



Annual Report

2016/17

Tasmanian Irrigation Pty Ltd ABN 95 722 799 075

Tasmanian Irrigation 2016/17 Annual Report
October 2017

Tasmanian Irrigation Pty Ltd is a state-owned company,
incorporated and operated in Australia.

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COMPANY OVERVIEW

As a State-Owned Company, Tasmanian Irrigation's task is to develop, own and operate irrigation schemes in Tasmania.

The strategic objectives of the company are to:

- Manage and deliver reliable water;
- Identify, develop and build irrigation schemes in partnership with the local community;
- Provide value to our irrigation partners;
- Support an active water market in Tasmania which ensures the maximum value is generated from Tasmania's irrigation infrastructure and resources; and
- Fully realise the benefit of Tasmanian Irrigation's irrigation schemes through increasing high value agricultural production.

With an increased level of operational responsibility, Tasmanian Irrigation continues to transition the focus of the organisation from a developer of irrigation schemes.

The availability of additional irrigation water through the development and operation of irrigation schemes will support Tasmanian farmers to move into higher value production. It will also drive growth and investment in Tasmania's food and agricultural sectors and rural and regional communities.





FROM THE CHAIRMAN

The opportunity to become the chairman of Tasmanian Irrigation was something that I was extremely proud to accept. As a Tasmanian returning recently to the state, I have had the opportunity to view the significant impact irrigation is having on regional Tasmania. The vision of my predecessor, John Lord and his fellow board members must be applauded.

I look forward to guiding Tasmanian Irrigation as we transition from a construction focused business to becoming an operational water business. “We deliver water” is a concept at the forefront of everything we do.

Tranche 1 schemes are all now fully in operation and the learnings from these earlier schemes are being applied to Tranche 2 schemes and beyond. These learnings range from smart engineering solutions through to contractor management and engagement with both landholders and our irrigation partners.

Tranche 2 schemes are in various stages of development. Both the Swan and the Southern Highlands Schemes are close to completion and on track to deliver water to our irrigation partners later in the 2017 season. The Duck irrigation scheme is underway with a construction pause during the wetter winter months in Circular Head. Business cases for North Esk and Scottsdale are under consideration by the Australian Government and we are expecting both schemes to enter construction this summer.

Investigation of potential new irrigation schemes is ongoing through the Australian Government funded Future Irrigation project. This investigation is allowing us to take a holistic view of irrigation at a regional basis and we are working closely with a wide mix of industry stakeholders including the Department of Primary Industries, Parks, Water and Environment (DPIPWE), TasWater and Hydro Tasmania.

Our schemes are designed to last at least 100 years and to provide confidence of water supply for our irrigation partners with 95% reliability. We are committed to ensuring that our asset management systems and our water forecasting process secure and support this reliability.

To be successful Tasmanian Irrigation has developed a unique Private Public partnership. As we move the business towards an operational focus there is significant energy and commitment from management to ensure that we work in partnership with our irrigator communities so we can continue to add economic benefit to the regions that we service.

As we look back at these last two seasons we have seen the extremes of weather with climatic events deemed to be records at both ends of the spectrum, the extreme dry of the 2015/16 summer followed by the extreme wet through the winter of 2016. The benefit to our irrigation partners of having access to irrigation as risk mitigation and to enable value creation is clearly evident.

Samantha Hogg

Chairman





FROM THE CEO

Irrigators in Tasmania have been part of a unique public private partnership. This has seen significant investment from the State and Australian Governments made available to complement the funding commitments of private partners into new irrigation schemes. In my travels around mainland Australia and New Zealand this approach is regarded by all as one they wish they could see emulated within their State or region.

Anyone who has farmed dryland will know the immense feeling of relief that occurs when significant expenditure in irrigation is made and then pays off.

Tasmanian irrigation was extremely pleased to receive a finalised Member's Statement of Expectations in August 2017. This document formalised the relationship between our shareholding ministers and ourselves. We are committed to delivering on their expectations namely that we become a self-sustainable operational business and have at the heart of our business decisions how we work with our irrigation partners to deliver reliable, cost effective irrigation water.

The decision to irrigate a property, for whatever its farming purpose, is not a decision that is made lightly. There is the cost of water and getting that water to the farm, there is the cost of the infrastructure such as centre pivots needed to apply the water and then of course there is the ongoing operational costs associated with applying water.

Tasmanian Irrigation is very aware of the ongoing operation costs of applying water and has worked tirelessly in this last season to offset some of the significant cost increases being flagged by suppliers for water purchases and power. Price increases could not be fully negated and our irrigator partners will experience an increase in variable water pricing to offset the change in cost of purchased water and power. Through State Government intervention and Tasmanian Irrigation's negotiations, these increases are significantly less than had been first indicated by suppliers.

To be a sustainable business our costs must be at a level which allow us to facilitate and deliver the required customer service to our irrigator partners through efficient and cost-effective operations and management. We are committed to working to continue to reduce the cost of overheads per water entitlement issued.

Tranche two construction has continued throughout the year with irrigation schemes in the Southern Highlands and in the Swansea region nearing completion. Construction has started in the North West for the Duck irrigation scheme and planning is in progress for the North Esk and Scottsdale.

Even as these projects are proceeding a small team is progressing with planning for future irrigation projects which will form the beginnings of Tranche three.

Tasmanian Irrigation has a small, highly skilled and dedicated staff who are passionate about the business and their contribution to Tasmanian agricultural improvement. I wish to acknowledge their dedication and efforts.

Nicola Morris

Chief Executive Officer



HIGHLIGHTS OF 2016/17

Water delivery and Services

Water delivery:

- 86,833ML of water entitlements under Tasmanian Irrigation's operation.
- 100% of water demand was reliably delivered to 365 irrigator partners.
- Met fluctuating demands for water with low volumes required early in the irrigation season and then significantly more demand late in the season.
- Proactive asset management to support water delivery.
- Expansion of our irrigator partners' operations with the surety of reliable water delivery from Tasmanian Irrigation.

Water services:

- Commenced the implementation of an information system program, laying the foundations for a more efficient and effective water delivery operation.
- Successful environmental monitoring undertaken:
 - no evidence of Tasmanian Irrigation causing harm to the environment.
 - irrigation partners are applying water in accordance with their Farm Water Access Plans.

Build

- Construction on the Southern Highlands and Swan Valley irrigation schemes has been completed and they are in the commissioning phase. Both are within budget and on schedule to deliver irrigation water in the 2017/18 irrigation season.
- Duck Irrigation scheme was granted Business Case and funding approval with on-ground work commencing in May 2017.
- The North Esk and Scottsdale irrigation schemes are in development and are expected to be delivering irrigation water by December 2018 and 2019 respectively, subject to final funding approvals.
- Tasmanian Irrigation is progressing with the identification and investigation of future irrigation projects.

Workplace health and safety

- Zero lost time injuries reported in 2016/17.
- Roll out of Tasmanian Irrigation's safety data management system (MyOSH) in December 2016 to all employees, providing a systematic, comprehensive and consistent approach to managing safety data.

PERFORMANCE TARGETS 2016/17

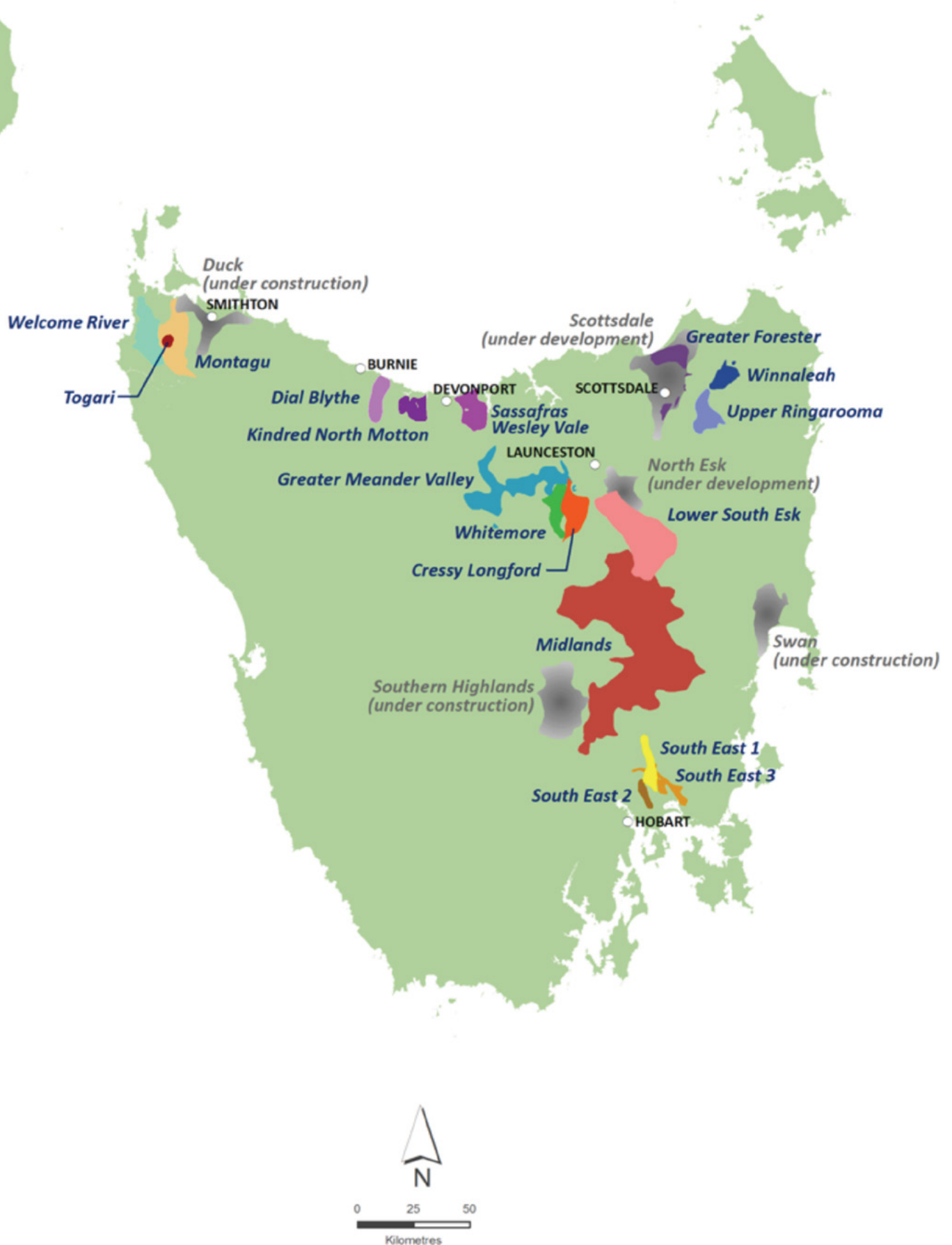
Financial KPIs

	2016-17		
	Actual	Target	Outcome
Budget delivery – schemes developed within budget (%)	100%	100%	Fully achieved
Project prefeasibility overheads & admin costs	\$5.35M	\$6.03M	Fully achieved
Post-construction water sales	\$0.8M	\$3.1M	Not achieved ¹
Overheads per water entitlement issued	\$19.89	\$19.27	Not achieved ²
Fixed Revenue (exc. Asset Main)/Fixed Expense (%)	104%	100%	Fully achieved
Variable revenue/variable expenses (%)	115%	100%	Fully achieved
Average debtor days	45 days	45 days	Fully achieved
Asset renewal levy/asset renewal annuity (%)	100%(Est)	100%	Fully achieved

1. Tasmanian Irrigation's original modelling for business cases included forecasting of future sales of water for each scheme and this was reflected in the water sales target of 2,390ML. This forecasting is no longer used. Instead a retail water sales strategy has been developed for unsold water in schemes and a wholesale strategy to address unsold water in the Meander and Midlands schemes. A total of 625ML was sold during the year with the wet winter and mild summer of 2016/17 seeing a lower demand for additional water.

