midlands (in order to reduce carried forward surpluses) caused less variable revenue to be collected against target. Debtors day missed target due to irrigators requesting payment plans due to COVID-19
Health and Safety	<ul style="list-style-type: none"> <li>Lost Time Injuries</li> <li>Safety audits completed by employees per month</li> </ul>	0 2	0 4.1	A renewed focus on safety culture resulted in zero Lost Time Injuries recorded by Tasmanian Irrigation employees and contractors
Environment and Cultural Heritage	<ul style="list-style-type: none"> <li>Compliance with environmental permits and approvals</li> <li>Number of notifiable incidents</li> </ul>	100% 0	100% 1	Tasmanian Irrigation complied with all environmental permits and approvals. One minor statutory reportable incident occurred regarding an accidental water licence breach that resulted from a misunderstanding over the notification of the end of an approved opportunistic water take. New industry-wide systems have been introduced to ensure the incident is not repeated. Tasmanian Irrigation complied with all other environmental permits and approvals
Build (Program Development and Delivery)	<ul style="list-style-type: none"> <li>Budget delivery (schemes developed within budget)</li> <li>Tranche Two schemes under construction, delivered within budget</li> <li>Tranche Three business case approvals</li> <li>Tranche Three schemes in construction</li> </ul>	100% 1 2 1	0 0 0 0	Scottsdale Irrigation Scheme remains the only Tranche Two project to be completed and will be operational before the 2020-21 irrigation season. Tranche Three phase one schemes have completed Expressions of Interest, are progressing through preferred design and moving toward business case development.
Water Delivery (post construction water sales)	<ul style="list-style-type: none"> <li>Retail water sales—five schemes with unsold water (excludes Midlands, Meander and Whitemore)</li> </ul>	542 ML	2,076 ML	Dry conditions combined with natural increases in farm operations resulted in higher than budgeted retail sales
Water Delivery (operations)	<ul style="list-style-type: none"> <li>Water entitlements available for delivery at season commencement</li> <li>Non planned outages</li> <li>Actions closed out in agreed timeframe</li> </ul>	100% 4 100%	97.5% 2 100%	Dry conditions in the Swan Valley resulted in just under 100 per cent of water entitlements being available at the start of the season
Ownership	<ul style="list-style-type: none"> <li>Strategic and scheme asset management plans implemented and reviewed annually</li> </ul>	25%	20%	Asset Management Policy and Strategic Asset Management Plan reviewed and updated. Individual scheme asset management under development

A renewed focus on safety culture enabled Tasmanian Irrigation to achieve zero Lost Time Injuries in 2019/20, compared to a total of three in the previous reporting period.

This is a significant accomplishment for the organisation and underpins an unwavering commitment by all employees and contractors to identifying and managing risks, and performing day-to-day work functions in a safe manner.

The Total Injury Frequency Rate (total injuries per million person work hours) was 13.2 at 30 June 2020, and no safety breaches were recorded for the reporting period, both significant achievements for the Tasmanian Irrigation Team.

These exemplary safety statistics have been realised due to a number of important steps being developed and implemented in 2019/20, including:

- Updated Workplace Health and Safety Policy;
- Development of the Workplace Health and Safety Risk Register in consultation with the Tasmanian Irrigation team;
- New Safety Strategy;

- Formation of a new Health and Safety Representative Committee comprising representatives from all Tasmanian Irrigation business units;
- Inclusion of a safety report and an Health and Safety Representative Committee report in the fortnightly internal *Watering the Workforce* newsletter; and
- Promotion of active safety discussions and shares in team meetings.

The five key pillars of the Safety Strategy include:

1. Visible aligned leadership, engaged and capable people;
2. Risks eliminated 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 zero harm, to promote the safety and well being of employees, contractors and stakeholders.

## Spotlight: New HSR Committee

Tasmanian Irrigation's new Health and Safety Representative Committee has been established as a consultative group to assist and advise management on key safety issues.

The Committee has already made a significant impact, proving to be an effective platform for consultation about safety and

ensuring practical and workable solutions are put in place.

Initial projects have focused on providing input on the COVID-19 Return to Work plan, reviewing the inherent, residual and target risk ratings of the new Safety Risk Register, and drafting a Fatigue Management Plan and Policy.

# Tasmanian Irrigation Team

People remain Tasmanian Irrigation's most important and valued asset.

Encouraging and growing employees to be the best they can be through innovation, leadership, learning and collaboration underpins the ongoing success of the Company.

The Tasmanian Irrigation Team demonstrated high levels of independence, resilience, dedication and ability to adapt during 2019/20. Maintaining business as usual - through delivery with a difference - was the proud mantra of Tasmanian Irrigation employees as they continued to deliver water, projects, planning and repairs and maintenance during the COVID-19 lock down.

The focus on supporting, developing and building the team, particularly post the September 2019 restructure and the addition of new Senior Leadership Team members, has ensured that Tasmanian Irrigation remains well prepared in the ongoing dynamic operational environment.

Other Tasmanian Irrigation Team projects for 2019/20 include:

- Delivering comprehensive compliance training, such as safe handling of chemicals, advanced driving, working from heights and working in confined spaces;
- Facilitating a Certificate IV in Leadership and Management course for nine existing and emerging leaders, and a Diploma in Leadership and Coaching for one leader;
- Embedding the Workplace Bullying and Harassment policies and procedures;
- Development of new induction procedures;
- Mobilising the workforce to work from home during lockdown;
- Implementing new communication protocols to ensure all employees remain connected, empowered and safe; and
- Developing and implementing a COVID-19 Safety Plan to ensure the safety of all employees and stakeholders.

## Spotlight: Success at the Australian Water Association Awards



Tasmanian Irrigation was delighted that two employees and one Board Director won Australian Water Association (Tasmanian Branch) awards this year. Cassie Tickner-Smith was named the Tasmanian Young Water Professional of the Year, Chris Thompson won the Tasmanian Water Professional of the Year and Kate Guard was highly commended in the Water Professional of the Year category. Jacob Gerke was also recognised as a Young Water Professional of the Year finalist. This was outstanding recognition for the Tasmanian Irrigation team members, who proudly represented Tasmania in the national awards.

**49.4**

FTE staff at 30 June 2020

**14**

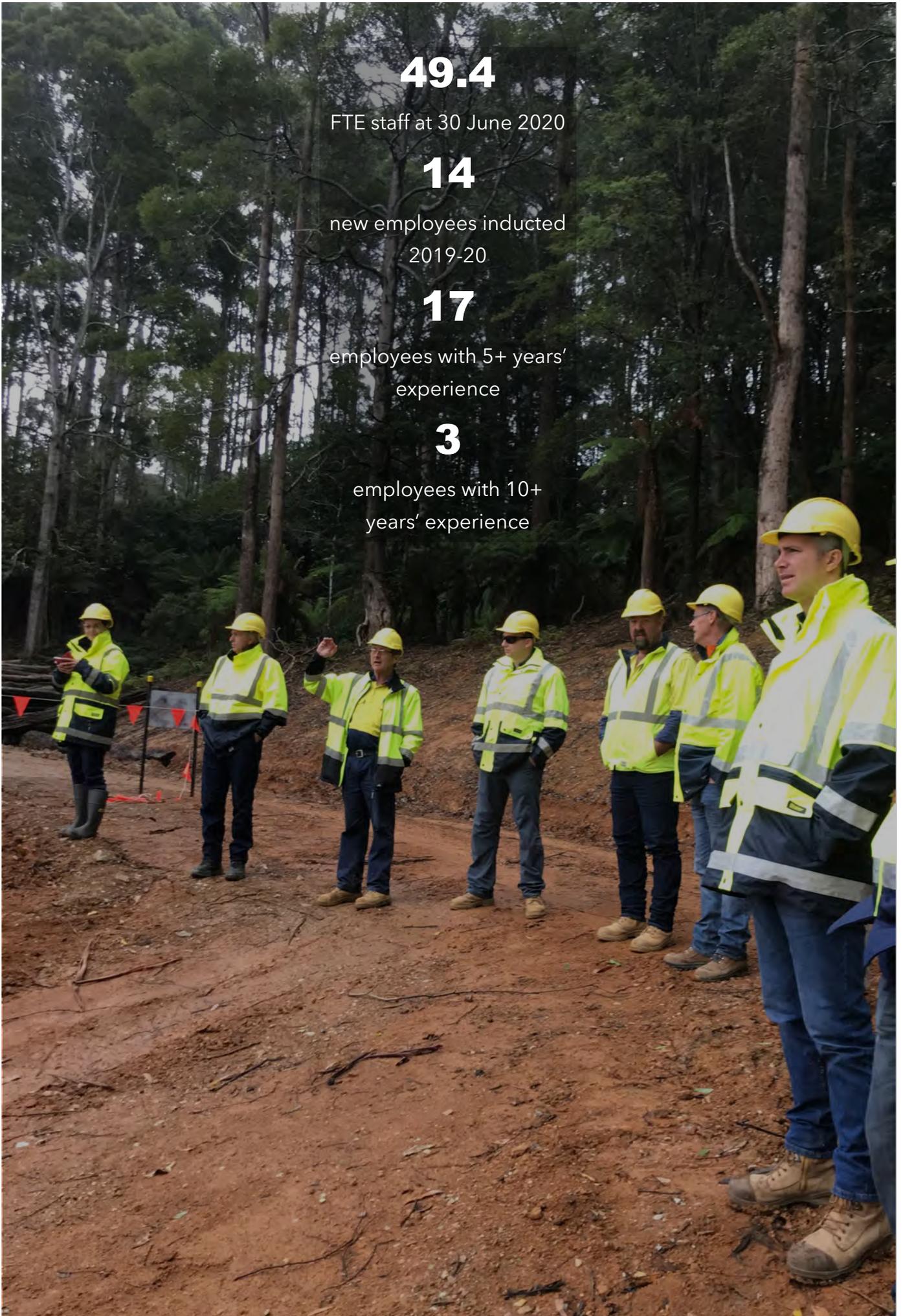
new employees inducted  
2019-20

**17**

employees with 5+ years'  
experience

**3**

employees with 10+  
years' experience



## Our Board



Samantha Hogg  
CHAIRMAN

Samantha brings more than 26 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 the National COVID-19 Commission (Advisory Board), Infrastructure Australia, Hydro Electric Corporation, MaxiTrans Industries Limited and Cleanaway Waste Management Limited. Samantha is also a member of the Premier's Economic and Social Recovery Advisory Council. Her most recent executive role was as Chief Financial Officer of Transurban. Samantha is also a Fellow of the Australian Institute of Company Directors.



Guy Kingwill  
NON-  
EXECUTIVE  
DIRECTOR

Guy has substantial Australian and international executive experience with a background in horticulture, international soft commodity marketing, water investment and water trading. He is currently on the Board of Select Harvests Limited and ACMII Australia 1 Pty Ltd Group and serves on the Audit Committee of Select Harvests Ltd. Guy has previously served as Managing Director and Chief Executive Officer of Tandou Limited, based in Mildura, and as a Director of Lower Murray Water Urban and Rural Water Corporation. He is a member of Chartered Accountants Australia and a Fellow of the Australian Institute of Company Directors.



Dr John  
Whittington  
NON-EXECUTIVE  
DIRECTOR

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.



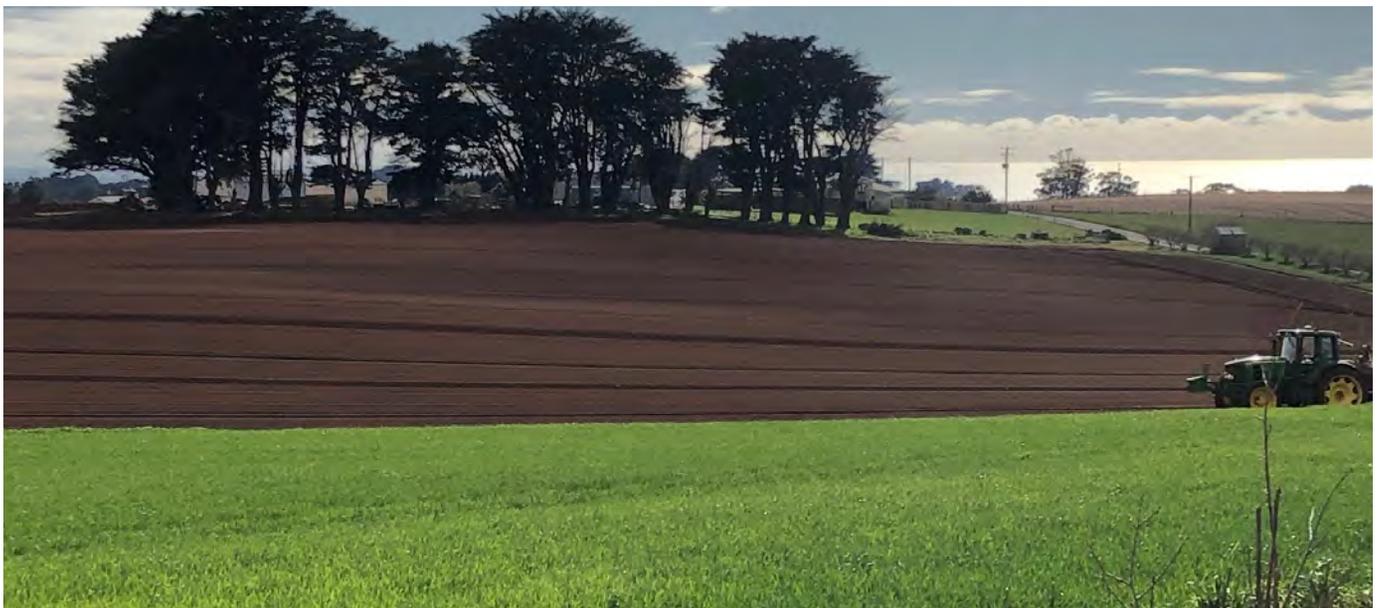
Mr Peter Michael  
Chilvers  
NON-EXECUTIVE  
DIRECTOR

Michael runs an intensive mixed farming enterprise in the Northern Midlands, growing feed grains, malt barley, lucerne hay, processing peas, poppies and hybrid carrot seed, as well as lamb finishing and dairy heifer and cow agistment. Michael was awarded a Nuffield Farming Scholarship in 2012 focused on systemising on-farm production and agricultural business expansion models. He is currently chair of Tasmanian Agricultural Producers Pty Ltd, serves as a member of the GRDC Southern Panel, a member of the GRDC High Rainfall Zone Cropping Solutions Network Committee, a former Nuffield Australia Board Member and has had a long association with the TFGA. Michael was also involved with the Lower South Esk Irrigation Scheme as a member of the Irrigators Group and served for a period as Chairman.