2. With the adaption of a retail water sales strategy and a wholesale strategy, the modelling for the business case calculation of overheads per water entitlement was different to the actual number recorded in Financial year 2016/17, giving rise to an unfavourable variance.

TASMANIAN IRRIGATION SCHEMES



Base data from the LIST © State of Tasmania.

REVIEW OF OPERATIONS

1. Water Delivery

After a dry 2015/16 season, unseasonably high winter rainfall replenished the storages ready for the 2016/17 irrigation season. This however resulted in a slower start - due to residual soil moisture or other water being available to our irrigators. Demand increased in November, decreased in early summer, but continued into late autumn; due to the lack of follow up rainfall in many irrigation districts.

Tasmanian Irrigation delivered 33,000ML of water which was just under 40% of entitlements available. Whilst this was half the amount of the previous exceptionally dry year; on average, the ML delivered to irrigators has been increasing year on year. There were over 365 customers accessing Tasmanian Irrigation water, out of a total 831.

The change in land use as farmers develop their irrigation infrastructure and diversify their crops, is driving the demand for water at different times within the season and more notably outside the irrigation season. This means a re-assessment of Tasmanian Irrigation's water operations activities to support this in a sustainable, cost-effective manner. Some work has commenced in this area, notably in the Greater Meander and Midlands districts, but several other districts are starting to face the same requirement. In operating these irrigation schemes, Tasmanian Irrigation can provide water security to farmers giving them the confidence to invest in higher yielding crops such as berries, cherries and poppies along with dairy farming.

New schemes like the Southern Highlands and Swan Valley (which has limited options for alternate water in all or part of the district) and all our existing schemes, will benefit greatly from the lessons learnt over the range of recently-experienced seasons and changing land and water use requirements.

Older schemes are being upgraded as required in an ongoing process to meet modern irrigation standards and place them in a good position to meet the expected future demands.

Water Services – Environment

Tasmanian Irrigation implements a range of processes to ensure all activities undertaken meet environmental statutory requirements and are conducted in an environmentally responsible manner. Environmental monitoring programs were conducted in accordance with permits and approvals. We are happy to report that the results indicated no significant impact on environmental values from the operation of the schemes, which include water quality and aquatic habitats.

Environment by numbers:

- 82 surface water quality monitoring sites were sampled in 54 operational scheme waterways.
- 13 groundwater bores monitored in three groundwater areas, monthly, during the irrigation season.
- 18 sites in 6 irrigation districts to monitor aquatic health for AusRivas sampling undertaken during spring and autumn.

In accordance with State and Australian Government approvals, surveys continued for the presence of green and gold frogs and pest fish, and to detect any erosion impacts from water releases

into receiving waterways. No blue green algae outbreaks nor aquatic weeds were detected in Tasmanian Irrigation storages during 2016/17. Monitoring and survey results indicate that there were no discernible impacts to water quality or aquatic health attributed to the operation of Tasmanian Irrigation's schemes.

All irrigators applying Tasmanian Irrigation water have a current Farm Water Access Plan (FWAP) in place that provides for the sustainable use of water on their farm. No breaches of the FWAPs were identified during the irrigation season or the annual compliance audit process. All FWAPs have been completed ready for the two new schemes becoming operational in 2017.

Rating curves for Tasmanian Irrigation's 19 hydrography streamflow sites continue to be developed and adjusted as required, and the gauging stations and flow monitoring weirs are being maintained to standard. Five of these sites were installed in 2016/17.

Continuing upgrades are being made to incorporate environmental requirements into storage and stream flow operating systems providing for automated compliance opportunities, and the more efficient and cost-effective reporting and recording of environmental compliance data.

The Director and Deputy Director of Environmental Approvals from the Federal Department of Environment conducted site visits to the proposed Scottsdale Scheme and the operational Upper Ringarooma Irrigation Scheme. Their feedback regarding Tasmanian Irrigation's on-going environmental commitment was extremely positive.

Nine environmental audits were conducted on contractors undertaking major construction works. All contractors were found to be compliant with environmental regulatory requirements. Two positive Australian Government Environment Protection and Biodiversity Conservation Act 1999 referral decisions were obtained for future irrigation schemes.

Water Services – Information, Communications & Technology (ICT)

Tasmanian Irrigation has embarked on a program to consolidate our information systems, improve our delivery efficiency and provide data to make more informed decisions – for both Tasmanian Irrigation and its irrigation partners in a cost-effective manner. Some key highlights for the year were:

- SCADA upgrade project. The aim is to get all the Tasmanian Irrigation control systems onto a single platform, as well as enabling a better reporting and control ability on the parameters of pump and system controls.
- Integrated asset and financial management solution. A scheme by scheme review of assets which we expect will lead to better planning and preventative maintenance requirements, and gaining a better understanding of the requirements for each scheme for funding asset renewals.
- Geographic Information System (GIS) meter reading application. Using spatial technology to capture and record meter readings in a system to invoice all our irrigator partners more effectively and efficiently.

- Safety system app. To provide our staff with capturing and managing of incidents, and workplace risks leading to an improvement in our health and safety culture for all our workforce.
- Service provider partnership for our ICT systems with a local service provider - Intuit Technologies, reducing our overheads and providing better certainty of costs.

With these platforms, we will be well placed to provide more data to our customers over the coming years to help them in managing their water usage and Tasmanian Irrigation in ensuring reliability of water delivery.

About the teams:

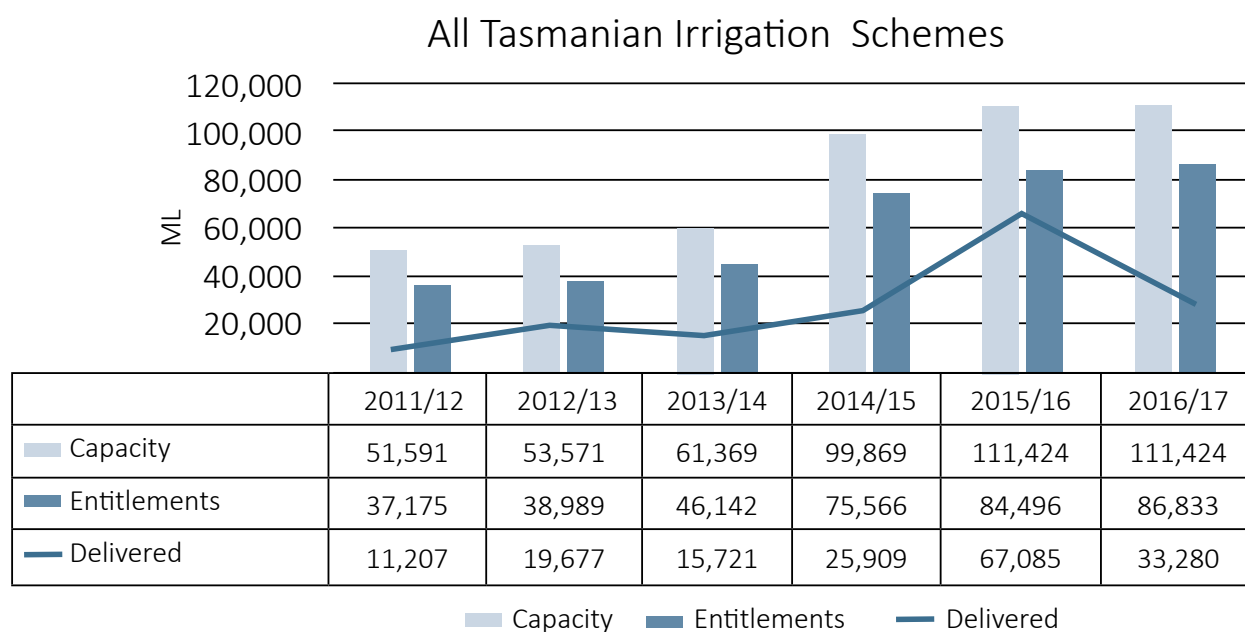
The water delivery team (operations team) is responsible for the delivery of water to landholders for irrigation purposes. The water delivery team handles irrigator partner requests, water orders, control and monitoring of the delivery of water. The water delivery team also carries out some water quality assessments and maintenance of infrastructure. All of this is done in a safe manner.

Our operators are certified water operators (or in the process of becoming certified) to properly control, manage and operate irrigation schemes.

The environmental services team are responsible for environmental monitoring and compliance, with hydrological monitoring, ecological testing, and environmental auditing.

The ICT services team are responsible for Information Technology, Geographic Information System (GIS), records, archives and the website. Tasmanian Irrigation is in a strategic partnership with Intuit Technologies to provide servers, backups and disaster recovery of our information technology infrastructure. GIS staff are responsible for all mapping requests, coordinate imagery and service to staff and customers. Records and archives are responsible for storage and accessibility of corporate records in accordance with Australian business standards.

Water delivered over all Tasmanian Irrigation Schemes



REVIEW OF BUILD

1. Review of Construction

Under Construction	
Irrigation Scheme	Water Entitlements (ML)
Southern Highlands	7,215
Swan Valley	2,000
Duck	5,200

Proposed (as at 30 June 2017)	
Irrigation Scheme	Water Entitlements (ML)
North Esk	4,685
Scottsdale	8,600

2. Under Construction

Southern Highlands Irrigation Scheme

Construction of the Southern Highlands Irrigation Scheme (SHIS) is now complete and commissioning of the scheme continues to progress. The SHIS is the first of Tasmanian Irrigation's Tranche Two schemes to complete construction and is on schedule to provide water to irrigators for the 2017/18 irrigation season.

Originally planned to provide 6,500ML of high reliability irrigation water to the Bothwell region the SHIS was increased to a 7,215ML scheme after an extremely successful water sales program. Demand for water entitlements was so strong that an increase in scheme size was warranted and Tasmanian Irrigation completed a redesign of the scheme to meet this increase in demand.

Scheme infrastructure includes a 7,714ML storage dam located at Southernfield, a 1-megawatt pump station situated on the Shannon River, 58 kilometres of distribution pipeline and two booster pump stations. The scheme will deliver water over a 150-day irrigation season with winter flows from the Shannon River stored in the Southernfield Dam for release later to the Irrigators during the summer irrigation season. Construction of all scheme infrastructure is now complete with scheme commissioning expected to be finalised early in the 2017/18 financial year.

Swan Valley Irrigation Scheme

Construction activities on the Swan Valley Irrigation Scheme (SWAN) were completed in July 2017. Commissioning has commenced and will be completed as soon as river levels are adequate to permit testing of the pump station. The 2,000ML scheme will service the region north of Swansea on the east coast of Tasmania, predominantly supplying existing and new horticultural ventures. In particular, the water will enable the continued expansion of the wine industry in this region.

Scheme infrastructure includes a 3,400ML storage dam located on the Melrose property at Cranbrook, 38 kilometres of distribution pipeline and one pump station on the Swan River. It will be used to harvest water during high flow events and stored in the Melrose Dam.

Duck Irrigation Scheme

Construction of the Duck Irrigation Scheme commenced March 2017. Shaw Contracting (Aust) Pty Ltd has completed additional onsite geotechnical works, seismic analysis and clearing of the dam site area in preparation to commence dam construction in early October 2017. The pipeline, pump station and associated works are scheduled to commence in September 2017. The scheme is expected to be operational, as planned for the 2018/19 irrigation season.

The Duck Irrigation Scheme includes a 5,900ML storage dam located at Mill Creek and two pump stations. The Edith Creek pump station will harvest water from the Duck River during the winter take period and pump it to the Mill Creek dam. This pump station will also house the booster pump for the Edith pipeline when the dam levels are low during the irrigation season. The Smithton pump station will distribute water along two pipelines, one for the Mella area and the other to the Forest district for a total length of 56.5km.

3. Proposed (subject to public funding commitment)

North Esk Irrigation Scheme

Tenders for the North Esk Irrigation Scheme were released in June 2017 with construction targeted to commence by the end of 2017, subject to final funding approval.

The North Esk Irrigation Scheme once completed will extract water from the North Esk River during the winter period from an existing TasWater weir and pump 5km to a new 5,200ML storage dam at White Hills. Water will be distributed to 54 landholders via 63 connections points and 57 kilometres of distribution pipelines.

Scottsdale Irrigation Scheme

The Scottsdale Irrigation Scheme (SIS) will service approximately 100 irrigators in the areas of Scottsdale, Springfield, Bridport and Waterhouse. The new Camden Rivulet Dam will store water for distribution through a combination of underground pipelines and local waterways. The dam will be partly filled by surplus winter flows from Camden Rivulet; and a pump station on the nearby St Patricks River and pipeline will allow

additional surplus winter flows to be used to top up the dam as required. Environmental flows, including high 'flushing' flows, will be passed through the dam during the winter storage take period; and in summer all natural inflows will be passed through the dam. The scheme will deliver up to 8,600ML of high reliability summer irrigation water to irrigators. The scheme also incorporates a 2MW hydro power station at South Springfield.

All environmental, planning permits and approvals required to be obtained by Tasmanian Irrigation have been secured, with the exception of local government planning approval; development applications for which will be lodged with Dorset and Launceston City Council's in August 2017.

Tenders for construction are expected to be released in September 2017, with construction to commence in early 2018 and first water deliveries in December 2019.

4. Consulting

Southern Forests Irrigation Scheme

In 2015, prior to Tranche Two schemes having confirmed funding, Tasmanian Irrigation was asked to assist the Western Australian Government with the development of an irrigation business case using the expertise built up through the Tranche 1 program. The Tasmanian Government was supportive of this one-off consultancy as it utilised resources within the business whilst funding was confirmed for Tranche Two development.

This consultancy was finished in early 2017 with completion of their business case.

5. Further Irrigation Developments in Tasmania

At the core of the State Government's Sustainable Agri-Food Plan for Tasmania is a commitment to grow the value of the agricultural sector in Tasmania tenfold to \$10 billion per year by 2050, backed by a long-term Agrivision 2050 Plan.

As part of this commitment Tasmanian Irrigation set up the Future Irrigation Project and investigated:

1. Potential opportunities for interconnectivity between existing irrigation schemes;
2. Potential opportunities for enhancement and modernisation of existing irrigation schemes throughout Tasmania;
3. Renewable energy opportunities; and
4. Potential opportunities for the development of new irrigation schemes.

Tasmanian Irrigation was successful in a funding application to the National Water Infrastructure Development Fund and so is progressing with the investigation of 8 concept schemes under the future irrigation project.

Tasmanian Irrigation is progressing with the identification of stakeholders and has commenced with consultation with potential Irrigators within each concept area. Hydrological investigations have commenced on the four river extraction concepts with stage one of this process requiring the modelling of yields and flows under the Tasmanian Sustainable Yields model under the dry climate scenario.

In addition to this project, Tasmanian Irrigation has also formed a working group to consider further irrigation opportunities within Tasmania. The working group includes the Department of Primary Industries, Water and Environment, Hydro Tasmania, TasWater and TasNetworks. As part of this, investigations continue into the Circular Head and South East, where potential capacity and/or demand are also under investigation.

Consultation at the Irrigator partner level will commence at the start of the 2017/18 financial year

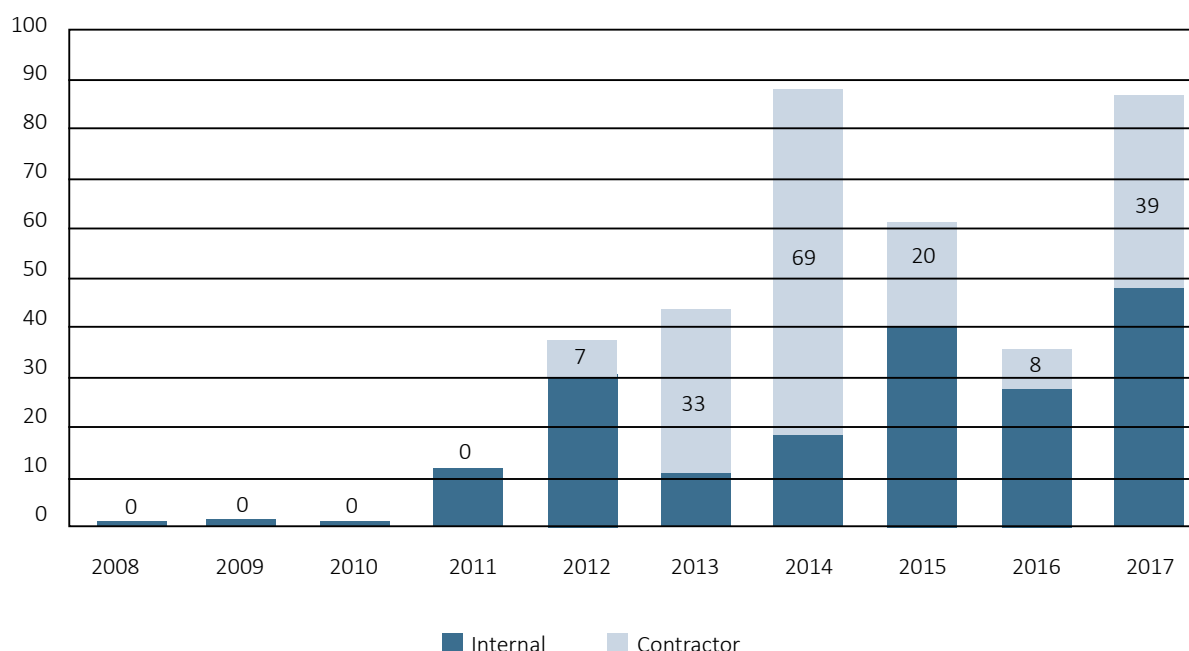


WORKPLACE HEALTH AND SAFETY

During 2016/2017 Tasmanian Irrigation continued its reporting culture and strong Workplace Health and Safety (WHS) performance, with zero lost time injuries reported. We have also achieved the following:

- Introduced our new safety data management system (MyOSH) in December 2016 to provide a systematic, comprehensive and consistent approach to managing safety. This has enabled Tasmanian Irrigation to have additional visibility and greater involvement across the business, maintain compliance, and provide a single repository for WHS information to support all workers
- Provided WHS requirements presentations for employees with a focus of zero harm.
- Our safety management system was externally recertified to AS4801 standard by SAI Global.
- Promotion of Tasmanian Irrigation's employee assistance program along with two well-being initiatives focusing on ergonomics and mental health.

Incident report source by year



In the 2016/17 reporting period, there were 87 incidents reported, two of which required medical treatment and six that required first aid treatment. Twenty-eight near misses were reported and the remaining were hazards and property damage. There were no lost time incidents. These safety statistics include the performance of Tasmanian Irrigation contractors.



	Target	Actual			
	2016/17	16/17	15/16	14/15	13/14
LTIFR	0	0	0	4	6.9
MTIFR	0	8	26	27	
TIFR	0	41	26	36	
PPI	<40	28	28	22	38
Hours worked		326,245	85,528	257,638	299,280

LTIFR **Lost Time Incident Frequency Rate**

MTIFR **Medical Treatment Incident Frequency Rate**

TIFR **Total Incident Frequency Rate**

PPI **Positive Performance Indicator**

In 2017/18 Tasmanian Irrigation will continue to build on its solid safety foundation through initiatives and programs to engage more broadly on our safety journey to zero harm. Our initiatives include:

- Increasing employee safety awareness and ownership.
- Safety leadership training to set our people up for success.
- Development of additional risk assessment tools to ensure a proactive approach to managing hazards.
- Enhanced contractor due diligence through all phases from procurement to in field management.

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:

- Tasmanian Irrigation's procedures in relation to disclosures were being finalised during the reporting period. These procedures will be available on Tasmanian Irrigation's website at www.tasirrigation.com.au
- no disclosures of public interest were made to Tasmanian Irrigation during the year;
- no public interest disclosures were investigated by Tasmanian Irrigation during the year;
- no disclosed matters were referred to Tasmanian Irrigation during the year by the Ombudsman;
- no disclosed matters were referred during the year by Tasmanian Irrigation to the Ombudsman to investigate;
- no investigations of disclosed matters were taken over by the Ombudsman from Tasmanian Irrigation during the year;
- there were no disclosed matters that Tasmanian Irrigation decided not to investigate during the year;
- there were no disclosed matters that were substantiated on investigation as there were no disclosed matters;
- the Ombudsman made no recommendations under the Act that relate to Tasmanian Irrigation.



BUY LOCAL

Purchases from Tasmanian Businesses	
% of purchases from Tasmanian businesses	84.52%
Value of purchases from Tasmanian businesses	\$49,233,549.59

Consultancies valued at more than \$50,000 (ex GST)				
Name of Consultant	Location	Description	Period of Engagement	Amount (ex GST)
Cultural Heritage Management Australia	Tasmania	Heritage assessments and permit applications	1/7/2016 - 30/6/2017	\$ 89,050.00
Entura	Tasmania	Dam assessments, eflow assessments	1/7/2016 - 30/6/2017	\$ 153,012.02
Fulcrum Commercial Pty Ltd	Tasmania	Electrical supply technical advice	1/7/2016 - 30/6/2017	\$128,210.01
Geoton Pty Ltd	Tasmania	Dam modelling	1/7/2016 - 30/6/2017	\$ 90,445.00
GHD Pty Ltd	Tasmania	Dam design, geotechnical assessments	1/7/2016 - 30/6/2017	\$ 437,059.82
IPD Consulting Pty Ltd	Tasmania	Engineering services	1/7/2016 - 30/6/2017	\$ 112,156.76
KPMG	Tasmania	Recruitment, General advice, Financial Statements	1/7/2016 - 30/6/2017	\$ 118,516.66
Macquarie Franklin	Tasmania	Superintendent services, dam site advice	1/7/2016 - 30/6/2017	\$ 629,355.95
Marsden Jacob Associates	Tasmania	Business case development	1/7/2016 - 30/6/2017	\$ 104,175.00
Pitt & Sherry	Tasmania	Superintendent services, development applications	1/7/2016 - 30/6/2017	\$ 513,242.84
Shields Heritage	Tasmania	General legal advice	1/7/2016 - 30/6/2017	\$ 53,477.83
		TOTAL		\$ 2,428,701.88
There were 20 consultants engaged for \$50,000 or less totalling				\$ 296,183.91
TOTAL PAYMENTS TO CONSULTANTS				\$ 2,724,885.79

Payment of accounts

Accounts due or paid within each year	Measure
Creditor days	19.4
Number of accounts due for payment	3,232
Number of accounts paid on time	2 746
Amount due for payment	\$58,248,728.81
Amount paid on time	\$51,178,745.29
Number of payments for interest on overdue accounts	Nil
Interest paid on overdue accounts	Nil

Reasons for delay

Generally accounts that have not been paid on time have had some sort of query related to them.