Mr Chris  
Thompson  
NON-EXECUTIVE  
DIRECTOR

Chris is a Director and Partner of Pinion Advisory Pty Ltd, and was formerly Managing Director and Director of firms Macquarie Franklin and Agricultural Resources Management. He has extensive consulting experience in agribusiness developments, rural water resources management, irrigation systems and dam construction and operations. Chris is well regarded in the Tasmanian farming and agricultural sectors, and has held a number of Chairman and Director positions with irrigation boards – both on a national and international scale.



# Our Senior Leadership Team



Andrew  
Kneebone  
CHIEF  
EXECUTIVE  
OFFICER

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  
Hipwood  
CHIEF  
FINANCIAL  
OFFICER

James leads Tasmanian Irrigation's Corporate Services team and ensures the efficient provision of management and statutory reporting, financial transactional services and planning (including annual budgets, corporate plan and long-term strategic plans). Additionally, James has the responsibility for Tasmanian Irrigation's treasury management, information technology, office administration, fleet management, insurance program and its internal and external audit. James holds a Bachelor of Business, is a CPA and has over 13 years' business and accounting experience, previously holding a number of management and accounting roles in the transport and infrastructure sectors both in Australia and the United Kingdom. He started his career with KPMG.



David Skipper  
GENERAL  
MANAGER  
WATER  
DELIVERY

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 also a Director on the Board of Self Help Workplace, 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.



Paul Ellery  
GENERAL  
MANAGER  
PROGRAM  
DEVELOPMENT  
AND DELIVERY

Paul joined Tasmanian Irrigation in July 2009 as Senior Project Manager and has managed three Tranche One schemes and one Tranche Two scheme, as well as investigating water security for Van Diemen's Land Company's Woolnorth property and developing a business case for the 10,000 ML Southern Forests Irrigation Scheme in Manjimup, WA. Since taking on Tasmanian Irrigation's Manager Build and GM Program Development and Delivery roles, Paul has overseen the design and construction of five Tranche Two schemes, whilst progressing 10 Tranche Three projects. Paul previously worked in the agriculture and forestry sectors in Victoria, NSW and Tasmania for more than 20 years.



Paul Davis  
GENERAL  
MANAGER  
TECHNICAL  
SUPPORT  
SERVICES

Paul was appointed General Manager Technical Support Services in January 2020, after previous roles leading Infrastructure Asset Performance in TasWater and applied research in the CSIRO Urban Water theme. Paul has 20 years' experience in the water sector spanning the globe, and has led international pipeline engineering, materials durability and infrastructure asset management projects. Paul has extensive experience in leading engineering and maintenance-based teams, mentoring and skills development. He looks after a multi-disciplinary team within Tasmanian Irrigation, providing design and asset management support to the irrigation schemes and their sustainable operation.



Simone  
Preece  
MANAGER  
PEOPLE  
AND  
CULTURE

Simone has led the development and execution of people strategies to drive improved irrigator and scheme outcomes through enhanced capability, increased productivity and renewed the focus on a high-performing safety culture since joining Tasmanian Irrigation in July 2016. She has more than 20 years' experience around Australia and overseas in human resources management across the aviation, banking and finance and irrigation sectors. Simone is also the South East Interim Solution Project Manager and has previously taken on the roles of Acting CEO and Deputy CEO. She is a current member of AHRI and AICD.



Steven  
Maycock  
GENERAL  
COUNSEL /  
COMPANY  
SECRETARY

Prior to joining Tasmanian Irrigation in May 2019, Steven held senior legal and Company Secretary roles in ASX listed, private and State-Owned Companies with extensive experience in major projects. He had previously worked as a lawyer at Clayton Utz specialising in administrative law and commercial litigation. Steven is a Fellow of the Governance Institute of Australia, a Fellow of the Institute of Chartered Secretaries and Administrators and a graduate of the Australian Institute of Company Directors. He holds degrees in Science and Pharmacy, a Juris Doctor from Bond University and postgraduate qualifications in corporate governance and risk management.



Steve Powell  
MANAGER  
ENVIRON-  
MENTAL  
SERVICES

Steve joined Tasmanian Irrigation in May 2020 to lead the Company's 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.

# Water Delivery

The primary focus of Tasmanian Irrigation's Water Delivery Team is the operation of irrigation schemes around Tasmania in accordance with relevant compliance frameworks and to deliver irrigation water to all irrigators in an efficient, economically viable and environmentally sustainable manner.

In addition to this, the team manages Tasmanian Irrigation's responsibility for some non-irrigation, on-scheme activities associated with:

- Lake Leake;
- Rileys Creek Dam;
- Furneaux Drainage Scheme;
- Togari Water Scheme; and
- Montagu and Welcome River Improvement Schemes.

The Scheme Operators form the core of the Water Delivery Team, as they manage day-to-day delivery of water, maintenance activities, compliance monitoring and irrigator liaison.

Supporting the Scheme Operators are people with high levels of experience in:

- **Commercial:** includes pricing, water trading and entitlement sales, energy analysis, reporting and stakeholder liaison;
- **Environmental:** water licences, monitoring, reporting and auditing;
- **Engineering / asset maintenance:** maintenance planning, hydraulic modelling and dam safety program coordination; and
- **Electrical / communications:** operate power stations, oversee high voltage assets and maintain electrical systems / control systems.

Only one of the operational irrigation schemes opened the season without a full allocation. Consistently low flows in the Swan River during the winter harvest period prior to the season opening resulted in difficulties filling the storage for the Swan Irrigation Scheme.

The Water Delivery Team, in consultation with the Swan irrigators, opened the season with a reduced allocation of 75 per cent and after some further rainfall in the higher catchment area over a six

## 2019-20 Volume

### Actual YTD

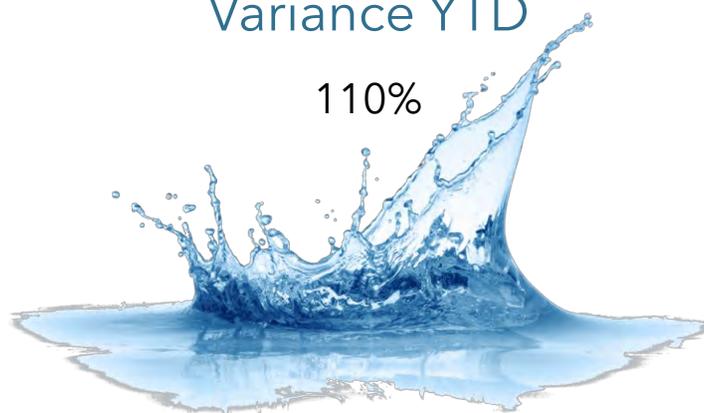
87,510

### Budget YTD

79,639

### Variance YTD

110%



week period, the allocation to irrigators was increased to 85 per cent, where it remained.

During the reporting year, Tasmanian Irrigation delivered a record 87,510 ML. This equates to approximately 68 per cent of the entitlements sold to date. The higher delivered amount this year compared to budget was directly related to the very dry season, not only during the summer demand period, but also off the back of a dry six-month period from winter through spring.

The demand for irrigation water in the Midlands, Southern Highlands, Swan Valley, South East Three, Kindred North Motton and North Esk was in excess of 20 per cent above previous irrigation seasons, which resulted in the significant variance.

Peak irrigation demand is generally from January to March, and there were times where daily flows in some schemes met the full capacity of the scheme.

Our scheme operators worked with the irrigators to implement informal flow management strategies in schemes that don't have contractual flow rates, to enable irrigators equitable access to water entitlements - particularly in periods of peak demand.

The new Duck and North Esk schemes experienced a full irrigation for the first time. All first-time schemes take a period of time to settle and fortunately no major issues occurred. Water was delivered to all irrigators who required their water throughout the season.

A substantial works program was successfully undertaken on the Montagu and Welcome River Improvement Schemes. These works were undertaken in line with landholder requirements while maintaining environmental compliance. The landholders have seen a large improvement and have now formed working committees to undertake continuous development to ensure water is dispersed in an efficient and environmentally sustainable manner.

“One of the greatest challenges Tasmanian Irrigation faces is harvesting water into storages efficiently and cost effectively in the off season to supply water to our irrigators in the summer season at a time when water can be scarce and demand for water security is high. 2019/20 tested us like no other year but Tasmanian Irrigation delivered record levels of irrigation water to Tasmanian farmers.”

David Skipper,  
General Manager Water Delivery



Irrigated agriculture contributes more than 50 per cent of the value of the State's agricultural production from eight per cent of the land. The increased agricultural production from Tasmanian Irrigation's schemes will add significantly to Tasmania's and the nation's bottom line.

As a responsible water entity, it is imperative that Tasmanian Irrigation manages and plans water security to ensure a sustainable supply of water now and in the future. Delivering high surety irrigation water efficiently, cost effectively and in a timely manner to irrigators across all operational schemes is a key priority for Tasmanian Irrigation.

To achieve this operational objective, Tasmanian Irrigation:

- Employs skilled, well trained, knowledgeable and focused people to operate the schemes;
- Regularly inspects and maintains its assets and has a programmed maintenance plan to ensure critical assets are operating at their optimal output;
- Scheme operators work closely with irrigators to ensure that water is constantly delivered to their requirements in line with Tasmanian Irrigation's charter;
- All Tasmanian Irrigation schemes are operated as individual 'profit and loss businesses' and are designed on a 'cost recovery model'; and
- Water is delivered to irrigators at cost without mark up or margin.

### Spotlight: Focus on South East

A dry spring and summer, combined with constraints from TasWater supplies, led to problematic water storage levels in Rekuna Dam and Daisy Banks Dam for South East irrigators in 2019/20.



The impacts to supply reliability led to restrictions being imposed on some irrigators.

Tasmanian Irrigation is extremely grateful for the cooperation of landowners during this time, as everyone worked together to prioritise irrigation schedules and abide by the restrictions to ensure the best possible outcome for the season.

Tasmanian Irrigation was pleased that irrigators were still able to access their full entitlement over the entire season.

# Program Development and Delivery



Tasmanian Irrigation's Program Development and Delivery Team delivers irrigation projects from concept to water delivery, ensuring schemes are designed to be in operation for the next generation of farmers and beyond.

The process begins with the election of a community endorsed Irrigator Representative Committee, district-wide Expressions of Interest in buying into a Tasmanian Irrigation scheme and then designing a delivery mechanism to meet community needs.

Along the way, risks are continually evaluated as the design progresses in terms of environment, social acceptability, cost and economic outcomes.

As these schemes rely on a unique public / private partnership and funding model, all stakeholders are engaged and consulted to ensure key needs are met.

After delivering 14 complex irrigation projects (10 in Tranche One and four in Tranche Two), and with the fifth and final Tranche Two project almost complete (Scottsdale), the Tasmanian Irrigation Program Development and Delivery Team is well equipped to plan, design and construct the next 10 irrigation projects as part of Tranche Three.

The focus for 2019/20 was to complete construction of the Scottsdale Irrigation scheme, consolidate the funded Tranche Three phase one developments and continue planning work on the Tranche Three phase two projects.

Tasmanian Irrigation's Program Development and Delivery Team delivers irrigation projects that are designed to be in operation for the next generation of farmers and beyond.

### Tranche Two - Scottsdale

The Scottsdale Irrigation Scheme has capacity to deliver 8,600 ML of reliable water to the Scottsdale and Waterhouse regions of North East Tasmania. The project is set to deliver first irrigation water in 2020/21 with a filled dam and 86 per cent of the irrigation rights sold. Construction of the scheme was able to take place incorporating the Great Forester Scheme Dam during the irrigation season, without impacting delivery to Tasmanian Irrigation customers during the 2019/20 season.

### Tranche Three

The first five Tranche Three projects (phase one) continued development with one scheme progressing to water sales and two others landing on preferred design options to take to farmers in late 2020. A significant increase in demand has been recorded during the past 12 months, with Expressions of Interest reaching 40,000 ML today, compared to 26,000 ML in March 2019. The additional demand was supported by the Tasmanian Government's commitment of an additional \$15 million toward the program in line with the increased demand.

### Tranche Three phase one

#### *Don*

The Don Irrigation Scheme is designed to deliver 4,750 ML to the Don, Barrington and Sheffield regions in North-West Tasmania.

A water sales process has been completed with offers in excess of \$4.7 million from local farmers in support of the scheme proceeding. This scheme will progress to business case, and into construction by 30 June 2021.

#### *Fingal*

The preferred option for the Fingal Irrigation Scheme has been approved by the Tasmanian Irrigation Board and will be open for community feedback in September 2020. The next steps of water sales and business case are to be achieved over the 2020/21 financial year. The scheme design is a winter flood flow filled 14,000 ML dam with summer delivery via the South Esk River.

#### *Northern Midlands*

Local interest in the Northern Midlands Scheme increased by 30 per cent in the past 12 months with the preferred option now designed to deliver 11,500 ML over the summer delivery period. The scheme will now progress to water sales and business case.

#### *Tamar*

Planning and design are underway for the Tamar Irrigation Scheme, which aims to deliver around 10,000 ML of water to the agricultural and horticultural districts of the Tamar and Pipers River area in Northern Tasmania. These regions are dominated by vineyards and berry operations, with some of the highest returning enterprises in the State.

#### *Sassafras Wesley Vale Augmentation*

The Sassafras Wesley Vale Irrigation Scheme in the North West was commissioned by Tasmanian Irrigation in 2011 and delivers around 5,600 ML of irrigation rights. Additional demand over the past eight years instigated an Expression of Interest process, which culminated in a further 5,500 ML of irrigation water required for landowners.

Design is currently underway with the primary water source being the Mersey River. A preferred design option will be delivered to the Tasmanian Irrigation Board before the end of 2020.

#### *South East Interim Solution*

Following an extremely dry 2019/20 summer delivery season, where potable water from TasWater was supplied under restricted flows, an alternate raw water supply was investigated. The South East Interim Solution is a critical project currently underway to relieve pressure on the Greater Hobart domestic supply and provide Tasmanian Irrigation's irrigators in the Coal Valley with greater certainty of supply. Work with contractors, designers and suppliers will see a short-term supply system into the Coal Valley while the longer-term South East Integration Project seeks to consolidate the short-term solution whilst delivering new water into the region.

### Tranche Three phase two

The two major projects, both unfunded for the capital component and requiring further development to progress to a preferred option, are the Southern Midlands Irrigation Scheme and the South East Integration Project. A demand survey for these two resulted in 20,000 ML of summer delivery for the South East and 37,000 ML for the Southern Midlands.