STATEMENT OF CORPORATE INTENT

This report aligns with the 2016/17 Corporate Plan which was completed before receipt of the Statement of Expectations. The 2018/19 Corporate Plan will fully reflect the finalised expectations of the shareholding ministers.

Part 1 – Strategic Direction

Business Overview

Tasmanian Irrigation Pty Ltd (Tasmanian Irrigation) is a state-owned company established by an Act of the Tasmanian Parliament.

The strategy of Tasmanian Irrigation has been formed to realise the principal objectives of the organisation as outlined in the Irrigation Company Act 2011 and the expectations and requirements of Tasmanian Irrigation's Shareholding Ministers (the Minister for Primary Industries and Water and the Treasurer).

The principal purpose of Tasmanian Irrigation, as outlined in the draft Members' Statement of Expectation prepared by the Shareholding Ministers, is to undertake the following:

- develop, own and operate irrigation schemes in Tasmania.

Tasmanian Irrigation's principal objectives are to undertake its function and exercise its powers to be a successful business by:

- operating in accordance with sound commercial practice and as efficiently as possible; and
- achieving a sustainable rate of return on its commercial operations and achieving targets as detailed in the Corporate Plan, having regard to the social, environmental and economic objectives of the State.

Tasmanian Irrigation's core business relates to the development, operation and ownership of irrigation schemes throughout Tasmania. More specifically, these tasks relate to:

- the administration of existing irrigation, river improvement and drainage schemes;
- providing, on a cost recovery basis at a minimum, administrative and management support to schemes owned by Tasmanian Irrigation and managed by local communities;
- investigating and reporting on the viability of potential irrigation projects, to ensure that the Government makes the best use of limited financial and water resources;
- undertaking irrigation-related development work as directed by the Government;
- maintaining water rights registers for each scheme and maintain and report relevant water use information in accordance with legislative and policy requirements;
- retaining ownership of irrigation scheme infrastructure and managing it appropriately;
- owning and operating mini-hydro power stations where approved as part of an irrigation scheme business plan;
- monitoring and managing compliance with the licences and permits that apply to Tasmanian Irrigation schemes; and
- monitoring, managing and enforcing the by-laws created for the irrigation districts.



The following tables outline Tasmanian Irrigation's main undertakings as at 30 June 2017:

Irrigation schemes under Tasmanian Irrigation operation & administration (formerly operated & administered by Tasmanian Irrigation Schemes Pty Ltd)

Irrigation Scheme	Vol Irrigation Rights (ML)	Communities Benefiting
South East Irrigation Scheme (Stage 1 & Stage 2)	4,636	Richmond, Campania, Cambridge, Tea Tree
Furneaux Drainage Scheme	n/a ¹	Eastern side of Flinders Island
Greater Meander Irrigation Scheme ²	28,800	Meander, Deloraine, Caveside, Dairy Plains, Hagley, Westbury, Quamby, Osmaston, Red Hills, Elizabeth Town
Montagu Catchment Area River Improvement Scheme	n/a ¹	Togari
Riley's Creek Dam	Water supply contract	Geeveston
Togari Water Supply Scheme	n/a ¹	Togari
Welcome River Improvement Scheme	n/a ¹	Welcome River

¹ No irrigation rights issued. Tasmanian Irrigation responsibilities relate to maintenance of specific watercourses (Montagu & Welcome River) and drains (Furneaux), and delivery of water for dairy wash-down purposes (Togari).

² The Greater Meander Irrigation Scheme is inclusive of the Caveside Dairy Plains, Hagley, Quamby, Osmaston & Rubicon pipelines. A hydrology assessment is being undertaken on the available irrigation rights in the scheme. The Corporate Plan was based on the scheme being able to issue 36,000 ML of irrigation rights.

Irrigation schemes under Tasmanian Irrigation ownership & local community management (formerly overseen by Tasmanian Irrigation Schemes Pty Ltd)

Irrigation Scheme	Vol Irrigation Rights (ML)	Communities Benefiting
Cressy Longford Irrigation Scheme	8,295	Cressy, Bishopsbourne, Toiberry, Longford
Winnaleah Irrigation Scheme	3,254	Bransholm, Winnaleah

Irrigation schemes under Tasmanian Irrigation operation & administration (developed by Tasmanian Irrigation Pty Ltd)

Irrigation Scheme	Vol Irrigation Rights (ML)	Communities Benefiting
Great Forester Irrigation Scheme (Headquarters Road Dam)	1,980	Scottsdale, Springfield, Bridport
Sassafras Wesley Vale Irrigation Scheme	5,460	Sassafras, Wesley Vale, Moriarty, Harford, Thirlstane, Northdown
Winnaleah Irrigation Scheme Augmentation	3,700	Bransholm, Winnaleah
Whitemore Irrigation Scheme	5,500	Whitemore, Oaks, Bracknell, Liffey, Glenore
Lower South Esk Irrigation Scheme	5,298	Cleveland, Epping Forest, Nile, Powranna, Evandale, Perth, Longford
Kindred North Motton Irrigation Scheme	2,500	Kindred, Sprent, Forth, Abbotsham, Gawler, North Motton
Midlands Water Scheme	38,550	Campbell Town, Ross, Tunbridge, Oatlands, Mt Seymour, Jericho, Kempton
Dial Blythe Irrigation Scheme	2,855	Cuprona, Natone, West Pine, Sulphur Creek, Riana, South Riana
Upper Ringarooma Irrigation Scheme	5,700	Ringarooma, Legerwood, Bransholm
South East (Stage 3)	3,000	Brighton, Coal River, Sorell, Orielton, Forcett

Irrigation schemes under construction by Tasmanian Irrigation – Tranche Two

Irrigation Scheme	No. Irrigation Rights (ML)	Communities Benefiting
Duck Irrigation Scheme	5,200	Smithton, Montagu, Stanley, Forest
Southern Highlands Irrigation Scheme	7,215	Bothwell, Hollow Tree
Swan Valley Irrigation Scheme	2,000	Cranbrook, Swansea

Irrigation schemes under detailed design by Tasmanian Irrigation – Tranche Two

Irrigation Scheme	No. Irrigation Rights (ML)	Communities Benefiting
North Esk Irrigation Scheme	4,680	White Hills, Evandale
Scottsdale Irrigation Scheme	8,600	Scottsdale, Springfield, Bridport

Mini-hydro stations owned & operated by Tasmanian Irrigation (formerly owned and operated by Tasmanian Irrigation Schemes Pty Ltd)

Mini-hydro Station	Generation Capacity	Location
Meander Mini-Hydro Station Scheme – Meander Dam	2 MW	Greater Meander Irrigation

Hydro stations owned & operated by Tasmanian Irrigation (developed by Tasmanian Irrigation Pty Ltd)

Hydro Station	Generation Capacity	Location
Midlands Hydro Station	6 MW	Midlands Water Scheme – Floods Creek

Mini-hydro stations under detailed design by Tasmanian Irrigation – Tranche Two

Hydro Station	Generation Capacity	Location
Scottsdale Mini-Hydro Station Scheme - Headquarters Road Dam	2 MW	Scottsdale Irrigation



STRATEGIC DIRECTION

Tasmanian Irrigation's Draft Members' Statement of Expectation outlines the Shareholding Ministers' expectations as they relate to the strategic direction of the organisation. These are:

- prudently and responsibly manage existing irrigation, river improvement and drainage schemes, and seek to transfer the operation and management of schemes to local communities where feasible and appropriate;
- have regard to the Government's obligations under the Council of Australian Governments (COAG) agreements concerning the water industry;
- ensure activities are consistent with the Government's obligations under the National Water Initiative;
- manage financial performance and business risk;
- actively pursue efficiency gains and strategically manage human resources to ensure that the quality and quantity of skills and expertise match the changing needs of the business over time;
- prudently and responsibly manage liabilities associated with deferred payment terms offered to some irrigators;
- ensure that relevant processes and practices are in place to facilitate the establishment of a market for trading water rights; and

- assist the development of privately funded irrigation schemes, on a commercial basis, as directed by the Government.

The strategies of Tasmanian Irrigation are concentrated on outlining the methods to meet the objectives of the organisation.

Part 2 – Performance Agreement

To assess organisational performance against the above strategic direction, Tasmanian Irrigation has selected a series of key performance indicators. The financial indicators are based on the detailed four-year financial forecasts and are supported by non-financial indicators. Tasmanian Irrigation's key performance indicators are displayed in the following table.

Tasmanian Irrigation does not expect to be able to return a dividend in the short term to the Tasmanian Government. Any underlying operating profit will be directed to reduce debt levels. This approach is consistent with the expectation of the Shareholding Ministers.



Tasmanian Irrigation Key Performance Indicators - Financial & Non-Financial

Business Area	Financial Key Performance Indicator	Actual 2016/17	2017-2018	Key Performance Targets		
				2018-2019	2019-2020	2020-2021
Development	Budget Delivery – Schemes Developed Within Budget	100% (2 out of 2)	100% (2 out of 2)	100% (2 out of 2)	100% (2 out of 2)	n/a
	Project Prefeasibility Overheads & Admin. Costs	\$5.35m	\$7.91m	\$7.13	\$5.69m	\$5.68m
	Post-Construction Water Sales ¹	\$0.75m	N/A	N/A	N/A	N/A
		(625ML)	N/A	N/A	N/A	N/A
Operations	Overheads per Water Entitlement Issued	\$19.89	\$18.80	\$16.82	\$16.45	\$14.86
	Fixed Revenue (exc. Asset Main) / Fixed Expense (%)	104%	100%	100%	100%	100%
	Variable Revenue / Variable Expenses (%)	115%	100%	100%	100%	100%
	Average Debtors Days	45 Days	45 Days	45 Days	45 Days	45 Days
Ownership	Asset Renewal Levy / Asset Renewal Annuity (%)	100%	100%	100%	100%	100%

Business Area	Non-Financial Key Performance Indicator	Actual (Est.) 2016/17	2017-2018	Key Performance Targets		
				2018-2019	2019-2020	2020-2021
Health & Safety	Health & Safety Incidents (Loss Time & Medical Treatment)	Nil	Nil	Nil	Nil	Nil
	Hours of work per Positive Performance Indicator activity ²	40	40	40	40	40
Environment	Number of notifiable incidents	Nil	Nil	Nil	Nil	Nil
& Cultural Heritage	Compliance with environmental permits and approvals	100%	100%	100%	100%	100%
Development	Number of Approved Business Cases (Tranche Two Only)	1	2	2	1	Nil
	Number of Schemes in Construction (Tranche Two Only)	3	3	2	2	1
Operations	Delivery to Order Ratio	99.9%	95%	95%	95%	95%
	Non-Planned Outages	0	5	5	5	5
	Actions Closed Out in Agreed Timeframe	100%	100%	100%	100%	100%
Ownership	Average Currency of Asset Management Plans	3 years, with none greater than 5 years	3 years, with none greater than 5 years	3 years, with none greater than 5 years	3 years, with none greater than 5 years	3 years, with none greater than 5 years

¹ Tasmanian Irrigation's original modelling for business cases included forecasting of future sales of water for each scheme and this was reflected in the water sales target of 2,390ML. This forecasting is no longer used. Instead a retail water sales strategy has been developed for unsold water in schemes and a wholesale strategy to address unsold water in the Meander and Midlands schemes. A total of 625ML was sold during the year with the wet winter and mild summer of 2016/17 seeing a lower demand for additional water.

² Positive performance indicators (PPI) are measures of actions or initiatives introduced to prevent workplace injury and disease. PPI include safety audits, employee training, site inspections, hazard identification, safety meetings and risk assessments. A lower figure is desirable as it indicates a stronger health, safety and injury management performance as more positive performance indicators being undertaken per hours worked.

BOARD OF DIRECTORS



Samantha Hogg (Chair)

Samantha Hogg brings 25 years of experience in executive management across the resources and infrastructure sectors and broad Australian and International experience in finance, marketing and strategic projects. Her most recent executive role was as Chief Financial Officer of Transurban, through a period when the business grew to become a top 20 ASX company. Samantha was also responsible for recapitalising the company in 2008 through the Global Financial Crisis and she successfully financed and transacted the \$7.1 billion acquisition of Queensland Motorways Limited. Samantha recently purchased a farm in Northern Tasmania where she now resides. She is a fellow of the Australian Institute of Company Directors and is a Non-Executive Director of Hydro Tasmania and MaxiTRANS.



Roger Gill (Deputy Chair)

Roger Gill has a background in civil engineering and has over 35 years experience in the energy sector, focusing on large infrastructure development. He has a passion for renewable energy and water management and has been engaged in a consulting capacity in promoting sustainable renewable energy development in emerging economies. This work has taken him to Central Asia, South America, the Lower Mekong and African regions.

Roger has strong corporate governance experience through his other roles as a non-executive Director of several corporations in Australia related to renewable energy, rail transport and water management. Roger is also an elected Board member of the influential UK based industry body - International Hydropower Association, where he held the position of Vice President from 2001 to 2013.



John Whittington

John is the Secretary of the Tasmanian Department of Primary Industries, Parks, Water and Environment (DPIPWE). He has held numerous senior management positions since joining the Tasmanian State Service in 2002.

John represents the State Government on a number of Boards including Tasmanian Irrigation Pty Ltd, the Tasmanian Institute of Agriculture and Institute of Marine and Antarctic Studies.

John is a graduate of the University of Adelaide where he completed his PhD.



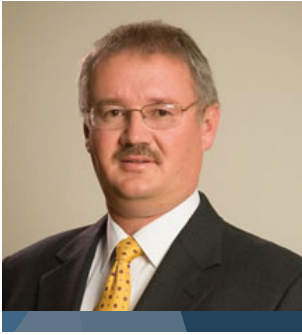
Michael Chilvers

Michael Chilvers, along with wife Fiona, run a successful intensive mixed farming enterprise in the Northern Midlands at Nile. A mix of predominantly irrigated crops such as feed grains, malt barley, lucerne hay, processing peas, poppies and hybrid carrot seed is grown, alongside livestock enterprises including lamb finishing and dairy heifer and cow agistment.

In 2012 Michael was awarded a Nuffield Farming Scholarship, and traveled widely studying ways to systemise production on farm and models for expansion for agricultural businesses. Following the completion of the scholarship, Michael was appointed to the board of Nuffield Australia for two years. He is currently chair of TAP AgriCo: a grain and processed stock feed trading and logistics business that handles the majority of the cereal crop produced in Tasmania.

Long-term involvement with the TFGA has created extensive networks, and opportunities for a sound knowledge of issues facing producers. This knowledge has been further strengthened as a member of the GRDC High Rainfall Zone Cropping Solutions Network Committee. It identifies production challenges and prioritises research, development and extension investment relating to broad acre farming systems across southern Australia.

Michael has been a strong advocate for irrigation development and water storage within Tasmania, and in particular, the South Esk catchment. He was involved with the Lower South Esk Irrigation Scheme as a member of the Irrigators group, prior to the scheme's commencement and served for a period as chair



Guy Kingwill

Guy Kingwill is currently a board member of Lower Murray Water Urban and Rural Water Corporation, Agriculture Capital Management Australia Pty Ltd and ACMII Australia 1 Pty Ltd.

Guy has substantial Australian and international executive experience. He was formerly Managing Director of Tandou Ltd, a farming business engaged in irrigation and water investment.

Guy has extensive knowledge of rural water use and trading matters and a strong corporate background locally and overseas.

Guy has a Bachelor of Commerce, is a member of chartered Accountants Australia and New Zealand and is a Fellow of the Australian Institute of Company Directors.

MANAGEMENT BIOS



Nicola Morris CEO

Nicola commenced in her role on 1 March 2016, returning to Tasmania after four and a half years in Uruguay and China.

From December 2013 until August 2015 she was Business Head of New Zealand Farming Systems Uruguay (NZSFU) and Vice President - Dairy for Olam International. NZSFU is one of the largest global dairying operations.

From October 2011 until November 2013 Nicola was Director of Farming Operations for Fonterra based in Beijing, China.

Nicola's first experiences in Tasmania was as Chief Executive Officer of the Van Diemen's Land Company and Tasman Farms Ltd, a position which she took on in March 2008. This company was Australia's largest dairy farming business at the time. While in Tasmania, Nicola was also a Director of DairyTas and Skills Tasmania.

In New Zealand, Nicola was Chief Executive Officer of Taratahi Agricultural Training Centre (TATC) for fifteen years. TATC is a tertiary education organization which provides education and training to the wider farming community and new entrants to the industry using a number of commercial farming properties operated by TATC.

Prior to this, Nicola started her working career as an agribusiness banker.

Nicola holds a Bachelor of Agricultural Science majoring in rural valuation and farm management, Postgraduate Diploma in Finance and Banking, Masters of Business Administration and a Masters in Public Policy.

Nicola is a registered valuer and farm management consultant. She has a strong interest in agribusiness and in encouraging young people into agriculture.



Paul Ellery

Paul Ellery is Manager Build Projects.

He has successfully completed projects include the Winnaleah Scheme Augmentation delivering 3,750ML. This project won the Civil Construction Federation's National "Earth Award" for work valued between \$5M and \$20M in 2012 . Paul has also completed the South East Irrigation Scheme (Stage 3) delivering 3,000ML, which commenced operation in 2015 and won the Tasmanian "Earth Award" for projects between \$25M and \$75M.



Sonia Green

Sonia is Manager Water Delivery & Services

Sonia joined the company in September 2016. She has over 18 years IT consulting experience on over 50 projects/business transformations locally and in Europe.

She's worked in numerous industries from local utilities, government departments, to global consumer goods, aerospace and manufacturing companies. She's been responsible for the development of Information Management Roadmaps and Reporting strategies coupled with architecture of and hands on technical implementation of Information Systems.



Simone Reynolds

Simone is Manager Human Resources and Workplace Health and Safety.

Simone joined the company in July 2016 as Manager Human Resources and acquired the additional role of Manager Workplace Health and Safety in June 2017.

She has 20 years of human resources experience. Simone has extensive experience working in Human Resources Generalist roles, with large and small companies in a variety of industries including aviation, not-for-profit organisations and banking/finance.

Prior to joining the company, Simone worked as Human Resource Manager with Westpac in Tasmania for 5 years. Earlier she returned home to Tasmania after working interstate and overseas where she held senior human resources positions within the aviation and banking/finance industries.



FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

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TASMANIAN IRRIGATION PROPRIETARY LIMITED

Directors' report

For the year ended 30 June 2017

The directors present their report together with the financial report of Tasmanian Irrigation Proprietary Limited ("the Company") for the financial year ended 30 June 2017 and the independent auditor's report thereon.

1. Directors

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

Name and independence status	Other directorships
Ms Samantha Hogg Chair Appointed 9/09/2016	Hydro Electric Corporation Tasmanian Railway Pty Ltd MaxiTrans Industries Ltd North Esk Agriculture Pty Ltd
Mr John Lord Chair Appointed 9/09/2008 Resigned 8/09/2016	Crisp Bros & Haywards Pty Ltd (Chair)
Mr Roger Gill Deputy Chair Appointed 9/09/2008	Hydro Focus Pty Ltd Pacific Hydro Pty Ltd
Mr Geoff Coffey Independent Non-Executive Director Appointed 9/09/2008 Resigned 31/12/2016	Coffey Consulting Services Pty Ltd
Mr John Whittington Independent Non-Executive Director Appointed 1/02/2015	Royal Tasmanian Botanic Gardens Wellington Park Management Trust Tasmanian Institute of Agriculture Advisory Board (Chair)
Mr Peter Michael Chilvers Independent Non-Executive Director Appointed 8/12/2015	Starston Farms Pty Ltd Tasmanian Agricultural Producers Pty Ltd (Chair) TBC AG Pty Ltd Winburn Tas Pty Ltd
Mr Guy Kingwill Independent Non-Executive Director Appointed 24/1/2017	Lower Murray Water Urban and Rural Water Corporation Kingwill Pty Ltd Agriculture Capital Management Australia Pty Ltd

TASMANIAN IRRIGATION PROPRIETARY LIMITED

Directors' report

For the year ended 30 June 2017

1. Directors (continued)

The number of directors' Board and Board Committee Meetings and the number attended by each of the directors of the Company during the year ended 30 June 2017 are:

Board Meetings

Director	Meetings attended	Max. No. possible
Samantha Hogg	9	9
John Lord	3	3
Roger Gill	11	11
Geoff Coffey	6	6
John Whittington	10	11
Michael Chilvers	11	11
Guy Kingwill	5	5

Audit and Compliance Committee

Director	Meetings Attended	Max. No. possible
Roger Gill (Chair until April 2017)	4	4
Guy Kingwill (Chair from April 2017)	1	1
Geoff Coffey	2	2
Michael Chilvers	4	4

Remuneration Committee

Director	Meetings Attended	Max. No. possible
Samantha Hogg (Chair)	1	1
Roger Gill	1	1
John Whittington	1	1

2. Principal activities

The Company's principal purpose is to develop, own and operate irrigation schemes in Tasmania and 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.

TASMANIAN IRRIGATION PROPRIETARY LIMITED

Directors' report

For the year ended 30 June 2017

3. Operating and financial review

Operations

The Company manages the operations of twelve irrigation schemes, owns the infrastructure of two locally managed irrigation schemes, as well as manages a water delivery scheme, some drainage and river improvement schemes and two standalone dams.