The water will be sourced from the Derwent catchment and controlled by Hydro Tasmania through a network of power stations. The appropriate offtake locations, giving consideration to power generation, is a key design component under consideration.

Preferred options for these two schemes will be delivered in the 2020/21 financial year.

## Total number of Expressions of Interest for Tranche Three phase one

Funding application in

March 2019:

26,000 ML

Actual EOIs in April 2020:

40,000 ML

### Spotlight: Focus on Safety



ZERO  
Lost Time Injuries  
2019/20

A new two-step safety audit process, prior to the completion of construction and again prior to the end of the Defects and Liability Period, has been developed and implemented.

The aim of these two audits is to ensure that all safety considerations have been addressed during construction, creating a safe working environment for the Water Delivery Team.

Considering the complex nature of the infrastructure projects and the number of contractors working on each project, it is a huge credit to the entire Tasmanian Irrigation team and its contractors that no Lost Time Injuries were recorded during the 2019/20 financial year.

# Technical Support Services

Tasmanian Irrigation's Technical Support Services Team has two key focus areas:

- **Design Focus** providing engineering and design support toward the creation of new irrigation schemes and adopting lessons learned from previous irrigation schemes to optimise new designs; and
- **Asset Management** providing technical support to understanding and improving existing scheme performance, ensuring that services are provided to irrigators through the infrastructure cost effectively.

The Technical Support Services Team comprises the following functions and priority activities:

**Engineering Services** – development of internal standards and specifications for the design of new infrastructure; development of hydraulic models and capital expenditure / operating expenditure estimates for scheme concept designs; hydraulic performance assessment of existing schemes to ensure that agreed levels of service can be provided; and scoping of

infrastructure upgrades, refurbishments and renewals when required.

**Asset Management and Maintenance Planning** – understanding Tasmanian Irrigation's infrastructure asset portfolio; critical assets; asset health and condition; asset risk levels; development of infrastructure renewals and preventive maintenance programs to mitigate risks and continue to provide service through infrastructure performance; and development of irrigation scheme asset management plans that are in alignment with International Standards Organisation (ISO) 55001 guidelines.

**Electrical, Data and Control Systems** – development of internal standards and specifications for the design of electrical infrastructure, instruments and control as part of new irrigation schemes; and understanding the performance, future renewals and preventive maintenance requirements for electrical (including high voltage and power generation) infrastructure to manage asset risk and provide cost-effective service to irrigators.



**Dam Safety** – undertaking surveillance and dam safety reporting programs in alignment with State Government regulatory requirements; identification of dam performance issues; risk prioritisation and delivery of identified dam activities through available irrigation scheme budgets.

**Geographic Information Systems** – development and upkeep of Tasmanian Irrigation’s geographic information systems, describing the Company’s irrigation scheme infrastructure around the State; and provision of data to support the development of new irrigation schemes and understanding the use of existing irrigation schemes.

Highlights from the Technical Support Services Team this year include:

**Engagement with industry on a proposed design partnering approach for new irrigation schemes**

This year has seen the beginning of a new approach to designing new irrigation schemes. In response to industry feedback, Tasmanian Irrigation is about to engage a design partner to allow the lessons learned from previous irrigation schemes to be incorporated into new scheme designs. The proposed design partnering approach will look to build design capacity within the State and alleviate some of the design management burden that our previous projects have placed on contractors. Preliminary industry feedback on the proposed approach has been positive.

**Understanding the hydraulic performance of our existing irrigation schemes**

Through a combination of field testing and accurate hydraulic modelling, Tasmanian Irrigation engineers have collaborated with scheme operators and irrigators to quantify actual hydraulic performance of some existing irrigation schemes. Recent work on the Whitmore Irrigation Scheme saw flow testing and modelling quantify flow capacities and identify capacity constraints in the network. A program of work to rectify outlets back to flow control order was also undertaken.

**Asset Renewals and Maintenance activities**

Based on assessments of infrastructure asset condition, criticality and risk, renewals and maintenance activities have been completed / are underway in the following areas:

**Forth Pump Station**

- Intake screen protection, pipe manifold stabilisation and wet well baffle installation to prevent silt ingress
- Rebuilding pumps that have historically been prone to failure from silt ingress and frequent stop starts

“Tasmanian Irrigation is committed to improving design and asset management to ensure its infrastructure provides the best possible service to our irrigators in a cost-effective way,”

– Paul Davis,

General Manager

Technical Support Services

- Design and installation of cooling system to prevent pump shed electrical equipment overheating

**Hollow Tree/Bothwell Pump Station**

- Control logic reprogramming to prevent pumps continuously turning on and off

**Lake Leake Dam**

- Mortar repairs and remediation of masonry wall to prevent washout

**Headquarters Rd Dam**

- Remediation of embankment to reinstate and reduce erosion

**Arthurs Lake/Craigbourne Dam**

- Maintenance repair on boat boom

**Craigbourne Dam**

- Replacement of corroded electrical conduit in tunnel



# Corporate Services

The Corporate Services Team provides support, transactional and compliance services across the organisation. The key areas of focus include:

**Financial:** accounts payable and receivable, payroll, debtor management, financial reporting and budgeting;

**Information Technology:** management of Information Technology systems, hardware, system development, data collection and management, and reporting;

**Commercial:** oversee business performance, water sales, contract management, scheme pricing, procurement, tender development, data analysis and Key Performance Indicators; and

**Administrative Support:** reception, office management, database management and fleet management.

Some of the key projects undertaken by Corporate Services in 2019/20 include:

- Facilitating water sales across the schemes;
- Assisting with water contracts for irrigators in the North East for the Scottsdale Irrigation Scheme;
- Refining reporting systems;

- Improved internal service delivery;
- Driving safe working from home and return to office protocols; and
- Working with key stakeholders, including Treasury, TasCorp, auditors and insurance representatives.

The Corporate Services Team has been working hard to finalise irrigation water pricing on a scheme-by-scheme basis for the upcoming 2020/21 season, attending a number of irrigator meetings to ensure the new pricing regime was proactively communicated to Tasmanian Irrigation's customers.

A key focus for 2019/20 was also selling previously unsold water entitlements across existing irrigation schemes. An additional \$3.1 million in water sales was achieved in this reporting period, enabling additional high-surety irrigation water to be delivered to both existing and new irrigators.

Another achievement was completing improvements to the enterprise finance systems, particularly the automation of areas of payroll, accounts payable, collection and reporting of information, and financial reporting, as well as enhanced dam safety compliance procedures.



The principal function of Tasmanian Irrigation's Environment Team 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 by monitoring environmental compliance obligations, supporting regulatory approval processes and promoting sustainability and environmental awareness within the organisation.

The team consists of a Manager, an Environmental Officer, a Farm Water Access Plan specialist and an Ecologist, 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 of 2019/20:

- All monitoring programs found no discernible impacts from Tasmanian Irrigation operations;
- Developed 106 new Farm Water Access Plans;
- No incidents of environmental harm recorded; and
- Seed dispersed from threatened plant species successfully germinated downstream of construction works in the Scottsdale Irrigation Scheme.

#### Water Quality and Aquatic Health

In 2019/20, 119 surface water quality monitoring sites were sampled monthly in 68 scheme waterways and 13 groundwater bores were monitored monthly in three groundwater areas. Water quality sampling and aquatic weed inspections occurred monthly and inspections for blue green algae were undertaken weekly in Tasmanian Irrigation's 16 storages.

No toxic algal blooms nor listed aquatic weeds were detected in Tasmanian Irrigation's storages.

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 2019/20.

#### 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.

An independent audit of the Farm Water Access Plan development and auditing processes required under the Sassafras Wesley Vale Irrigation Scheme *Environment Protection and Biodiversity Conservation Act 1999* (EPBC) conditions found the processes fully compliant with requirements.

Resultant from the findings of the five-yearly independent audit of Meander Dam required under the EPBC Act conditions of approval, a planting program is being implemented to improve swift parrot habitat.

Scoping work and environmental assessments were obtained for maintenance works in two Riverworks Districts administered by Tasmanian Irrigation (*Water Management Act 1999*).

#### 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.

Operations were undertaken in compliance with conditions on 17 of Tasmanian Irrigation's 18 water licences and all of Tasmanian Irrigation's nine watercourse authorities.

One incident occurred with water taken above the allocated amount on one water licence. This did not result in environmental harm. Processes have been implemented to ensure it does not occur again.

## Environment

Environmental requirements are now 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 levels on four dams being made available in real time on DPIPW's publicly available web portal.

### Construction Compliance

Two second party environmental audits and numerous inspections were conducted on contractors undertaking construction works on the Scottsdale Irrigation Scheme. The Environment Team has worked closely with the contractors to assist in compliance with protocols and regulatory requirements.

### Proactive approach

The team developed Operational Environmental Management Plans (OEMP) for all operational schemes. Phase one of the project involved auditing all schemes and gauging each Scheme Operators' understanding of environmental requirements. The next phase involved the preparation of an overarching OEMP handbook with sections on weed and pest management, chemical handling and storage, water quality monitoring, biosecurity and maintaining water licence data records, and scheme-specific coversheets with detailed requirements particular to each scheme. The third phase will be the formal training of all operators on the requirements of the plans, which is scheduled to be completed prior to the next irrigation season. An annual review of the handbook and scheme-specific coversheets will be undertaken.

### Farm Water Access Plans

Farm Water Access Plans (Farm WAP) 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 irrigation water can be applied and detail actions to manage potential risks from application. All land and dams, to which 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 714 across 15 schemes.

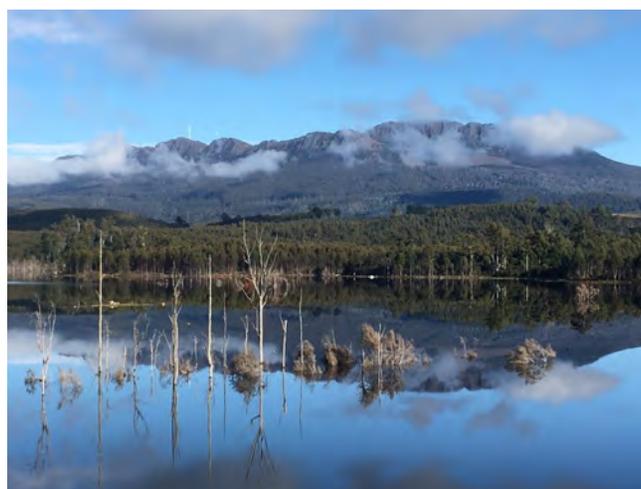
“Tasmanian Irrigation aims to minimise environmental impact in all aspects of its operational and construction activities. The Company strives to achieve sustainability and conserve Tasmania's natural assets, whilst providing high quality outcomes for all stakeholders.”

Steve Powell,  
Manager Environmental Services

An Annual Farm WAP Audit process is in place, which assesses compliance with randomly selected Farm WAPs. In 2019-20, 46 random audits, one Matter of National Environmental Significance (MNES) audit, four triggered audits and 11 noncompliance audits were conducted during the annual compliance audit process.

In 2019-20, 106 Farm WAPs were finalised (86 Scottsdale and 20 across existing schemes) with planning for Tranche Three schemes underway.

A more cost-effective automated process has been developed to assist with auditing, which is providing enhanced compliance opportunities.



## Spotlight: Scottsdale Irrigation Scheme Native Wintercress Seed Dispersal

Native wintercress (*Barbarea australis*) is a State and Federally listed threatened plant species, which is endemic to Tasmania and only found along the banks of about 10 rivers in the North of the State.

During ecological surveys prior to construction, this species was identified in the footprint of the Camden Dam in the Scottsdale Irrigation Scheme. As part of an offset to ensure Tasmanian Irrigation could mitigate the impacts of the scheme on this species, the Company was required to find and disperse seed post-construction, a task which was completed in 2019.

On a visit to Camden Dam in winter 2020, the Environment Team found this species growing along the banks of the St Patricks River just downstream from the pump station and along Camden Rivulet below the dam and environmental flow outlet where the Environment Team had dispersed seed.

This is a positive outcome for the species, ensuring that it continues to grow and disperse down

watercourses in North Eastern Tasmania after dam construction, minimising the impact of our activities on the natural environment.

Further surveys will be conducted in Spring 2020 to quantify the extent of success.

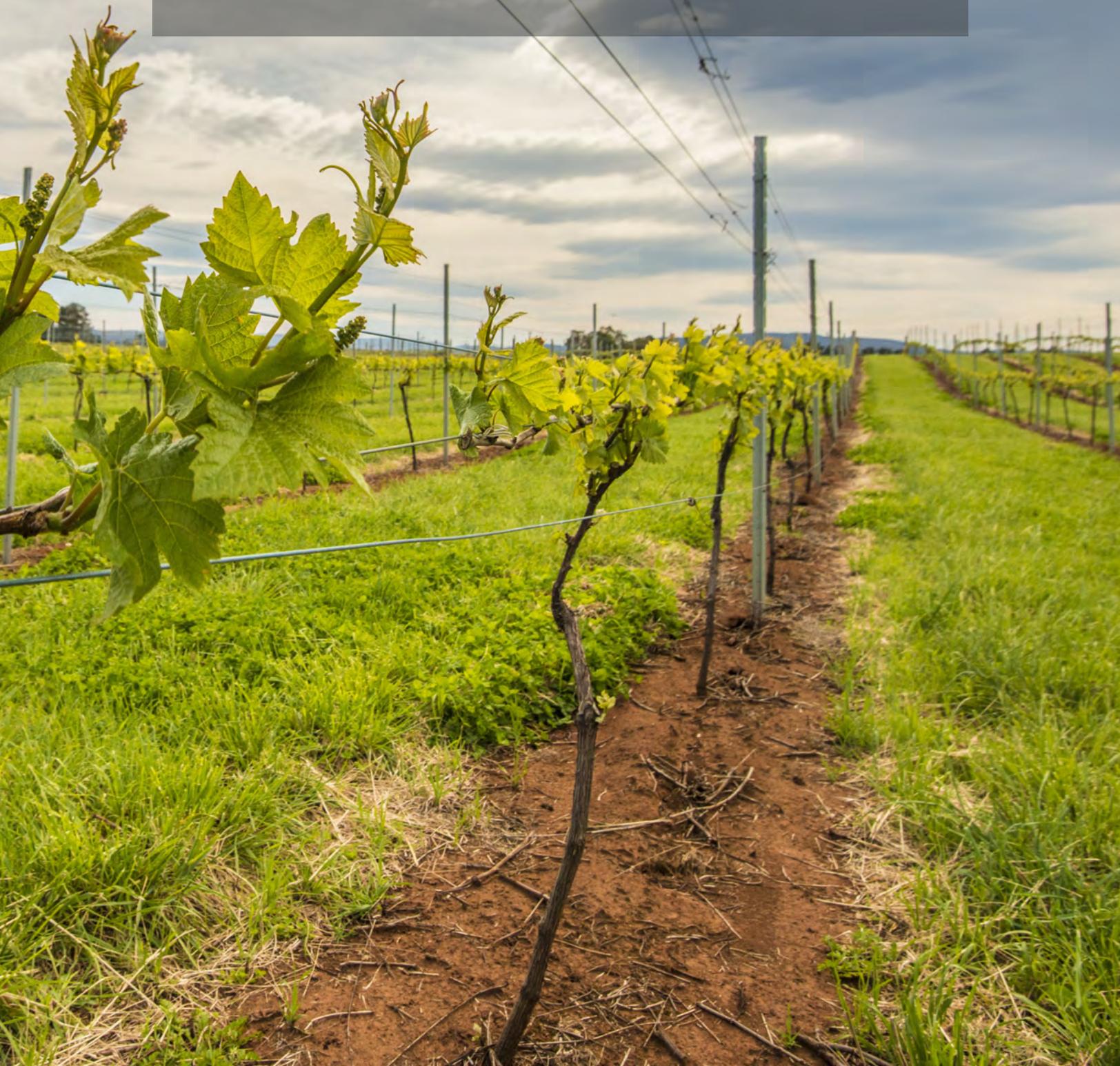


Native Wintercress *Barbarea australis*

## Guiding Principles

Tasmanian Irrigation develops and operates irrigation schemes:

- With innovative solutions;
- Striving for effective and efficient delivery;
- Where simplicity is sought;
- That are fair and equitable; and
- Will stand the test of time.



The Tasmanian Irrigation Board has continued to work closely with management to expand its focus on its responsibility for setting Tasmanian Irrigation's Risk Management Framework.

The recently updated Tasmanian Irrigation Risk Appetite Statement was developed to meet the requirements of the high levels of governance to which Tasmanian Irrigation aspires and to meet the demands of the current complex business environment.

The Board and management have developed a Risk Management Framework that can identify and manage risks on an ongoing basis to ensure the future sustainability of Tasmanian Irrigation from a financial, social and environmental perspective.

Accordingly, the Board has set a risk appetite and risk tolerances that meet this obligation.

The Board's Risk Management Strategy will continue to set the standard to facilitate the Board's and management's commitment to good governance and to ensure the management of business risks to a tolerable level by achieving a balance between acceptable levels of risk and opportunity through the effective and efficient use of resources.



## **Tasmanian Irrigation's priority strategic business risks are:**

- Global pandemic and resultant restrictions impacting ability to provide services;
- Reliability of irrigation water availability being impacted by climate change;
- Securing funding for ongoing maintenance of inherited assets;
- Cybersecurity breach related to data management and failure of Information and Communications Technology (ICT) security systems;
- Completing projects within budget;
- Ensuring Tasmanian Irrigation's safety culture is consistent with the Board's risk tolerance; and
- Ensuring self management of schemes is compliant with the current State legislative framework.

# Corporate Governance

Tasmanian Irrigation Pty Ltd (the Company) is a statutory Company, formed under *the Irrigation Company Act 2001* and is owned by the Tasmanian Government. Its Shareholder Ministers are the Treasurer and the Minister for Primary Industries and Water.

The Board and the Audit and Risk Committee have continued to work with management to improve corporate governance across a number of areas, including Tasmanian Irrigation's Risk Management Framework. Regular Health Safety and Environment, 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;
- 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 selected and appointed by the Government Shareholder Members based on their skills and experiences and in consideration of diversity and independence, probity and background checks. This process includes a performance evaluation for those 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 CEO 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 Reports are tabled in each House of the Tasmanian Parliament and are 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.

## Corporate Governance

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](http://www.tasmanianirrigation.com.au) or via email [enquiries@tasirrigation.com.au](mailto: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;
- i. The Ombudsman made no recommendations under the Act that relate to Tasmanian Irrigation.

## 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. The Company received one application for an assessed disclosure of information under Section 13 of the RTI Act. At the conclusion of the 2019/20 financial year, the assessment of this application was under way and a decision will be provided to the applicant at the conclusion of this assessment.

## 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 2019/20.

# Buy Local, Contractors and Consultancies

Tasmanian Irrigation is committed to complying 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	2019/20	2018/19	2017/18
% of purchases from Tasmanian businesses	89.38%	94.36%	94.86%
Value of purchases from Tasmanian businesses	\$44,336,049	\$59,158,152	\$55,776,120

## 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.

There were a number of contracts let in 2018/19 and some of these commitments carried forward into this financial year. Tasmanian Irrigation has also awarded contracts in the 2019/20 financial year that have commitment values into the next financial year. No contracts were awarded over the value of \$2 million.

Contract / works package valued over \$2 million	Procurement method	Buy local policy applied	Tender awarded to	State
Nil				

## Consultancies

A "Consultant" is defined as a particular type of contractor who is engaged to provide recommendations or specialist or professional advice (or more generally non-manual services) to assist or influence an entity's decision making. Consultancies valued at more than \$50,000 (excluding GST) to 30 June 2020 include:

Consultant	Location	Description	Amount (exc. GST)
Fulcrum Commercial	TAS	Management and safety consulting	\$460,533
RPS Australia East Pty Ltd	QLD	Surveying, mapping and spatial data	\$459,240
Pitt & Sherry	TAS	Engineering and project management	\$456,696
SFM Environment Solutions	TAS	Forest management and harvesting	\$299,941
Marsden Jacob Associates	VIC	Economic analysis	\$231,565
GHD Group	TAS	Engineering and project management	\$216,680
Macquarie Franklin	TAS	Agriculture and environmental advice	\$186,909
Regenerate NZ	NZ	Mechanical and energy engineering	\$173,087
Searson Buck	TAS	Recruitment	\$157,186
Sarah Hirst Strategy	TAS	Communications and publishing	\$95,520
W A Cromarty & Co	TAS	SCADA and systems	\$72,559
Innovyze	NSW	Systems and analytics	\$65,884
ESRI Australia	QLD	GIS and hydrology systems	\$65,860
SRA Corporate Change	TAS	Recruitment	\$63,101
SAGE Automation	TAS	Electrical engineering	\$59,026
Esk Mapping & GIS	TAS	GIS and data management	\$58,600
Simmons Wolfhagen	TAS	Legal advice	\$50,250
Megavar	TAS	Power system engineering	\$50,247
40 Consultants were paid under \$50,000 (exc. GST)			\$639,203
<b>TOTAL</b>			<b>\$3,862,076</b>

# Payment of Accounts

## Payment of Accounts

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

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

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

## 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.

## Fruit and Vegetable Export Facilitator

Tasmanian Irrigation manages the engagement of a Fruit and Vegetable Export Facilitator, who reports directly to a joint private and public taskforce – the Tasmanian Fruit and Vegetable Export Facilitation Group.

The focus of this role is to support broader export market development and maintenance strategies.

All engagement expenses incurred by Tasmanian Irrigation for this position are covered in full by private sector funds and State and Federal Government grants.

As part of delivering this role, the facilitator does undertake various forms of travel. However, there was no overseas travel undertaken during the financial year. Tasmanian Irrigation does not make any financial contribution toward this position.

Accounts due or paid within each year	2019/20	2018/19	2017/18
Creditor days	13.67	21.48	10.91
Number of accounts due for payment	2,520	2,383	2,808
Number of accounts paid on time	2,484	2,360	2,742
Amount due for payment	\$49,603,725	\$62,694,099	\$58,798,912
Amount paid on time	\$48,845,059	\$61,388,471	\$52,517,104
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 was not paid on time had some sort of query related to it.



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Hon. Peter Gutwein MP  
Treasurer  
Shareholder Member, Tasmanian Irrigation  
Level 9, Executive Building  
15 Murray Street  
Hobart TASMANIA 7000

Hon. Guy Barnett MP  
Minister for Primary Industries and Water  
Shareholder Member, Tasmanian Irrigation  
Level 5  
4 Salamanca Place  
Hobart TASMANIA 7000

16 September 2020

Dear Shareholder Members,

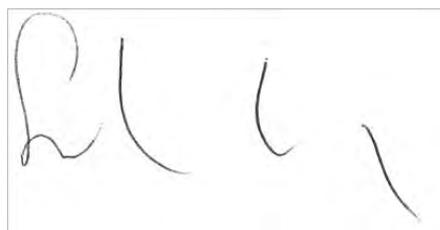
**RE: Tasmanian Irrigation Pty Ltd Annual Report 2019/20**

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 2019/20 ending 30 June 2020.

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

Signed in accordance with a resolution of Directors.

Yours faithfully,



Ms Samantha Hogg  
CHAIRMAN



Mr Michael Chilvers  
NON-EXECUTIVE DIRECTOR

# Directors' Report

## For the year ended 30 June 2020

The Directors present their report together with the Financial Report of Tasmanian Irrigation Proprietary Limited ("the Company") for the financial year ended 30 June 2020 and the independent auditor's report thereon.

### 1. Directors

Name and Term	Status and Committees	Other Directorships
<b>Ms Samantha Hogg, Chair</b>		
Appointed 9 September 2016 Term to 30 November 2022	Independent Non-Executive Director  • Remuneration Committee Chair	<ul style="list-style-type: none"> <li>• Cleanaway Waste Management Limited</li> <li>• Hydro Electric Corporation</li> <li>• Infrastructure Australia</li> <li>• MaxiTrans Industries Ltd</li> <li>• National COVID-19 Commission (Advisory Board)</li> <li>• North Esk Agriculture Pty Ltd</li> <li>• Premier's Economic and Social Recovery Advisory Council</li> </ul>
<b>Mr Guy Kingwill</b>		
Appointed 24 January 2017 Term to 30 November 2021	Independent Non-Executive Director  • Remuneration Committee Member • Audit and Risk Committee Chair	<ul style="list-style-type: none"> <li>• ACMII Australia 1 Pty Ltd</li> <li>• ACMII Australia 2 Pty Ltd</li> <li>• ACMII Australia 3 Pty Ltd</li> <li>• ACMII Australia 4 Pty Ltd</li> <li>• ACMII Australia 5 Pty Ltd</li> <li>• ACMII Australia 6 Pty Ltd</li> <li>• Agriculture Capital Management Australia Pty Ltd</li> <li>• Blackwood Stateside Pty Ltd</li> <li>• Kingwill Pty Ltd</li> <li>• Legacy Packing Pty Ltd</li> <li>• Select Harvests Ltd</li> <li>• Sun Country Fresh Marketing Pty Ltd</li> </ul>
<b>Dr John Whittington</b>		
Appointed 1 February 2015 Term to 30 November 2022	Independent Non-Executive Director  • Remuneration Committee Member	
<b>Mr Peter Michael Chilvers</b>		
Appointed 8 December 2015 Term to 30 November 2021	Independent Non-Executive Director  • Remuneration Committee Member • Audit and Risk Committee Member	<ul style="list-style-type: none"> <li>• Starston Farms Pty Ltd</li> <li>• Tasmanian Agricultural Producers Pty Ltd (Chair)</li> <li>• TBC AG Pty Ltd</li> <li>• Winburn Tas Pty Ltd</li> </ul>
<b>Mr Chris Thompson</b>		
Appointed: 2 July 2018 Term to 1 July 2021	Independent Non-Executive Director  • Remuneration Committee Member • Audit and Risk Committee Member	<ul style="list-style-type: none"> <li>• Staffco Pty Ltd</li> <li>• Pinion Advisory Pty Ltd</li> </ul>

## Directors' Report

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 2020 include:

Director	Board Meetings		Audit and Risk Committee		Remuneration Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Samantha Hogg	14	14	-	-	1	1
John Whittington	14	14	-	-	1	1
Michael Chilvers	14	14	6	6	1	1
Guy Kingwill	14	14	6	6	1	1
Chris Thompson	14	14	6	6	1	1

### 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

**Water delivery:** Tasmanian Irrigation owns and manages the water delivery operations of 16 irrigation schemes, owns the infrastructure of two locally-managed irrigation schemes, as well as manages Togari Water Supply Scheme, two river improvement schemes, one drainage scheme and two standalone dams.

**Business strategies and prospects:** The Company's primary focus is to efficiently deliver up to 118,680 ML of water to 891 entitlement holders (854 applied for water in 2019/20). The Company continues to design and develop irrigation schemes and following on from the successful development of 10 schemes in Tranche One, the Company has delivered a further four schemes as part of Tranche Two. The final and the remaining Tranche Two project (Scottsdale) is expected to be functional in time for the 2020-21 irrigation season.

The Tasmanian Government has committed \$85,000,000 and the Commonwealth Government \$100,000,000 toward constructing a further five irrigation projects throughout Tasmania as part of Tranche Three phase one, with options assessments and water sales currently underway. Also, preliminary studies have commenced on two irrigation projects to put forward as part of Tranche Three phase two.

**Comprehensive profit (loss)** - The Company's total comprehensive profit (loss) for the year is set out on page 52 of this Annual Report. The Company's net result was a loss of \$14,949,893 after impairment of non-current assets of \$11,930,237 (2019: loss of \$58,483,560 after impairment of \$75,782,803 of non-current assets).

**Operating result:** The Company's underlying performance, excluding the sale of water entitlements, the impairment of non-current assets and the impairment of operating grants was a deficit of \$6,077,406 (2019: deficit of \$1,318,057). This was mainly due to a combined spend of \$5,734,184 on Program Development and Delivery and Tranche Three pre-feasibility and feasibility. These costs were covered by borrowings and will be funded by Tasmanian Government equity in 2021. This is reconciled to the following amounts in the annual financial report::

	Note	30 June 2020	30 June 2019
Total comprehensive profit (loss) for the year		(14,949,893)	(58,483,560)
Revenue from sale of water entitlements	B2	(3,057,750)	(18,617,300)
Impairment expense for non-current assets	B2	11,930,237	75,782,803
<b>Surplus/(deficit) excluding sale of water entitlements and impairment of non-current assets</b>		<b>(6,077,406)</b>	<b>(1,318,057)</b>

In accordance with the Company's accounting policies, assets are reviewed annually for impairment. As a result of this review, an impairment expense of \$11,930,237 (2019: \$75,782,803) has been recognised in the statement of profit or loss and other comprehensive income. The majority of this impairment expense resulted from a review of the Midlands water / power scheme after there was a significant fall in projected electricity generation revenue and renewable energy certificate pricing.