Business strategies and prospects

The Company has completed its Tranche One construction program.

The Company is now proceeding with its Tranche Two construction program utilising \$90 million (\$30 million State Government, \$60 Federal Government) in funding to further progress five irrigation schemes around the State. The Company has commenced construction of the Southern Highlands Irrigation Scheme, the Swan Valley Irrigation Scheme and the Duck Irrigation Scheme. The two remaining schemes have completed a land owner water sale process, with the North Esk Irrigation Scheme being fully subscribed, and the Scottsdale Irrigation Scheme exceeding its water sales threshold.

Operating result

The Company's operating result is set out on page 4 of the financial report.

The Company's net result was a loss of \$12,381,970 after impairment of non-current assets of \$11,040,352 and deferred income of \$3,825,475 (2016: loss of \$16,617,477 after impairment of \$26,463,100 of non-current assets).

The construction costs for new irrigation schemes are funded by a combination of State and Federal Government contributions and sale of water entitlements to the public. The accounting treatment of these differ in that Government capital contributions for construction of these schemes are recognised directly in equity, and the sale of water entitlements are recognised as revenue in the statement of profit or loss and other comprehensive income.

In accordance with the Company's accounting policies, assets are reviewed annually for impairment. As a result of this review, an impairment expense of \$11,040,352 (2016: \$26,463,100) has been recognised in the statement of profit or loss and other comprehensive income. The majority of this impairment expense (\$7,802,310) primarily resulted from a reassessment downward of the anticipated future sales of water entitlements for the Meander Valley Irrigation Scheme.

The reported loss for the financial year is predominately due to the recognition directly to equity of the Government contributions to the construction of irrigation schemes, whereas the sale of water entitlements and all of the impairment expense are recognised in the statement of profit or loss and other comprehensive income. In addition, there is an impairment expense of \$3,825,475 (2016: \$nil) for operating grant deferred income that will no longer be received by the Company.

The Company's result, excluding the sale of water entitlements, the impairment of non-current assets and the impairment expense for operating grant was a surplus of \$1,738,607 (2016: surplus of \$2,005,983). This is reconciled to the following amounts in the annual financial report:

	Note	30 June 2017	30 June 2016
Loss for the year		(12,381,970)	(16,617,477)
Revenue from sale of water entitlements	B2	(745,250)	(7,839,640)
Impairment expense for non-current assets	B5	11,040,352	26,463,100
Impairment expense for operating grant deferred income	B2	3,825,475	-
Surplus excluding sale of water entitlements, impairment of non-current assets and impairment of operating grant deferred income		1,738,607	2,005,983

TASMANIAN IRRIGATION PROPRIETARY LIMITED

Directors' report

For the year ended 30 June 2017

4. Environmental regulations

The Company's operations are subject to the Environmental Management and Pollutions Control Act 1994, Land Use Planning and Approvals Act 1993, Water Management Act 2000, Threatened Species Protection Act 1995, Historical Cultural Heritage Act 1995, Aboriginal Relics Act 1975 and the Environmental Protection and Biodiversity Conservation Act 1999.

No notices were served nor prosecutions launched against the Company under the various legislations, during the financial year. In addition, the Company recorded no statutory reportable incidents for the period.

5. Dividends

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

6. Events subsequent to reporting date

There were no significant events subsequent to reporting date.

7. Directors' interests

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

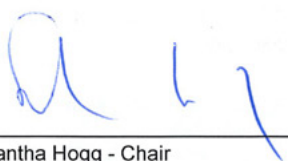
8. Indemnification and insurance of officers

During the year, the Company paid a premium in respect of a contract insuring the 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. Auditor's independence declaration

The Auditor's independence declaration forms part of the directors' report for the financial year ended 30 June 2017.



Samantha Hogg - Chair

Dated at Western Australia this 10th day of August 2017.

11 August 2017

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

Dear Board Members

Auditor's Independence Declaration

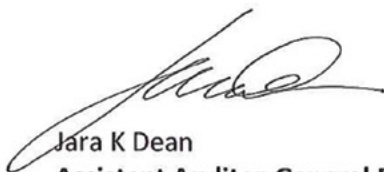
In accordance with section 307C of the *Corporations Act 2001*, I provide the following declaration of independence.

As the auditor of the financial statements of Tasmanian Irrigation Pty Ltd for the financial year ended 30 June 2017, 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



Jara K Dean
Assistant Auditor-General Financial Audit
Delegate of the Auditor-General

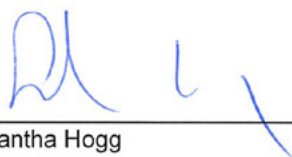
TASMANIAN IRRIGATION PROPRIETARY LIMITED

Directors' declaration

1. In the opinion of the directors of Tasmanian Irrigation Proprietary Limited ('the Company'):
 - a. the financial statements and notes that are set out on pages 42 to 78 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 2017 and of its performance for the financial year ended on that date; and
 - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
 - 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.
3. The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer for the financial year ended 30 June 2017.
4. 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:

Dated at Western India this 10th day of August 2017.



Samantha Hogg
Chair

Independent Auditor's Report

To the Members of Tasmanian Irrigation Pty Ltd

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of Tasmanian Irrigation Pty Ltd (the Company), which comprises the statement of financial position as at 30 June 2017, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year ended on that date, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (a) giving a true and fair view of the Company's financial position as at 30 June 2017 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* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

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

I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of the Company on 2 August 2017 and included in the Directors' Report, would be in the same terms if given to the directors as at the time of this auditor's report.

...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 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
--	---

Impairment of dams and water infrastructure assets

Refer to note B5

The Company had dams and water infrastructure assets with aggregate carrying values of \$68.09m at 30 June 2017.

These assets are measured at cost and reviewed annually for impairment. An impairment expense of \$11.04m was recorded in 2016-17 to reduce the value of these assets to their estimated recoverable values as represented by the value of unsold water rights.

The valuation of unsold water rights and the subsequent impairment assessment are dependent upon management judgement, including estimating the quantity and timing of future water rights sales and applying a discount rate to future cash flows.

- Checking, on a sample basis, the accuracy and relevance of the input data used in management's calculations.
- Reconciling input data to supporting evidence, including the water entitlements register.
- Checking the calculations for mathematical accuracy.
- Challenging the reasonableness of management's assumptions based on my knowledge of the business.
- Evaluating disclosures in the notes to the financial report for compliance with Australian Accounting Standards.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Directors' Report for the year ended 30 June 2017, 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.

...2 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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

...3 of 4

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Strive | Lead | Excel | To Make a Difference

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, related safeguards.

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.



Jara K Dean
Assistant Auditor-General Financial Audit
Delegate of the Auditor-General

Tasmanian Audit Office

11 August 2017
Hobart

...4 of 4

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TASMANIAN IRRIGATION PROPRIETARY LIMITED

Statement of financial position

As at 30 June 2017

	Note	30 June 2017	30 June 2016
Assets			
Cash and cash equivalents	C1	17,800,138	11,501,797
Trade and other receivables	C2	5,435,904	6,500,889
Inventories	C3	255,262	218,074
Prepayments		434,289	294,307
Other financial assets	F2	266,084	584,514
Total current assets		24,191,677	19,099,581
Other financial assets	F2	833,094	1,099,178
Property, plant and equipment	B5	69,819,970	43,137,664
Other assets	F3	821,398	920,818
Total non-current assets		71,474,462	45,157,660
Total assets		95,666,139	64,257,241
Liabilities			
Trade and other payables	C4	4,650,510	5,858,388
Loans and borrowings	E1	45,408,453	21,398,186
Employee benefits	D1	465,204	583,728
Deferred income	C5	9,739,019	8,030,918
Unearned revenue	C6	2,892,512	1,724,639
Total current liabilities		63,155,698	37,595,859
Loans and borrowings	E1	2,539,062	4,067,515
Employee benefits	D1	203,950	513,418
Total non-current liabilities		2,743,012	4,580,933
Total liabilities		65,898,710	42,176,792
Net assets		29,767,429	22,080,449
Equity			
Share capital	E3	189,390,142	169,321,192
Retained earnings/(accumulated losses)		(159,622,713)	(147,240,743)
Total equity		29,767,429	22,080,449

The notes on pages 47 to 78 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 2017

	Note	2017	2016
Continuing operations			
Revenue	B2	10,148,319	19,736,464
Government contributions	B2	2,644,508	5,127,216
Other income	B2	279,103	1,111,553
Finance income	B2	87,125	83,276
		13,159,055	26,058,509
Depreciation and amortisation	B5	(848,003)	(803,213)
Employee benefits	B3	(4,470,041)	(4,008,426)
Impairment expense current assets		(84,544)	18,246
Impairment expense non-current assets	B5	(11,040,352)	(26,463,100)
Operations and maintenance expenses	B3	(6,151,653)	(8,497,818)
Administrative expenses	B3	(1,379,395)	(1,328,971)
Finance costs	E2	(1,567,037)	(1,592,704)
Loss from continuing operations		(12,381,970)	(16,617,477)
Tax (expense) benefit	B4	-	-
Profit (loss) for the year after tax before comprehensive income		(12,381,970)	(16,617,477)
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive profit (loss) for the year		(12,381,970)	(16,617,477)

The notes on pages 47 to 78 are an integral part of these financial statements.

TASMANIAN IRRIGATION PROPRIETARY LIMITED

Statement of changes in equity

For the year ended 30 June 2017

Attributable to owners of the Company			
Note	Share capital	Retained earnings (losses)	Total equity
Balance at 1 July 2015	161,821,192	(130,623,266)	31,197,926
Total comprehensive income for the year			
Profit or loss	-	(16,617,477)	(16,617,477)
Total other comprehensive income	-	-	-
Total comprehensive income for the year	-	(16,617,477)	(16,617,477)
Transactions with owners, recorded directly in equity			
Capital contributions from Government	E3 7,500,000	-	7,500,000
Total contributions by and distributions to owners of the Company		-	-
Transfers between equity components			
Transfer between reserves	-	-	-
Total transfer between equity components	-	-	-
Balance at 30 June 2016	169,321,192	(147,240,743)	22,080,449
Total comprehensive income for the year			
Profit or loss	-	(12,381,970)	(12,381,970)
Total other comprehensive income	-	-	-
Total comprehensive income for the year	-	(12,381,970)	(12,381,970)
Transactions with owners, recorded directly in equity			
Capital contributions from Government	E3 20,068,950	-	20,068,950
Total contributions by and distributions to owners of the Company	20,068,950	-	20,068,950
Transfers between equity components			
Transfer between reserves	-	-	-
Total transfer between equity components	-	-	-
Balance at 30 June 2017	189,390,142	(159,622,713)	29,767,429

The notes on pages 47 to 78 are an integral part of these financial statements.