**Statement of financial position:** The Company's trade and other receivables balance of \$6,087,847 (2019: \$15,968,785) was a decrease of \$9,880,938 compared to the 2019 financial year. The majority of this decrease (\$9,422,623) reflects that in 2019, the billing of the final payments for water entitlements resulting from the commissioning of the Duck Irrigation Scheme, Swan Valley Irrigation Scheme and North Esk Irrigation Scheme occurred near year end.

#### 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. The Company recorded one minor statutory reportable incident for the period in relation to an accidental water licence breach in April 2020. The incident resulted from a misunderstanding regarding the notification of the end of an approved opportunistic water take. Tasmanian Irrigation has worked closely with the regulator to enact systems to ensure the incident is not repeated both within Tasmanian Irrigation and within the wider irrigation industry.

#### 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

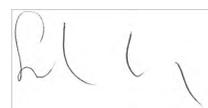
The Company paid \$29,601 in insurance premiums during the year in respect of Directors, Company Secretary and executive officers of the Company against a liability incurred as such a Director, Company Secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The Company 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 2020.



Dated at Western Junction this 14th day of August 2020.

Samantha Hogg  
Chair

12 August 2020

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

Dear Board Members

**Auditor's Independence Declaration**

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

As the auditor of the financial report of Tasmanian Irrigation Pty Ltd for the financial year ended 30 June 2020, 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



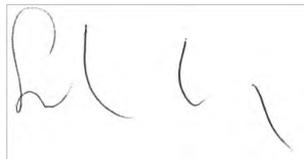
Ric De Santi  
**Deputy Auditor-General**  
**Delegate of the Auditor-General**

Tasmanian Irrigation Pty Ltd  
Directors' Declaration - For the Year Ended 30 June 2020

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 2020 and of its performance for the financial year ended on that date; and
  - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*;
- b. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- c. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2020;
- 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:

A handwritten signature in black ink, appearing to read 'S Hogg', is written over a horizontal line.

**Samantha Hogg - Chairman**

Dated at Western Junction this 17<sup>th</sup> day of August 2020.



## Tasmanian Audit Office

### Independent Auditor's Report

To the Members of Tasmanian Irrigation Pty Ltd

Report on the Audit of the Financial Report

### Opinion

I have audited the financial report of the Tasmanian Irrigation Pty Ltd (the Company) which comprises the statement of financial position as at 30 June 2020, the 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 the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2020 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 the 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.

...1 of 4

To provide independent assurance to the Parliament and Community on the performance and accountability of the Tasmanian Public Sector.  
Professionalism | Respect | Camaraderie | Continuous improvement | Customer Focus

*Strive | Lead | Excel | To Make a Difference*

I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of the Company on 12 August 2020 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
--	---

<b>Revenue recognition on water charges and entitlements</b>	
--	--

<i>Refer note B2, B3 and C5</i>	
---------------------------------	--

<p>Irrigation water charges of \$8.11m, include a variable and fixed component. The fixed charge is based on water entitlement holdings, and is further separated into an operation and maintenance charge, an asset renewal levy (classified as Other income) 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, \$0.66m, 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 recorded as deferred revenue and recorded as a liability until obligations are met.</p> <p>The Company also sells water entitlements, \$3.06m, in irrigation districts that are either currently operating or are under construction.</p> <p>Due to the number of revenue streams, 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"> <li>• Testing, on a sample basis, the accuracy and relevance of the input data used in management's calculations.</li> <li>• Reconciling input data to supporting evidence, including the water entitlements register.</li> <li>• Assessing revenue calculations for mathematical accuracy.</li> <li>• Challenging the reasonableness of management's assumptions based on our knowledge of the business.</li> <li>• Examining reconciliations of information from subsidiary systems to the general ledger.</li> <li>• Evaluating the adequacy of disclosures in the notes to the financial report for compliance with Australian Accounting Standards.</li> </ul>
--	--

## 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 2020, 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

...3 of 4

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.



Ric De Santi  
**Deputy Auditor-General**  
**Tasmanian Audit Office**  
14 August 2020  
Hobart

# Tasmanian Irrigation Proprietary Limited

## Statement of financial position

For the year ended 30 June 2020

	<i>Note</i>	30 June	30 June
		2020	2019
<b>Assets</b>			
Cash and cash equivalents	<i>C1</i>	19,022,151	22,023,292
Trade and other receivables	<i>C2</i>	6,087,847	15,968,785
Inventories	<i>C3</i>	573,865	270,334
Prepayments		359,853	287,861
Other financial assets	<i>F2</i>	55,895	21,730
<b>Total current assets</b>		26,099,611	38,572,002
Other financial assets	<i>F2</i>	-	246,682
Property, plant and equipment	<i>B6</i>	67,738,679	51,116,117
Other assets	<i>F3</i>	426,348	426,348
<b>Total non-current assets</b>		68,165,027	51,789,147
<b>Total assets</b>		94,264,638	90,361,149
<b>Liabilities</b>			
Trade and other payables	<i>C4</i>	7,904,639	11,761,516
Loans and borrowings	<i>E1</i>	31,790,239	24,921,891
Employee benefits	<i>D1</i>	539,572	467,827
Deferred income	<i>C5</i>	1,234,400	1,627,837
Unearned revenue	<i>C6</i>	1,731,870	1,351,373
<b>Total current liabilities</b>		43,200,720	40,130,444
Loans and borrowings	<i>E1</i>	1,217,238	1,969,670
Employee benefits	<i>D1</i>	85,984	232,295
Deferred income	<i>C5</i>	9,200,168	8,388,319
<b>Total non-current liabilities</b>		10,503,390	10,590,284
<b>Total liabilities</b>		53,704,110	50,720,728
<b>Net assets</b>		40,560,528	39,640,421
<b>Equity</b>			
Share capital	<i>E3</i>	298,929,793	283,059,793
Retained earnings/(accumulated losses)		(258,369,265)	(243,419,372)
<b>Total equity</b>		40,560,528	39,640,421

The notes on pages 12 to 52 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 2020

	<i>Note</i>	30 June	30 June
		2020	2019
<b>Continuing operations</b>			
Revenue from contracts with customers	<i>B2</i>	16,558,948	32,310,163
Government contributions	<i>B3</i>	556,765	2,589,012
Other income	<i>B3</i>	1,172,470	1,986,031
Finance income	<i>B3</i>	250,639	108,946
		18,538,822	36,994,152
Depreciation and amortisation	<i>B6</i>	(933,376)	(769,804)
Employee benefits	<i>B4</i>	(4,643,333)	(4,725,773)
Impairment loss - trade receivables		(20,611)	(107,655)
Impairment expense - land, dams and water infrastructure	<i>B6</i>	(11,930,237)	(75,782,803)
Operations and maintenance expenses	<i>B4</i>	(11,731,651)	(10,518,156)
Pre-feasibility and feasibility costs for Tranche Three and future irrigation projects		(2,431,644)	(1,105,118)
Administrative expenses	<i>B4</i>	(1,324,404)	(1,394,272)
Finance costs	<i>E2</i>	(473,459)	(1,074,131)
<b>Loss from continuing operations</b>		(14,949,893)	(58,483,560)
Tax (expense) benefit	<i>B5</i>	-	-
<b>Profit (loss) for the year after tax before comprehensive income</b>		(14,949,893)	(58,483,560)
<b>Other comprehensive income</b>			
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive profit (loss) for the year</b>		(14,949,893)	(58,483,560)

*The notes on pages 12 to 52 are an integral part of these financial statements*

# Tasmanian Irrigation Proprietary Limited

## Statement of changes in equity

For the year ended 30 June 2020

	Note	Attributable to owners of the Company		
		Share capital	Retained earnings (losses)	Total equity
Balance at 1 July 2018		234,881,819	(184,935,812)	49,946,007
<b>Total comprehensive income for the year</b>				
Profit or loss		-	(58,483,560)	(58,483,560)
Total other comprehensive income		-	-	-
<b>Total comprehensive income for the year</b>		-	(58,483,560)	(58,483,560)
<b>Transactions with owners, recorded directly in equity</b>				
Re-classification of Government contribution		-	-	-
Capital contributions from Government	E3	48,177,974	-	48,177,974
Total contributions by and distributions to owners of the Company		48,177,974	-	48,177,974
<b>Transfers between equity components</b>				
Transfer between reserves		-	-	-
Total transfer between equity components		-	-	-
<b>Balance at 30 June 2019</b>		283,059,793	(243,419,372)	39,640,421
<b>Total comprehensive income for the year</b>				
Profit or loss		-	(14,949,893)	(14,949,893)
Total other comprehensive income		-	-	-
<b>Total comprehensive income for the year</b>		-	(14,949,893)	(14,949,893)
<b>Transactions with owners, recorded directly in equity</b>				
Re-classification of Government contribution		-	-	-
Capital contributions from Government	E3	15,870,000	-	15,870,000
Total contributions by and distributions to owners of the Company		15,870,000	-	15,870,000
<b>Transfers between equity components</b>				
Transfer between reserves		-	-	-
Total transfer between equity components		-	-	-
<b>Balance at 30 June 2020</b>		298,929,793	(258,369,265)	40,560,528

The notes on pages 12 to 52 are an integral part of these financial statements

# Tasmanian Irrigation Proprietary Limited

## Statement of cash flows

For the year ended 30 June 2020

	<i>Note</i>	<b>30 June</b>	<b>30 June</b>
		<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities</b>			
Cash receipts from customers		18,396,667	20,876,206
Cash receipts from Government grants		975,177	2,007,490
Cash paid to suppliers and employees		(20,592,390)	(20,888,194)
Cash generated from (used in) operations		(1,220,546)	1,995,502
Interest received		250,639	108,946
Payment of interest on borrowings		(473,459)	(1,074,131)
<b>Net cash from (used in) operating activities</b>	<i>C1</i>	(1,443,366)	1,030,317
<b>Cash flows from investing activities</b>			
Cash receipts from water entitlements		9,759,394	8,420,383
Proceeds from sale of property, plant and equipment		47,890	39,498
Payments for property, plant and equipment		(32,495,756)	(46,589,208)
<b>Net cash used in investing activities</b>		(22,688,472)	(38,129,327)
<b>Cash flows from financing activities</b>			
Capital contributions from Government		15,870,000	48,177,974
Repayment of borrowings		(439,303)	(277,501)
Proceeds from borrowings		5,700,000	-
<b>Net cash from financing activities</b>		21,130,697	47,900,473
<b>Net increase/(decrease) in cash and cash equivalents</b>		(3,001,141)	10,801,463
Cash and cash equivalents at 1 July		22,023,292	11,221,829
<b>Cash and cash equivalents at 30 June</b>	<i>C1</i>	19,022,151	22,023,292

*The notes on pages 12 to 52 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

A3. Government dependency

#### 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 principle 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 17 August 2020.

This is the first set of the Company's annual financial statements in which AASB 16 Leases has been applied. Adoption of new Accounting Standards is described in note A5.

##### (b) Basis of measurement

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

##### (c) Functional currency and presentation

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

##### (d) Use of estimates and judgements

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

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 State and Federal Government towards the construction of approved capital projects and for some aspects of operating expenditure.

During the year, the Company received \$16,845,177 (2019: \$50,185,464) of which \$15,870,000 (2019: \$48,177,974) represented equity contributions to capital projects and \$975,177 (2019: \$2,007,490) represented operating grant receipts.

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

### A4 Significant accounting policies

Accounting policies are selected and applied in a manner that ensures 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. Other significant accounting policies are contained in the notes to the financial statements to which they relate.

#### i. Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. The finance team has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

The Board of Directors regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the finance team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Audit and Risk Committee.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows-

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values of financial instruments is included in note E4.

### A5 Adoption of new Accounting Standards

#### **AASB 16 Leases**

The Company has applied AASB 16 *Leases* from 1 July 2019. The Company applied AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2018 is not restated (ie. it is presented, as previously reported, under AASB 117 *Leases*, and related interpretations). The details of changes in accounting policies are summarised below.

#### *Definition of a lease*

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under AASB's Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The Company now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in note E5.

On transition to AASB 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company applied AASB 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under AASB 17 and Interpretation 127 were not reassessed for whether there is a lease under AASB 16. Therefore, the definition of a lease under AASB 16 was applied only to contracts entered into or changed on or after 1 July 2019.

#### *As a lessee*

As a lessee, the Company leases assets including office spaces, storage units and forklifts. The Company previously classified all leases as operating leases. Under AASB 16, the Company recognises right-of-use assets and lease liabilities for most of these leases (ie. these leases are on-balance sheet).

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of property the Company has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

#### *Leases classified as operating leases under AASB 117*

Previously, the Company classified all leases as operating leases. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 July 2019 (see note E5). Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Company has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Company used a number of practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117. In particular, the Company:

- Did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- Did not recognise right-of-use assets and liabilities for leases of low value assets (eg. IT equipment);
- Excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight when determining the lease term.

## A5 Adoption of new Accounting Standards (continued)

*Impact on financial statements*

On transition to AASB 16, the Company recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained earnings. The impact on transition at 1 July 2019 is summarised below.

	<b>1 July 2019</b>
Right-of-use assets - property, plant and equipment	855,218
Lease liabilities	(855,218)

*\* For the impact of AASB 16 on profit or loss for the period, see note E5. For the details of accounting policies under AASB 16 and AAS 117 see note E5.*

When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted average rate applied is 1.8 per cent.

	<b>1 July 2019</b>
Operating lease commitments at 30 June 2019 as disclosed under AASB 117 in the Company's financial statements	535,213
Extension options reasonably certain to be exercised	362,240
Discounted using the incremental borrowing rate at 1 July 2019	(42,234)
Lease liabilities recognised at 1 July 2019	855,218

## 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 16 irrigation schemes, owns the infrastructure of two locally managed irrigation schemes, 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 and a 6MW Hydro Power Station as part of the Midlands Water Scheme. The Company operates the irrigation schemes under a cost recovery model.

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

## B1 Operating segments (continued)

Information related to each reportable segment is set out below.