TASMANIAN IRRIGATION PROPRIETARY LIMITED

Statement of cash flows

For the year ended 30 June 2017

	Note	2017	2016
Cash flows from operating activities			
Cash receipts from customers		15,577,789	11,572,389
Cash receipts from Government grants		3,655,385	1,199,580
Cash paid to suppliers and employees		(17,592,942)	(13,836,947)
Cash generated from (used in) operations		1,640,232	(1,064,978)
Interest received		87,125	83,276
Payment of interest on borrowings		(1,482,121)	(1,592,704)
Net cash from (used in) operating activities	C1	245,236	(2,574,406)
Cash flows from investing activities			
Cash receipts from water entitlements		2,688,092	10,376,185
Contributions from Government for capital projects		-	1,412,000
Proceeds from sale of property, plant and equipment		40,455	81,828
Payments for property, plant and equipment		(39,325,626)	(12,153,953)
Proceeds from investments		99,420	40,599
Net cash used in investing activities		(36,497,659)	(243,341)
Cash flows from financing activities			
Capital contributions from Government		20,068,950	7,500,000
Repayment of borrowings		-	(5,537,228)
Proceeds from borrowings		22,481,814	-
Net cash from financing activities		42,550,764	1,962,772
Net increase/(decrease) in cash and cash equivalents		6,298,341	(854,975)
Cash and cash equivalents at 1 July		11,501,797	12,356,772
Cash and cash equivalents at 30 June	C1	17,800,138	11,501,797

The notes on pages 47 to 78 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
- A2. Basis of preparation
- A3. Government dependency
- A4. Significant accounting policies

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, and 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.

The core business of the Company is to:

- investigate and report on the viability of potential irrigation projects, to ensure that the Government makes the best use of limited financial and water resources;
- undertake irrigation related development work as directed by Government;
- administer relevant existing irrigation, river improvement and drainage schemes;
- provide, on a cost recovery basis at a minimum, administrative and management support to schemes owned by the Company and those managed by local communities;
- maintain water rights registers for each scheme and maintain and report relevant water use information in accordance with legislative and policy requirements;
- market water entitlements to landholders and the broader market;
- retain ownership of irrigation scheme infrastructure and manage it appropriately;
- own and operate Hydro Power stations where approved as part of an irrigation scheme business plan;
- monitor and manage compliance with the licences and permits that apply to Company schemes; and
- monitor, manage and enforce the by-laws created for the irrigation districts.

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 10 August 2017.

TASMANIAN IRRIGATION PROPRIETARY LIMITED

Notes to the financial statements

A2 Basis of preparation (continued)

(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 and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency.

(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 B5 – 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 operating expenditure.

During the year, the Company received \$23,724,335 (2016: \$8,699,580) of which \$20,068,950 (2016: \$7,500,000) represented contributions to capital projects and \$3,655,385 (2016: \$1,199,580) represented operating grant receipts.

The State Government has undertaken to provide the Company with ongoing specified equity, and the Company is dependent upon receiving such funds.

A4 Significant accounting policies

Accounting policies are selected and applied in a manner that ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. 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 Compliance Committee.

TASMANIAN IRRIGATION PROPRIETARY LIMITED

Notes to the financial statements

A4 Significant accounting policies (continued)

(i) Measurement of fair values (continued)

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.

TASMANIAN IRRIGATION PROPRIETARY LIMITED

Notes to the financial statements

Section B – Business performance

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

B1. Operating segments

B4. Taxation

B2. Revenue and other income

B5. Property, plant and equipment

B3. Expenses

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:

Development - The Company has been instructed by the State Government to investigate and progress a suite of irrigation schemes around Tasmania. To date the Company has constructed the following schemes; Whitemore Irrigation Scheme, Great Forester Irrigation Scheme, Sassafras Wesley Vale Irrigation Scheme, Winnaleah Irrigation Scheme Augmentation, Lower South Esk Irrigation Scheme, Kindred North Motton Irrigation Scheme, Midlands Water Scheme, Dial Blythe Irrigation Scheme, South East Stage 3 Irrigation Scheme and Upper Ringarooma Irrigation Scheme. These schemes complete the tranche one suite of projects.

The Company has received further funding of an additional \$90 million (\$30 million State Government, \$60m Federal Government) progress five additional irrigation schemes around the State. The Company has commenced construction the Southern Highlands Irrigation Scheme, the Swan Valley Irrigation Scheme, and the Duck Irrigation Scheme. The two remaining schemes have completed a landowner water sales process, with the North Esk Irrigation Scheme being fully subscribed, and the Scottsdale Irrigation Scheme exceeding its water sales threshold.

Losses in the Development segment of the Company largely relate to impairment. For all projects, except for the Dial Blythe Irrigation Scheme, Government contributions have been recognised directly to equity, whereas the sale of water entitlements and impairment expenses are recognised in the statement of profit or loss and other comprehensive income. For the Dial Blythe Irrigation Scheme, the Federal Government component was funded under an alternate funding program and was directly recognised in the statement of profit or loss and other comprehensive income upon the commissioning of the scheme.

TASMANIAN IRRIGATION PROPRIETARY LIMITED

Notes to the financial statements

B1 Operating segments (continued)

Identification of reportable segments (continued)

Operations – The Company manages the operations of twelve irrigation schemes, owns the infrastructure of two locally managed irrigation schemes, as well as manages a water delivery scheme, some drainage and river improvement schemes and two standalone dams. The Company operates the irrigation schemes under a cost recovery model.

Hydro Power Stations – The Company operates the 2MW Hydro Power Station at Meander Dam and a 6MW Hydro Power Station as part of the Midlands Water Scheme.

Information related to each reportable segment is set out below.

Year ended 30 June 2017

	Development	Operations	Hydro Power Station	Total
External revenue	2,588,114	6,561,399	4,009,542	13,159,055
Inter-segment revenue	-	-	-	-
Segment revenue	2,588,114	6,561,399	4,009,542	13,159,055
Segment profit/(loss) before tax	(14,331,056)	1,122,685	826,401	(12,381,970)
Interest income	194,897	-	-	194,897
Interest expense	(1,423,060)	-	(143,977)	(1,567,037)
Depreciation and amortisation	(759,449)	(15,943)	(72,611)	(848,003)
Other material non-cash items:				
- impairment of property, plant and equipment	(11,022,589)	(17,763)	-	(11,040,352)
Segment assets	79,482,294	10,136,296	6,047,549	95,666,139
Capital expenditure	(38,611,561)	-	-	(38,611,561)
Segment liabilities	(58,439,876)	(5,602,276)	(1,856,558)	(65,898,710)

Year ended 30 June 2016

	Development	Operations	Hydro Power Station	Total
External revenue	14,176,265	6,935,984	4,946,260	26,058,509
Inter-segment revenue	-	-	-	-
Segment revenue	14,176,265	6,935,984	4,946,260	26,058,509
Segment profit/(loss) before tax	(18,559,520)	1,236,252	705,791	(16,617,477)
Interest income	377,787	42,669	-	420,456
Prior year reallocation	-	(159,282)	-	(159,282)
Total interest income	377,787	(116,613)	-	261,174
Interest expense	(1,426,670)	(3,018)	(163,016)	(1,592,704)
Depreciation and amortisation	(705,077)	(25,525)	(72,611)	(803,213)
Other material non-cash items:				
- impairment of property, plant and equipment	(26,463,100)	-	-	(26,463,100)
Segment assets	49,177,484	9,638,158	5,441,599	64,257,241
Capital expenditure	(11,161,060)	-	-	(11,161,060)
Segment liabilities	(33,900,461)	(66,199,323)	(2,077,008)	(42,176,792)

TASMANIAN IRRIGATION PROPRIETARY LIMITED

Notes to the financial statements

B2 Revenue and other income

	2017	2016
Revenue		
Irrigation water charges	5,273,027	6,821,753
Renewable energy generation		
Electricity generation	1,687,426	1,740,898
Renewable energy certificates	2,322,116	3,148,180
	4,009,542	4,889,078
	9,282,569	11,710,831
Water entitlement revenue		
South-East Irrigation Scheme Stage 3	216,000	459,843
Midlands Water Scheme	247,250	589,059
Greater Meander Irrigation Scheme	186,000	583,138
Upper Ringarooma Irrigation Scheme	48,000	4,818,000
Whitemore Irrigation Scheme	48,000	120,000
Kindred North Motton Irrigation Scheme	-	133,200
Great Forester Irrigation Scheme	-	111,600
Dial Blythe Irrigation Scheme	-	666,000
Winnaleah Augmentation	-	358,800
	745,250	7,839,640
Interest revenue from operations		
Greater Meander Irrigation Scheme 5 year fixed plans	-	379
Greater Meander Irrigation Scheme 10 year fixed plans	120,500	185,614
	120,500	185,993
Total revenue	10,148,319	19,736,464
Government grants		
Grants received for operational funding	6,469,983	5,127,216
Less: impairment expense for operating grant	(3,825,475)	-
	2,644,508	5,217,216
Finance income		
Interest	74,397	75,181
Late fees	12,728	8,095
	87,125	83,276
Other income		
Asset renewal levy	25,084	31,473
Gain on sale of non-current assets	-	60,683
Reimbursement of 3rd party expenditure	61,355	497,757
External services	83,950	251,299
Other	108,714	270,341
	279,103	1,111,553

TASMANIAN IRRIGATION PROPRIETARY LIMITED

Notes to the financial statements

B2 Revenue and other income (continued)

Recognition and measurement

Revenues are recognised in the statement profit or loss and other comprehensive income when it is probable that the inflow or the other enhancement or saving in outflows of future economic benefits has occurred and can be reliably measured.

(i) Irrigation water charges

Amounts earned in exchange for provision of water are recognised at the point the water is delivered to the customer.

(ii) Renewable energy generation

Revenue from electricity generation is recognised in profit and loss as it is generated. Renewable Energy Certificates generated during the year were created quarterly and income accrued utilising forward contracts. The Company preference is for market price risk to be mitigated by having such forward contracts in place.

(iii) Water entitlement revenue

Water entitlement income is recognised when settlement of the purchase contract occurs.

(iv) Interest revenue from operations and finance income

Interest revenue from operations is income on loans provided for the acquisition of water entitlements. Finance income comprises interest income on funds invested. Both sources of interest income are accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount.

(v) Revenues from Government

Government grants are provided to assist with the operating activities of the Company. Government grants include assistance where there are no conditions specifically relating to the operating activities of the Company other than the requirement to operate in certain regions or industry sectors.

Where the substantial purpose of Government funding 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.

(vi) Asset renewal levy

Asset renewal levies are collected from water entitlement holders for all irrigation schemes. The asset renewal levy is invoiced annually and is initially recognised in deferred income at fair value at the point of invoicing. Revenue is recognised in profit and loss for expenses incurred for asset renewal undertakings in the same periods in which the expenditure has occurred.

(vii) 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.

TASMANIAN IRRIGATION PROPRIETARY LIMITED

Notes to the financial statements

B3 Expenses

	Note	2017	2016
Employee benefits			
Salaries and wages		5,808,600	4,439,215
Salaries allocated to operations and external services		(1,861,729)	(1,191,112)
Salaries and wages capitalised		(648,841)	(649,723)
Other employee entitlements		643,646	953,898
Superannuation		528,365	456,148
		4,470,041	4,008,426
Operations and maintenance expenses			
Contractors and consultants (i)		1,461,670	2,006,974
Maintenance		437,296	581,835
Water purchases (i)		2,219,789	3,138,107
Power charges (i)		919,297	1,553,094
Rates, land tax and insurances		481,202	349,335
Other operations and maintenance expenses		631,953	868,473
Loss on sale of non-current assets		446	-
		6,151,653	8,497,818
(i) Operations and maintenance expense savings have been achieved in these areas due to reduced operations activity with the unseasonally wet winter and spring in 2016.			
Administration expenses			
External Audit fees		39,850	44,110
Internal Audit fees		-	9,421
Advertising and promotion		47,822	54,269
Printing and publications		-	-
Travel expenses (ii)		120,801	122,074
Information technology and communication expenses (iii)		643,318	439,496
Training and professional development		124,386	162,347
Rental expenses		137,672	144,039
Other administration expenses		265,546	353,215
		1,379,395	1,328,971

(ii) There was no overseas travel incurred by the CEO during the year. In 2016, there was \$10,903 of Board approved travel incurred by the CEO on 1 overseas trip.