Year ended 30 June 2020	Program		Total
	Water Delivery	Development and Delivery	
External revenue	13,501,198	3,057,750	16,558,948
Inter-segment revenue	-	-	-
Segment revenue	13,501,198	3,057,750	16,558,948
Segment profit/(loss) before tax	(785,495)	(14,164,398)	(14,949,893)
Interest income	113,052	137,587	250,639
Interest expense	(230,522)	(242,937)	(473,459)
Depreciation and amortisation	(412,024)	(490,536)	(902,560)
Other material non-cash items:			
- impairment of property, plant and equipment	(509,256)	(11,420,981)	(11,930,237)
Segment assets	25,333,797	68,930,841	94,264,638
Capital expenditure	-	28,670,486	28,670,486
Segment liabilities	(15,880,058)	(37,824,052)	(53,704,110)

Year ended 30 June 2019	Program		Total
	Water Delivery	Development and Delivery	
External revenue	13,692,863	18,617,300	32,310,163
Inter-segment revenue	-	-	-
Segment revenue	13,692,863	18,617,300	32,310,163
Segment profit/(loss) before tax	870,646	(59,354,206)	(58,483,560)
Interest income	-	108,946	108,946
Interest expense	(180,314)	(893,818)	(1,074,131)
Depreciation and amortisation	(231,366)	(538,438)	(769,804)
Other material non-cash items:			
- impairment of property, plant and equipment	(17,889)	(75,764,914)	(75,782,803)
Segment assets	22,050,563	68,310,586	90,361,149
Capital expenditure	-	46,523,810	46,523,810
Segment liabilities	(11,849,084)	(38,871,644)	(50,720,728)

## B2 Revenue from contracts with customers

	2020	2019
<b>Irrigation fees</b>		
Irrigation water charges	8,105,466	8,005,380
<b>Renewable energy generation</b>		
Electricity generation	3,310,281	2,963,313
Renewable energy certificates	2,085,451	2,724,170
	5,395,732	5,687,483
<b>Water entitlement revenue</b>		
Dial Blythe Irrigation Scheme	-	342,000
Duck Irrigation Scheme	-	6,204,000
Greater Meander Irrigation Scheme	-	264,000
Kindred North Motton Irrigation Scheme	-	114,000
Meander Irrigation Scheme	120,000	-
Midlands Water Scheme	2,256,555	115,000
North Esk Irrigation Scheme	240,000	7,027,500
Scottsdale Irrigation Scheme	(205)	(4,200)
South East Irrigation Scheme Stage Three	-	918,000
Swan Valley Irrigation Scheme	-	3,000,000
Upper Ringarooma Irrigation Scheme	12,000	72,000
Whitemore Irrigation Scheme	429,400	565,000
	3,057,750	18,617,300
<b>Total revenue from contracts with customers</b>	<b>16,558,948</b>	<b>32,310,163</b>

**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 asset renewal levies and 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 prepared quarterly.	Revenue relating to electricity and RECs are recognised as the electricity is generated.
Water entitlement revenue	Performance obligation is the commissioning of the relevant irrigation scheme. Payment terms vary but are generally 30 days. Post construction water sales are recognised when the water entitlement contract is signed.	Revenue recognised at the point of commissioning the relevant scheme.

## B3 Other income

	2020	2019
<b>Government contributions</b>		
Grants received for operational funding	556,765	2,589,012
<b>Finance income</b>		
Interest income on loans provided for the acquisition of water entitlements	16,401	27,101
Interest income on cash funds invested	234,238	82,090
Late fees	-	(245)
	250,639	108,946
<b>Other income</b>		
Asset renewal levy	407,089	260,238
Gain on sale of non-current assets	28,314	39,498
Reimbursement of third party expenditure	231,625	750,785
External services	23,664	88,343
Other	481,778	847,437
	1,172,470	1,986,031
<b>Total other income</b>	1,979,874	4,683,989

**Recognition and measurement****Finance income**

Finance income comprises:

- Interest income on loans provided for the acquisition of water entitlements using the 10-year fixed plans for the Greater Meander Irrigation Scheme;
- 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 contributions**

Government funding where the substantial purpose is to purchase, construct or otherwise acquire non-current assets, the State Treasurer has formally designated this funding to be classified as equity. The funding is allocated directly to share capital and is reflected in the statement of changes in equity.

Other 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.

**Asset renewal levy**

Asset renewal levies are charged annually and collected from water entitlement holders for all irrigation schemes. The asset renewal levy is recognised initially as deferred income at fair value when invoiced. Revenue is recognised in profit and loss from deferred income in the same period as expenses are incurred for asset renewal undertaking.

**Gain or loss on sale of non-current assets**

Gain or loss on the sale of non-current assets is recognised when control of the asset has passed to the buyer.

## B4 Expenses

<b>Note</b>	<b>2020</b>	<b>2019</b>
<b>Employee benefits</b>		
Salaries and wages	4,612,652	4,843,472
Salaries and wages capitalised	(1,032,992)	(1,023,445)
Other employee entitlements	688,373	507,145
Superannuation	375,300	398,601
	<b>4,643,333</b>	<b>4,725,773</b>
<b>Operations and maintenance expenses</b>		
Contractors and consultants	725,251	881,619
Maintenance	541,208	952,596
Water purchases (i)	5,979,778	5,298,667
Power charges (i)	2,889,709	2,282,909
Rates, land tax and insurances	584,470	496,122
Other operations and maintenance expenses (i)	1,011,235	606,243
	<b>11,731,651</b>	<b>10,518,156</b>
(i) These expenses are higher in these areas due to an increase in the volume of water supplied this irrigation season compared to the prior year		
<b>Administration expenses</b>		
External audit fees	50,245	51,370
Internal audit fees	19,774	20,206
Advertising and promotion	14,212	5,917
Travel expenses (ii)	66,362	82,911
Information technology and communication expenses	746,698	707,066
Training and professional development	91,075	75,495
Rental expenses	5,688	159,375
Other administration expenses	330,350	291,932
	<b>1,324,404</b>	<b>1,394,272</b>
(ii) In 2020, there was no overseas travel incurred by the Board of Directors or the CEO during the year. In 2019, there was no overseas travel incurred by the Board of Directors or the CEO during the year.		

**Recognition and measurement**

Expenses are recognised in the statement 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.

## B5 Taxation

**Current tax expense**

	2020	2019
<b>Tax recognised in profit or loss</b>		
<b>Current tax expense</b>		
Current year	-	-
Adjustment for prior periods	-	-
	-	-
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences		
Decrease (increase) in deferred tax asset	(8,624,302)	(1,336,292)
Increase (decrease) in deferred tax liability	4,514,243	(10,181,340)
Tax benefits not recognised	4,110,059	11,526,644
Adjustment for prior years	-	(9,012)
	-	-
Total tax expense attributable to continuing operations	-	-

**Numerical reconciliation between tax expense and pre-tax net profit**

	2020	2019
Profit/(loss) from operations	(14,949,893)	(58,483,560)
Income tax expense calculated at 27.5% (2019: 27.5%)	(4,111,220)	(16,082,979)
Non-temporary items	1,161	592
Tax rate change on temporary differences and tax losses from 30% to 27.5%	-	4,555,743
Tax benefit not recognised	4,110,059	11,526,644
Income tax expense	-	-

**Unrecognised deferred tax assets**

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

	2020	2019
(Assessable) deductible temporary differences at 27.5% (2019: at 27.5%)	(15,218,233)	(10,717,908)
Tax losses at 27.5% (2019: at 27.5%)	85,523,848	76,913,464
	70,305,615	66,195,556

In addition to the above, deferred tax assets of \$13,147,833 (2019: \$13,147,833) 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.

## B5 Taxation (continued)

## Movement in deferred tax balances during the year

	Balance 1 July 2019	Recognised in profit or loss	Tax benefit derecognised	Balance 30 June 2020	Opening balance not recognised 1 July 2019	Current year movement not recognised	Total tax benefit derecognised at 30 June
Property, plant and equipment	-	(4,430,772)	4,430,772	-	(10,839,047)	(4,430,772)	(15,269,819)
Trade and other receivables	-	5,668	(5,668)	-	30,273	5,668	35,941
Inventories	-	(83,471)	83,471	-	(74,342)	(83,471)	(157,813)
Provisions	-	3,666	(3,666)	-	165,208	3,666	168,874
Lease liabilities	-	4,584	(4,584)	-	-	4,584	4,584
Tax loss carry-forwards	-	8,610,384	(8,610,384)	-	76,913,464	8,610,384	85,523,848
	-	4,110,059	(4,110,059)	-	66,195,556	4,110,059	70,305,615

	Balance 1 July 2018	Recognised in profit or loss	Tax benefit derecognised	Balance 30 June 2019	Opening balance not recognised 1 July 2018	Current year movement not recognised	Total tax benefit derecognised at 30 June
Property, plant and equipment	-	10,128,225	(10,128,225)	-	(20,967,272)	10,128,225	(10,839,047)
Trade and other receivables	-	29,170	(29,170)	-	1,103	29,170	30,273
Inventories	-	50,472	(50,472)	-	(124,814)	50,472	(74,342)
Provisions	-	(8,403)	8,403	-	173,611	(8,403)	165,208
Tax loss carry-forwards	-	1,327,180	(1,327,180)	-	75,586,284	1,327,180	76,913,464
	-	11,526,644	(11,526,644)	-	54,668,912	11,526,644	66,195,556

## B5 Taxation (continued)

### Recognition and measurement (continued)

#### 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 which are recoverable from, or payable to, the ATO are classified as operating cash flows.

## B6 Property, plant and equipment

<i>Note</i>	Land and buildings	Dams	Water infrastructure	Other equipment	Total
<b>Gross carrying amount</b>					
Balance at 1 July 2018	280,882	67,562,814	285,831,307	2,679,321	356,354,324
Transfer between asset classes	-	-	(242,336)	15,691	(226,645)
Additions (i)	1,446,841	27,172,673	17,613,831	290,465	46,523,810
Disposals	-	-	-	(262,949)	(262,949)
Balance at 30 June 2019	1,727,723	94,735,487	303,202,802	2,722,528	402,388,540
Balance at 1 July 2019	1,727,723	94,735,487	303,202,802	2,722,528	402,388,540
Recognition of right-of-use assets on initial application of AASB 16	855,218	-	-	-	855,218
Additions (i)	-	-	28,172,627	497,860	28,670,487
Disposals	-	-	-	(219,630)	(219,630)
Balance at 30 June 2020	2,582,941	94,735,487	331,375,429	3,000,758	431,694,615
<b>Depreciation and impairment losses</b>					
Balance at 1 July 2018	(241,112)	(66,754,718)	(206,691,609)	(1,521,971)	(275,209,410)
Transfer between asset classes	-	1,558,919	(1,382,090)	49,816	226,645
Depreciation for the year	-	(35,437)	(382,935)	(351,432)	(769,804)
Impairment loss (ii)	(1,266,223)	(27,213,445)	(47,303,135)	-	(75,782,803)
Disposals	-	-	-	262,949	262,949
Balance at 30 June 2019	(1,507,335)	(92,444,681)	(255,759,769)	(1,560,638)	(351,272,423)
Balance at 1 July 2019	(1,507,335)	(92,444,681)	(255,759,769)	(1,560,638)	(351,272,423)
Depreciation for the year	(164,079)	(31,846)	(365,668)	(392,121)	(953,714)
Impairment loss (ii)	-	(173,968)	(11,756,269)	-	(11,930,237)
Disposals	-	-	-	200,438	200,438
Balance at 30 June 2020	(1,671,414)	(92,650,496)	(267,881,706)	(1,752,321)	(363,955,936)
<b>Carrying amounts</b>					
at 1 July 2018	39,770	808,096	79,139,698	1,157,350	81,144,914
at 30 June 2019	220,388	2,290,806	47,443,033	1,161,890	51,116,117
at 30 June 2020	911,527	2,084,991	63,493,723	1,248,437	67,738,679
Expenditure included in carrying amounts in the course of construction:					
at 30 June 2019	-	-	32,844,184	-	32,844,184
at 30 June 2020	-	-	60,236,200	-	60,236,200

Depreciation expense totalling \$20,317 (2019: \$nil) has been included in water infrastructure capital work in progress.

## B6 Property, plant and equipment (continued)

### 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;
- Any other costs directly attributable to bringing the assets to a working condition for their intended use; and
- When the Company has an obligation to remove the assets or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site.

Assets are only recognised when they have a cost (or fair value) greater than \$10,000 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 which 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 is expensed as incurred.

#### *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.

## B6 Property, plant and equipment (continued)

## i. Additions

The additions to property, plant and equipment relate to:

	2020	2019
Don Irrigation Scheme	41,722	124
Duck Irrigation Scheme	181,722	1,306,895
Kindred North Motton Irrigation Scheme	19,470	-
Lower South Esk Scheme	2,970	-
Meander Valley Irrigation Scheme	188,467	-
Midlands Water Scheme	58,050	71,354
North Esk Irrigation Scheme	-	14,196,408
Northern Midlands Irrigation Scheme	98,454	-
Sassafras Irrigation Scheme	14,680	6,771
Scottsdale Irrigation Scheme	24,946,377	29,904,017
South East Irrigation Scheme (Stage One)	54,984	-
South East Irrigation Scheme (Stage Three)	-	248,165
South East Interim Solution	2,480,214	-
Southern Highlands Irrigation Scheme	85,516	190,848
Swan Valley Irrigation Scheme	-	172,274
Whitemore Irrigation Scheme	-	6,895
Other	497,860	420,058
	28,670,486	46,523,809

## ii. 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;
- Projections of electricity generation, electricity revenue and renewable energy certificate revenue; and
- A pre-tax discount rate of 7 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. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" - CGU).

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 2020, an impairment expense of \$11,930,237 (2019: \$75,782,803) has been recognised in the statement of profit or loss and other comprehensive income. The majority of this expense primarily resulted from a review of the Midlands water/power scheme after there was a significant fall in projected electricity generation revenue and renewable energy certificate pricing.

## B6 Property, plant and equipment (continued)

### ii. 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 2020			30 June 2019		
	Government contributions	Sale of water entitlements and other revenue	Total	Government contributions	Sale of water entitlements and other revenue	Total
Duck Irrigation Scheme	15,746,466	13,953,754	29,700,220	15,746,466	13,953,754	29,700,220
Swan Valley Irrigation Scheme	15,580,000	3,146,741	18,726,741	15,580,000	3,146,741	18,726,741
North Esk Irrigation Scheme	14,949,637	11,902,321	26,851,958	14,949,637	11,902,321	26,851,958
Dial Blythe Irrigation Scheme	11,061,295	2,614,407	13,675,702	11,061,295	2,566,824	13,628,119
Great Forester Irrigation Scheme	2,124,000	4,294,170	6,418,170	2,124,000	4,283,049	6,407,049
Kindred North Motton Irrigation Scheme	7,606,673	2,894,461	10,501,134	7,606,673	2,706,760	10,313,433
Lower South Esk Irrigation Scheme	8,814,272	5,606,993	14,421,265	8,814,272	5,602,554	14,416,826
Meander Valley Irrigation Scheme *	-	15,100,556	15,100,556	-	14,859,924	14,859,924
Midlands Water Scheme	65,487,723	28,346,283	93,834,006	65,487,723	25,254,693	90,742,416
Sassafras Wesley Vale Irrigation Scheme	6,114,000	5,804,697	11,918,697	6,114,000	5,738,118	11,852,118
South East Irrigation Scheme (Stage One and Two)	-	563,937	563,937	-	548,398	548,398
South East Irrigation Scheme (Stage Three) *	25,417,508	5,255,555	30,673,063	25,417,508	5,136,745	30,554,253
Southern Highlands Irrigation Scheme	22,906,229	6,492,544	29,398,773	22,906,229	6,492,379	29,398,608
Upper Ringarooma Irrigation Scheme	21,166,960	4,778,881	25,945,841	21,166,960	4,778,339	25,945,299
Whitemore Irrigation Scheme	5,050,000	6,086,858	11,136,858	5,050,000	5,830,056	10,880,056
Winnaleah Irrigation Scheme Augmentation	6,491,624	4,364,937	10,856,561	6,491,624	4,356,784	10,848,408
Togari, Montagu and Riley's Creek Schemes *	-	254,650	254,650	-	254,650	254,650
	228,516,387	121,461,745	349,978,132	228,516,387	117,412,090	345,928,477

\* Funded by Government prior to acquisition by the Company

## B6 Property, plant and equipment (continued)

## ii. 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 that have a fair value, are as follows:

	2020	2019
Dial Blythe Irrigation Scheme	-	48,688
Duck Irrigation Scheme	-	-
Great Forester Irrigation Scheme	-	11,990
Kindred North Motton Irrigation Scheme	81,280	129,329
Lower South Esk Irrigation Scheme	-	4,653
Meander Valley Irrigation Scheme	1,542,842	1,626,382
Midlands Water Scheme	-	2,766,280
North Esk Irrigation Scheme	-	-
Sassafras Wesley Vale Irrigation Scheme	-	54,695
South East Irrigation Scheme (Stage One and Two)	14,088	18,329
South East Irrigation Scheme (Stage Three)	180,619	252,945
Southern Highlands Irrigation Scheme	48,988	49,783
Swan Valley Irrigation Scheme	-	-
Upper Ringarooma Irrigation Scheme	818,981	828,930
Whitemore Irrigation Scheme	434,232	703,192
Winnaleah Irrigation Scheme Augmentation	-	9,373
Togari, Montagu and Riley's Creek Schemes	310,298	313,552
	<b>3,431,328</b>	<b>6,818,121</b>

## 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 revenue
C3. Inventories	C6. Unearned revenue

### C1 Cash and cash equivalents

	2020	2019
Bank balances	18,466,420	21,547,581
Short-term investments at call with Tascorp	555,731	475,711
Cash and cash equivalents in the statement of cash flows	19,022,151	22,023,292

#### 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:

	2020	2019
<b>Cash flows from operating activities</b>		
Profit (loss) for the period	(14,949,893)	(58,483,560)
Adjustments for:		
Depreciation and amortisation	902,560	769,804
Impairment of current assets	20,611	107,655
Impairment of non-current assets	11,930,237	75,782,803
Proceeds from sales of water entitlements recognised as investing activities	(9,759,394)	(8,420,383)
(Gain) loss on sale of non-current assets	(28,699)	(39,498)
	(11,884,578)	9,716,821
Change in trade and other receivables	9,860,328	(10,259,427)
Change in prepayments	(71,991)	53,470
Change in inventories	(303,531)	145,712
Change in other assets	212,517	333,840
Change in trade and other payables	19,546	1,635,178
Change in provisions and employee benefits	(74,566)	100,637
Change in deferred income	418,412	412,217
Change in unearned revenue	380,497	(1,108,131)
<b>Net cash provided by / (used in) operating activities</b>	<b>(1,443,366)</b>	<b>1,030,317</b>

## C1 Cash and cash equivalents (continued)

## i. 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.

<b>Interest-bearing loans and borrowings</b>	<b>2020</b>	<b>2019</b>
Balance at 1 July	26,891,561	27,169,062
Lease liabilities recognised at 1 July 2019 under AASB 16	855,218	-
Changes from financing cash flows:		
• Cash received from loans	5,700,000	-
• Cash repayments of loans	(291,891)	(277,501)
• Cash repayments of lease liabilities	(147,411)	
Balance at 30 June	33,007,477	26,891,561

## C2 Receivables

	<b>2020</b>	<b>2019</b>
Trade receivables (i)	3,405,759	12,611,494
Impairment of trade receivables (ii)	(130,696)	(110,085)
Goods and services tax receivable	262,883	603,300
Accrued income	2,549,901	2,864,076
	6,087,847	15,968,785

## 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

	<b>2020</b>	<b>2019</b>
<b>Movement in the allowance for impairment</b>		
Balance at the beginning of the year	(110,085)	(3,677)
Impairment losses recognised on receivables	(20,611)	(110,085)
Reversal of impairment recognised on recovered receivables	-	3,677
Impaired receivables written-off during year	-	-
Balance at the end of the year	(130,696)	(110,085)

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.

## C2 Receivables (continued)

### ii. Impairment of financial assets (continued)

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

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

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

#### *Expected credit loss (ECLs) assessment*

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

#### *Derecognition*

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

## C3 Inventories

	2020	2019
<b>Water stock on hand</b>		
South Riana Dam (Dial Blythe Irrigation Scheme)	16,068	25,718
Milford Dam (Lower South Esk Irrigation Scheme)	133,657	48,502
Daisy Banks Dam (South East Irrigation Scheme - Stage Two)	35,001	43,332
Rekuna Dam (South East Irrigation Scheme - Stage Three)	24,232	27,716
Dunns Creek Dam (Upper Ringarooma Irrigation Scheme)	24,579	38,481
Southernfield Dam (Southern Highlands Irrigation Scheme)	82,120	86,585
Rocklands Dam (North Esk Scheme)	109,275	-
Melrose Dam (Swan Valley Scheme)	54,776	-
Mill Creek Dam (Duck Scheme)	94,157	-
	573,865	270,334

#### **Recognition and measurement**

Inventories are measured at the lower of cost and net realisable value. The only inventory currently held by the Company is water, where the value is based on the costs of acquiring and storing water prior to distribution.

## C4 Payables

	2020	2019
Trade payables	1,856,322	3,849,120
Accrued expenses	5,897,074	7,665,756
Interest payable	151,243	246,640
	<u>7,904,639</u>	<u>11,761,516</u>

**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.

## C5 Deferred revenue

## i. Deferred income

	Note	2020	2019
<b>Current</b>			
Net Interest cover *		323,760	450,497
Asset renewal levies		658,300	383,030
Asset renewal levies - self managed			-
Operational grants		192,340	530,310
Project contributions - Farm Water Access Plans		60,000	264,000
		<u>1,234,400</u>	<u>1,627,837</u>
<b>Non-Current</b>			
Net interest cover *		3,349,624	3,424,582
Asset renewal levies		4,417,313	3,643,240
Asset renewal levies - self managed		1,433,231	1,320,497
		<u>9,200,168</u>	<u>8,388,319</u>

\* 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

## ii. Asset renewal levies - componential breakdown

	Note	2020	2019
Cash held - scheme accounts		6,354,323	5,309,302
Outstanding debtors		154,420	37,465
		<u>6,508,843</u>	<u>5,346,767</u>

## C5 Deferred revenue (continued)

## iii. Asset renewal levies - by scheme

The asset renewal levy is an annual fee which is levied on each water entitlement holder for all of the Company's operating irrigation schemes. The single purpose of the asset renewal levy is to fund future maintenance and/or capital expenditure on the relevant scheme. Funds collected are quarantined in separate bank accounts and are expressly identified as belonging to a particular scheme. There is no cross subsidy between schemes. The Company confirms that the expenditure incurred in the current financial year as set out below were for the purposes of asset renewal.

30 June 2020	Opening balance	Revenue	Expenditure	Movement	Closing balance
Dial Blythe Irrigation Scheme	241,929	80,068	(4,840)	75,228	317,157
Great Forester Irrigation Scheme	49,889	9,897	-	9,897	59,786
Kindred North Motton Irrigation Scheme	187,613	60,434	(16,574)	43,860	231,473
Lower South Esk Irrigation Scheme	220,370	40,195	(1,554)	38,641	259,011
Meander Valley Irrigation Scheme	292,839	65,420	(244,442)	(179,022)	113,817
Midlands Water Scheme	1,132,695	323,707	(61,909)	261,798	1,394,493
Sassafras Wesley Vale Irrigation Scheme	364,582	58,742	(33,894)	24,848	389,430
South East Irrigation Scheme (Stages 1-2)	235,766	49,555	(11,650)	37,905	273,671
South East Irrigation Scheme (Stage 3)	418,848	133,975	(16,652)	117,323	536,171
Southern Highlands Irrigation Scheme	287,591	149,288	(5,302)	143,986	431,577
Upper Ringarooma Irrigation Scheme	353,176	101,722	(2,501)	99,221	452,397
Whitemore Irrigation Scheme	241,976	42,203	(417)	41,786	283,762
Cressy Longford Irrigation Scheme	552,173	50,722	-	50,722	602,895
Winnaleah Irrigation Scheme	767,320	63,014	-	63,014	830,334
Swan Valley Irrigation Scheme	-	97,180	-	97,180	97,180
Duck Irrigation Scheme	-	104,951	(8,358)	96,593	96,593
North Esk Irrigation Scheme	-	139,096	-	139,096	139,096
	5,346,767	1,570,169	(408,093)	1,162,076	6,508,843

## C5 Deferred revenue (continued)

## iii. Asset renewal levies - by scheme (continued)

30 June 2019	Opening balance	Revenue	Expenditure	Movement	Closing balance
Dial Blythe Irrigation Scheme	192,458	49,471		49,471	241,929
Great Forester Irrigation Scheme	40,737	10,092	(940)	9,152	49,889
Kindred North Motton Irrigation Scheme	167,864	32,927	(13,178)	19,749	187,613
Lower South Esk Irrigation Scheme	181,372	40,519	(1,521)	38,998	220,370
Meander Valley Irrigation Scheme	289,997	81,027	(78,185)	2,842	292,839
Midlands Water Scheme	959,137	284,559	(111,001)	173,558	1,132,695
Sassafras Wesley Vale Irrigation Scheme	335,905	60,217	(31,540)	28,677	364,582
South East Irrigation Scheme (Stages 1- 2)	185,362	50,404	-	50,404	235,766
South East Irrigation Scheme (Stage 3)	327,153	95,164	(3,469)	91,695	418,848
Southern Highlands Irrigation Scheme	141,308	146,283	-	146,283	287,591
Upper Ringarooma Irrigation Scheme	254,361	98,815	-	98,815	353,176
Whitemore Irrigation Scheme	219,399	42,983	(20,406)	22,577	241,976
Cressy Longford Irrigation Scheme	502,823	49,350	-	49,350	552,173
Winnaleah Irrigation Scheme	700,463	66,857	-	66,857	767,320
	4,498,339	1,108,668	(260,240)	848,428	5,346,767

## C6 Unearned revenue

	2020	2019
Water entitlement deposits	1,731,870	1,351,578

**Recognition and measurement**

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.

## 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

	2020	2019
Current liabilities - employee benefits	539,572	467,827
Non-current liabilities - employee benefits	85,984	232,295

### 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	
	2020	2019	2020	2019	2020	2019
Short-term employee benefits	215,845	199,167	1,078,904	859,972	1,294,749	1,059,139
Post-employment benefits	20,504	19,071	94,668	80,075	115,172	99,145
Other long-term employee benefits	-	-	60,078	(64,769)	60,078	(64,769)
Termination benefits	-	-	-	285,229	-	285,229
	236,349	218,238	1,233,650	1,160,507	1,469,999	1,378,745

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

For Executive remuneration, short-term employment benefits includes: 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 as below.

## 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 2020<sup>1</sup>*

Name	Position	Period	Director's fees	Committee fees	Super <sup>2</sup>	Other Benefits	Total
Ms Samantha Hogg Non-Executive	Chair	Full Term	75,270	-	7,151	-	82,421
Mr Michael Chilvers Non-Executive	Director	Full Term	41,299	-	3,923	-	45,222
Mr Guy Kingwill Non-Executive	Director	Full Term	41,299	-	3,923	-	45,222
Mr Christopher Thompson Non-Executive	Director	Full Term	41,299	-	3,923	-	45,222
Dr John Whittington Non-Executive	Director <sup>3</sup>	Full Term	16,678	-	1,584	-	18,262
<b>Total</b>			<b>215,845</b>	<b>-</b>	<b>20,504</b>	<b>-</b>	<b>236,349</b>

*Director remuneration for Year ended 30 June 2019<sup>1</sup>*

Name	Position	Period	Director's fees	Committee fees	Super <sup>2</sup>	Other Benefits	Total
Ms Samantha Hogg Non-Executive	Chair	Full Term	75,270	-	7,151	-	82,421
Mr Michael Chilvers Non-Executive	Director	Full Term	41,299	-	3,923	-	45,222
Mr Guy Kingwill Non-Executive	Director	Full Term	41,299	-	3,923	-	45,222
Dr John Whittington Non-Executive	Director - Crown Servant <sup>3</sup>	Full Term	-	-	-	-	-
Mr Christopher Thompson Non-Executive	Director	From: 2 July 2018	41,299	-	4,074	-	45,373
<b>Total</b>			<b>199,167</b>	<b>-</b>	<b>19,071</b>	<b>-</b>	<b>218,238</b>

*Director remuneration notes and statements*

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

<sup>2</sup> Superannuation means the contribution to the superannuation fund of the individual.

<sup>3</sup> As a Crown Servant, Dr J Whittington is not directly remunerated for his role on the Board. However, during the current year Dr Whittington ceased being a Crown Servant and was reappointed to the Board with remuneration effective from 1 February 2020.

## 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 2020<sup>1</sup>*

Name	Position	Period	Base Salary <sup>1</sup>	Short Term Incentive payment <sup>2</sup>	Super <sup>3</sup>	Vehicles <sup>4</sup>	Other Monetary Benefits <sup>5</sup>	Other Non Monetary Benefits <sup>6</sup>	Total Remuneration	Termination Benefits <sup>6</sup>	Other Long Term Benefits <sup>8</sup>	Total
Mr Andrew Kneebone	Chief Executive Officer	Full year	283,000	-	21,002	14,814	-	-	318,816	-	28,047	346,863
Mr James Hipwood	Chief Financial Officer	Full year	173,400	-	16,473	-	-	-	189,873	-	14,928	204,801
Mr Paul Ellery	General Manager Program Development and Delivery	Full year	187,272	-	19,664	12,746	-	-	219,682	-	-2,600	217,082
Mr Steven Maycock	Company Secretary & General Counsel	Full year	155,000	-	14,725	-	-	-	169,725	-	8,051	177,776
Mr Paul Davis	General Manager Technical Support Services	From: 13/01/2020	78,462	-	7,454	5,992	-	-	91,908	-	881	92,789
Mr David Skipper	General Manager Water Delivery	From: 13/01/2020	80,769	-	7,673	6,634	-	-	95,076	-	8,227	103,303
<b>Sub-total</b>			<b>957,903</b>		<b>86,991</b>	<b>40,186</b>			<b>1,085,080</b>		<b>57,534</b>	<b>1,142,614</b>
<b>Acting Arrangements</b>												
Ms Simone Preece	Acting Deputy CEO and Manager - People and Culture	From: 1/07/19 to 10/01/20	80,815	-	7,677	-	-	-	88,492	-	2,544	91,036
<b>Sub-total</b>			<b>80,815</b>		<b>7,677</b>				<b>88,492</b>		<b>2,544</b>	<b>91,036</b>
<b>Total</b>			<b>1,038,718</b>		<b>94,668</b>	<b>40,186</b>			<b>1,173,572</b>		<b>60,078</b>	<b>1,233,650</b>

82 D2 Key management personnel (continued)  
*Executive Remuneration for Year ended 30 June 2019*

Name	Position	Period	Base Salary <sup>1</sup>	Short Term Incentive payment <sup>2</sup>	Super <sup>3</sup>	Vehicles <sup>4</sup>	Other Monetary Benefits <sup>5</sup>	Other Non Monetary Benefits <sup>6</sup>	Total Remuneration	Termination Benefits <sup>6</sup>	Other Long Term Benefits <sup>8</sup>	Total
Mr Andrew Kneebone	Chief Executive Officer	From: 15 May 2019	29,088	-	2,197	958	-	-	32,243	-	856	33,099
Mr James Hipwood	Chief Financial Officer	From: 1 April 2019	38,577	-	3,665	-	-	-	42,242	-	3,953	46,195
Mr Paul Ellery	Manager Build Projects	Full Year	183,600	-	19,286	13,967	-	-	216,853	-	(2,383)	214,470
Mr Steven Maycock	Company Secretary & General Counsel	From: 17 May 2019	18,481	-	1,756	-	-	-	20,236	-	1,833	22,069
Ms Nicola Morris	Chief Executive Officer	To: 26 November 2018	125,958	-	11,888	6,217	-	-	144,063	164,296	(12,002)	296,357
Mr Leigh Nicholas	Chief Financial Officer	To: 24 August 2018	30,000	-	2,850	-	-	-	32,850	48,551	(14,801)	66,600
Mr Graham Blackwell	(Interim) Chief Financial Officer	From: 23 August 2018 to 17 December 2018	55,962	-	6,741	-	-	-	62,703	18,865	-	81,568
Mr Andrew Kneebone	General Manager Water Delivery & Infrastructure	To: 27 November 2018	76,846	-	7,300	3,116	-	-	87,262	-	2,793	90,055
Mr Mike O'Shea	Manager Water Delivery & Energy	To: 28 September 2018	42,513	-	3,784	5,423	-	-	51,720	53,517	(53,517)	51,720
<b>Sub-total</b>			<b>601,024</b>	<b>-</b>	<b>59,467</b>	<b>29,681</b>			<b>690,172</b>	<b>285,229</b>	<b>(73,268)</b>	<b>902,133</b>

D2 Key management personnel (continued)  
Acting Arrangements for Year ended 30 June 2019

Name	Position	Period	Base Salary <sup>1</sup>	Short Term Incentive	Super <sup>3</sup>	Vehicles <sup>4</sup>	Other Monetary Benefits <sup>5</sup>	Other Non Monetary Benefits <sup>6</sup>	Total Remuneration	Termination Benefits <sup>6</sup>	Other Long Term Benefits <sup>8</sup>	Total
Mr Andrew Kneebone	Acting Chief Executive Officer & GM Water Delivery & Infrastructure	From: 27 November 2018 to 15 May 2019	121,940	-	10,781	3,526	-	-	136,247	-	3,146	139,393
Ms Simone Reynolds	Acting Deputy CEO and Manager - Human Resources & Safety	From 27 November 2018 to 4 May 2019	67,404	-	6,371	-	-	-	73,775	-	3,934	77,709
Ms Simone Reynolds	Acting CEO and Manager - Human Resources & Safety	From 4 May 2019 to 4 June 2019	24,201	-	2,298	-	-	-	26,499	-	697	27,196
Ms Simone Reynolds	Acting Deputy CEO and Manager - Human Resources & Safety	From: 4 June 2019	12,196	-	1,158	-	-	-	13,354	-	722	14,076
<b>Sub-total</b>			<b>225,741</b>		<b>20,608</b>	<b>3,526</b>			<b>249,875</b>		<b>8,500</b>	<b>258,375</b>
<b>Total</b>			<b>826,765</b>		<b>80,075</b>	<b>33,207</b>			<b>940,047</b>	<b>285,229</b>	<b>(64,769)</b>	<b>1,160,507</b>

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

<sup>1</sup> Base salary includes all forms of consideration paid and payable for services rendered, compensated absences during the period and salary sacrifice amounts.

<sup>2</sup> 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.

<sup>3</sup> Superannuation means the contribution to the superannuation fund of the individual.

<sup>4</sup> 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.

<sup>5</sup> 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.

<sup>6</sup> 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.

<sup>7</sup> Termination benefits include all forms of benefit paid or accrued as a consequence of termination.

<sup>8</sup> Other long-term benefits include annual and long service leave movement.

## D2 Key management personnel (continued)

### Remuneration policies

#### *Non-executive Directors*

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

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

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

#### *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) are determined by the Government Business Executive Remuneration Panel and 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 Premier and Portfolio Minister following selection and recommendation by the Board. The Board consults with the Government Business Executive Remuneration Advisory Panel 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 the remuneration package. The terms of employment of the CEO contain a termination clause that requires the CEO to provide a minimum notice period of up to six months prior to termination of the contract. Whilst not automatic, contracts can be extended.

No key management personnel appointed during the period received a payment as part of their 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 there were no termination payments paid to key management personnel. Termination payments during the prior year included:

- Mr Leigh Nicholas ceased employment effective 24 August 2018 and was paid \$48,511 representing the balance of his accrued annual leave entitlements (\$14,801), plus nine weeks salary in lieu of notice (\$33,750).
- Mr Mike O'Shea ceased employment effective 28 September 2018 and was paid \$53,517 representing the balance of his accrued annual and long service leave entitlements.

## D2 Key management personnel (continued)

### Remuneration policies (continued)

- Ms Nicola Morris ceased employment effective 26 November 2018 was paid \$164,296 representing the balance of her accrued annual service leave entitlements (\$12,002), plus six months salary in lieu of notice (\$152,294).
- Mr Graham Blackwell ceased employment effective 17 December 2018 and was paid \$18,865 representing the balance of his accrued annual service leave entitlements (\$3,865), plus four weeks salary in lieu of notice (\$15,000).

### *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.

In the current year, the following acting arrangements occurred:

- Ms Simone Preece was appointed to the above position for the period shown, whilst an organisational review and restructure was undertaken.

In the prior year, the following acting arrangements occurred:

- Mr Andrew Kneebone was appointed to the above positions for the periods shown, whilst a Chief Executive Officer was recruited; and
- Ms Simone (Reynolds) Preece was appointed to the above positions for the periods shown, whilst a Chief Executive Officer was recruited and Mr Andrew Kneebone was on leave.

### *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;
- Ministers or close family members of Ministers;
- Any entities controlled or jointly controlled by key management personnel or their close family members; and
- Any entities controlled or jointly controlled by Ministers or their close family members.

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

During the year, Directors and other related parties acquired and were supplied irrigation water from the Company in the ordinary course of business. The total amount paid for the supply of irrigation water was \$94,545 (2019: \$38,858) and the total amount of water entitlements bought was \$810,000 (2019: \$0) with all of this paid during the financial year.

During the year, the Company procured \$186,909 of environmental services in the ordinary course of business from Macquarie Franklin, a Company jointly controlled by a Director.

## Section E - Capital structuring and financing

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

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

## E1 Loans and borrowings

	2020	2019
<b>Current liabilities</b>		
Secured loans - Tascorp	31,637,027	24,921,891
Lease liabilities	153,212	-
	31,790,239	24,921,891
<b>Non-current liabilities</b>		
Secured loans - Tascorp	662,643	1,969,670
Lease liabilities	554,595	-
	1,217,238	1,969,670

## Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

	Nominal interest rate	Year of maturity	30 June 2020		30 June 2019	
			Fair value	Carrying amount	Fair value	Carrying amount
Secured loans - Tascorp	1.71% - 6.21%	2021 - 2023	32,404,715	32,229,670	27,165,376	26,891,561
Lease liabilities			707,807	707,807	-	-
Total interest-bearing liabilities			33,112,522	32,937,477	27,165,376	26,891,561

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 Tasmanian Irrigation 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.

## E2 Finance costs

	2020	2019
<b>Finance costs</b>		
Interest on financial liabilities measured at amortised cost	456,763	561,204
Interest on lease liabilities	13,949	-
Guarantee fee	(1,362)	498,852
Collection costs	4,109	14,075
	473,459	1,074,131

**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	
	2020	2019
On issue at 1 July	283,059,793	234,881,819
Re-classification Government contribution	-	-
Government contributions	15,870,000	48,177,974
On issue at 30 June	298,929,793	283,059,793

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.

**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	
		2020	2019
Trade receivables	C2	3,275,063	12,501,409
Other financial assets	F2	55,895	268,412
		3,330,958	12,769,821

## E4 Capital and risk management (continued)

**Credit risk (continued)***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 recognised in profit or loss during the period, and the basis of the expected credit loss assessment are detailed in note C2.

*Other financial assets*

Other financial assets are fixed repayment plans relating to the Greater Meander Irrigation Scheme (refer note F2). Interest is charged on these long term financial assets and the Company ensures repayments are in accordance with the agreed plans. The allowance for impairment (refer note F2) represents the expected credit losses in respect of these other financial assets.

*Cash and cash equivalents*

The Company held cash and cash equivalents of \$19,022,151 at 30 June 2020 (2019: \$22,023,292), which are held with an Australian-owned bank which is regulated by the Australian Prudential Regulatory Authority in accordance with the *Banking Act 1959*. No impairment allowance exists in relation to these assets.

**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 30 days. No interest is charged on the trade payables for the first 30 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 2020**

	Carrying amount	Contractual cash flows	1 month or less	1-3 months	3 months - 1 year	1-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>							
Secured loans - Tascorp	32,299,670	32,299,670	5,700,000	-	25,937,027	662,643	-
Lease liabilities	707,807	707,807	13,415	26,772	120,004	547,616	-
Trade and other payables	7,904,639	7,904,639	7,904,639	-	-	-	-
	40,912,116	40,912,116	13,618,054	26,772	26,057,031	1,210,259	-

## E4 Capital and risk management (continued)

## Liquidity risk (continued)

30 June 2019

	Carrying amount	Contractual cash flows	1 month or less	1-3 months	3 months - 1 year	1-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>							
Secured loans - Tascorp	26,891,561	26,891,561	24,630,000	-	291,891	1,969,670	-
Trade and other payables	11,761,516	11,761,516	11,761,516	-	-	-	-
	38,653,077	38,653,077	36,391,516	-	291,891	1,969,670	-

**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 \$47,556 (2019: \$55,058).

**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 carried, which are carried at amortised cost is \$32,404,715 (2019: \$27,165,376).

## 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. Previously, all leases were classified as operating leases under AASB 117. Information about leases for which the Company is a lessee is presented below.

### i. Right-of-use assets

Right-of-use assets related to leased properties are presented within the following classes of property, plant and equipment:

	<b>Land and buildings</b>
Balance at 1 July 2019	855,218
Depreciation charge for the year	<u>(164,079)</u>
<b>Balance at 30 June</b>	691,139

### ii. Amounts recognised in profit or loss

<b>2020 - Leases under AASB 16</b>	<b>Total</b>
Interest on lease liabilities	13,949
Expenses relating to short-term leases	5,688
Depreciation charge for the year	<u>164,079</u>
	183,716
<hr/>	
<b>2019 - Operating leases under AASB 117</b>	
Lease expense	159,375

### iii. Amounts recognised in statement of cash flows

Principal component - financing activity	147,412
Interest component - operating activity	<u>13,949</u>
Total cash outflow for leases	161,361

### Policy applicable from 1 July 2019

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.

## E5 Leases (continued)

### Policy applicable from 1 July 2019 (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.

### *Policy applicable before 1 July 2019*

For contracts entered into before 1 July 2019, the Company determined whether the arrangement was or contained a lease based on the requirements of AASB 117.

In the comparative period, as a lessee the Company classified all leases as operating leases and they were not recognised in the Company's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease.

## 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. Pending accounting standards
- F2. Other financial assets
- F3. Other assets
- F4. Commitments
- F5. Auditor's remuneration
- F6. Subsequent events

## F1 Pending accounting standards

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2020, 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.

## F2 Other financial assets

	2020	2019
<b>Current assets</b>		
Greater Meander Irrigation Scheme fixed repayment plans - 10 years	55,895	21,730
<b>Non-current assets</b>		
Greater Meander Irrigation Scheme fixed repayment plans - 10 years	-	246,682
<b>Total other financial assets</b>	<u>55,895</u>	<u>268,412</u>

## F3 Other assets

	2020	2019
Cressy Longford Irrigation Scheme Limited	193,556	193,556
Winnaleah Irrigation Scheme Limited	232,792	232,792
	<u>426,348</u>	<u>426,348</u>

## F4 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:

<i>As at 30 June 2020</i>	Within 1 year	Between 1 and 5 years	Total
Scottsdale Irrigation Scheme	3,542,159	-	3,542,159
	<u>3,542,159</u>	<u>-</u>	<u>3,542,159</u>
<i>As at 30 June 2019</i>	Within 1 year	Between 1 and 5 years	Total
Scottsdale Irrigation Scheme	28,721,649	-	28,721,649
	<u>28,721,649</u>	<u>-</u>	<u>28,721,649</u>

## F5 Auditor's remuneration

	2020	2019
<b>Audit and review services</b>		
Auditors of the Company		
<i>Auditor-General</i>		
Audit and review of financial statements	50,245	51,370
The auditor of Tasmanian Irrigation Pty Ltd is the Auditor-General of Tasmania.		

## F6 Subsequent events

There were no significant events subsequent to reporting date.