(iii) Additional information technology expenditure has been incurred in 2017 as the Company progresses with the implementation of Technology One financial system and Sharepoint website system.

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.

(i) Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

TASMANIAN IRRIGATION PROPRIETARY LIMITED

Notes to the financial statements

B3 Expenses (continued)

(i) Employee benefits (continued)

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 B5.

B4 Taxation

Current tax expense

	2017	2016
Tax recognised in profit or loss		
Current tax expense		
Current year	-	-
Adjustment for prior periods	-	-
	-	-
Deferred tax expense		
Origination and reversal of temporary differences		
Decrease (increase) in deferred tax asset	(15,601,880)	(10,689,662)
Increase (decrease) in deferred tax liability	11,889,678	5,704,419
Tax benefits not recognised	3,672,497	4,899,608
Adjustment for prior years	39,705	85,635
	-	-
	-	-
Total tax expense attributable to continuing operations	-	-

Numerical reconciliation between tax expense and pre-tax net profit

	2017	2016
Profit from operations	(12,381,970)	(16,617,477)
Income tax expense calculated at 30%	(3,714,591)	(4,985,243)
Non-temporary items	2,389	-
Adjustment for prior years	39,705	85,635
Tax benefit not recognised	3,672,497	4,899,608
Income tax expense	-	-

Unrecognised deferred tax assets

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

	2017	2016
(Assessable) deductible temporary differences	(17,394,731)	(5,288,266)
Tax losses	64,471,397	48,659,461
	47,076,666	43,371,195

TASMANIAN IRRIGATION PROPRIETARY LIMITED

Notes to the financial statements

B4 Taxation (continued)

Unrecognised deferred tax assets (continued)

In addition to the above, deferred tax assets of \$14,343,090 were not recognised in respect of taxation losses that are potentially available to the Company upon the acquisition of assets from Rivers and Water Supply Commission in July 2012. Pursuant to a Private Ruling obtained from the Australian Taxation Office, these losses will be available subject to the application of an available fraction methodology based upon the value of the assets acquired.

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

Movement in deferred tax balances during the year

	Balance 1 July 2016	Recognised in profit or loss	Tax benefit derecognised	Balance 30 June 2017	Opening balance not recognised 1 July 2016	Current year movement not recognised	Total tax benefit derecognised at 30 June 2017
Property, plant and equipment	-	(11,868,160)	11,868,160	-	(5,700,618)	(11,868,160)	(17,568,778)
Trade and other receivables	-	(7,084)	7,084	-	37,501	(7,084)	30,417
Inventories	-	(41,648)	41,648	-	(34,931)	(41,648)	(76,579)
Provisions	-	(150,645)	150,645	-	329,144	(150,645)	178,499
Other items	-	(38,928)	38,928	-	80,638	(38,928)	41,710
Tax loss carry-forwards	-	15,811,936	(15,811,936)	-	48,659,461	15,811,936	64,471,397
	-	3,705,471	(3,705,471)	-	43,371,195	3,705,471	47,076,666

	Balance 1 July 2015	Recognised in profit or loss	Tax benefit derecognised	Balance 30 June 2016	Opening balance not recognised 1 July 2015	Current year movement not recognised	Total tax benefit derecognised at 30 June 2016
Property, plant and equipment	-	(6,986,678)	6,986,678	-	1,286,060	(6,986,678)	(5,700,618)
Trade and other receivables	-	(5,474)	5,474	-	42,975	(5,474)	37,501
Inventories	-	3,801	(3,801)	-	(38,732)	3,801	(34,931)
Provisions	-	85,725	(85,725)	-	243,419	85,725	329,144
Other items	-	(56,879)	56,879	-	137,517	(56,879)	80,638
Tax loss carry-forwards	-	11,859,113	(11,859,113)	-	36,800,348	11,859,113	48,659,461
	-	4,899,608	(4,899,608)	-	38,471,587	4,899,608	43,371,195

Recognition and measurement

(i) Current and deferred tax

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

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

TASMANIAN IRRIGATION PROPRIETARY LIMITED

Notes to the financial statements

B4 Taxation (continued)

Recognition and measurement (continued)

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.

TASMANIAN IRRIGATION PROPRIETARY LIMITED

Notes to the financial statements

B5 Property, plant and equipment

	Note	Land and buildings	Dams	Water infrastructure	Other equipment	Total
Gross carrying amount						
Balance at 1 July 2015		135,772	45,070,082	217,659,197	1,839,605	264,704,656
Transfer between asset classes		-	14,901,854	(14,901,854)	-	-
Additions (i)		-	-	10,822,677	338,383	11,161,060
Disposals		-	-	-	(196,428)	(196,428)
Balance at 30 June 2016		135,772	59,971,936	213,580,020	1,981,560	275,669,288
Balance at 1 July 2016		135,772	59,971,936	213,580,020	1,981,560	275,669,288
Transfer between asset classes		-	-	-	-	-
Additions (i)		145,110	(130,126)	37,614,714	981,863	38,611,561
Disposals		-	-	-	(216,859)	(216,859)
Balance at 30 June 2017		280,882	59,841,810	251,194,734	2,746,564	314,063,990
Depreciation and impairment losses						
Balance at 1 July 2015		(110,090)	(36,889,985)	(167,457,966)	(982,552)	(205,440,593)
Depreciation for the year		-	(102,206)	(444,784)	(256,223)	(803,213)
Impairment loss (ii)		-	(14,509,796)	(11,953,304)	-	(26,463,100)
Disposals		-	-	-	175,282	175,282
Balance at 30 June 2016		(110,090)	(51,501,987)	(179,856,054)	(1,063,493)	(232,531,624)
Balance at 1 July 2016		(110,090)	(51,501,987)	(179,856,054)	(1,063,493)	(232,531,624)
Depreciation for the year		-	(104,804)	(447,777)	(295,422)	(848,003)
Impairment loss (ii)		-	(7,244,546)	(3,795,806)	-	(11,040,352)
Disposals		-	-	-	175,959	175,959
Balance at 30 June 2017		(110,090)	(58,851,337)	(184,099,637)	(1,182,954)	(244,244,020)
Carrying amounts						
at 1 July 2015		25,682	8,180,097	50,201,231	857,053	59,264,063
at 30 June 2016		25,682	8,469,949	33,678,466	963,567	43,137,664
at 30 June 2017		170,792	990,473	67,095,097	1,563,608	69,819,970

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 on which they are located.

TASMANIAN IRRIGATION PROPRIETARY LIMITED

Notes to the financial statements

B5 Property, plant and equipment (continued)

Recognition and measurement – property, plant and equipment (continued)

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 fair value, less any subsequent accumulated impairment losses. Fair value is determined on the basis of an independent valuation prepared by external valuation experts, based on discounted cash flows or capitalisation of net income, as appropriate. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the balance sheet date.

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 are depreciated on a straight-line basis in profit or loss over the estimated useful lives of each component. Land is not depreciated.

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

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

- | | |
|-----------------------|--------------|
| • dams and pipelines | 100 years |
| • drains | 50 years |
| • plant and equipment | 5 - 20 years |
| • pump stations | 25 years |
| • meters and pumps | 25 years |
| • vehicles | 5 years |

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

TASMANIAN IRRIGATION PROPRIETARY LIMITED

Notes to the financial statements

B5 Property, plant and equipment (continued)

(i) Additions

The additions to property, plant and equipment relate to:

	2017	2016
Work in progress - Midlands Water Scheme	(415,684)	415,684
Work in progress – Whitemore Irrigation Scheme	(5,250)	5,250
Work in progress - South East Irrigation Scheme Stage 3	(2,558)	2,558
Work in progress - Upper Ringarooma Irrigation Scheme	-	603,979
Work in progress - Scottsdale Irrigation Scheme	247,374	311,153
Work in progress - Southern Highlands Irrigation Scheme	19,122,187	7,440,152
Work in progress – Circular Head Irrigation Scheme	4,480,217	-
Work in progress - Duck Irrigation Scheme	-	700,554
Work in progress - North Esk Irrigation Scheme	549,682	307,874
Work in progress - Swan Valley Irrigation Scheme	14,129,125	1,035,473
Other assets	506,466	338,383
	38,611,559	11,161,060

(ii) Impairment loss

Impairment expense for the year ended 30 June 2017

During the year ended 30 June 2017, an impairment expense of \$11,040,352 (2016: \$26,463,100) has been recognised in the statement of profit or loss and other comprehensive income. The majority of this impairment expense primarily resulted from a reassessment downward of the anticipated future sales of water entitlements for the Meander Valley Irrigation Scheme.

In projecting the future cash inflows, the Company has regard to 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.

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).

TASMANIAN IRRIGATION PROPRIETARY LIMITED

Notes to the financial statements

B5 Property, plant and equipment (continued)

(ii) Impairment loss

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

	30 June 2017			30 June 2016		
	Government contributions	Sale of water entitlements and other revenue	Total	Government contributions	Sale of water entitlements and other revenue	Total
Upper Ringarooma Irrigation Scheme	21,166,960	4,708,343	25,875,303	21,166,960	3,797,868	24,964,828
Great Forester Irrigation Scheme	2,124,000	4,276,765	6,400,765	2,124,000	3,996,452	6,120,452
Sassafras Wesley Vale Irrigation Scheme	6,114,000	5,716,060	11,830,060	6,114,000	5,715,429	11,829,429
Whitemore Irrigation Scheme	5,050,000	5,618,776	10,668,776	5,050,000	4,939,694	9,989,694
Winnaleah Irrigation Scheme Augmentation	6,491,624	4,356,557	10,848,181	6,491,624	4,345,334	10,836,958
Meander Valley Irrigation Scheme *	-	14,668,143	14,668,143	-	6,865,833	6,865,833
Lower South Esk Irrigation Scheme	8,814,272	5,610,054	14,424,326	8,814,272	5,883,061	14,697,333
Kindred North Motton Irrigation Scheme	7,606,673	2,621,699	10,228,372	7,606,673	2,526,438	10,133,111
Dial Blythe Irrigation Scheme	11,061,295	2,456,466	13,517,761	11,061,295	2,417,756	13,479,051
South East Irrigation Scheme (Stage 3)	25,417,508	5,677,328	31,094,836	25,417,508	5,230,448	30,647,956
Midlands Water Scheme	65,487,723	24,853,166	90,340,889	65,487,723	23,821,858	89,309,581
Togari, Montagu and Rileys Creek Schemes *	-	237,961	237,961	-	220,198	220,198
	159,334,055	80,801,318	240,135,373	159,334,055	70,079,273	229,094,424

* Funded by government prior to acquisition by the Company

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:

	2017	2016
Upper Ringarooma Irrigation Scheme	397,359	1,770,396
Great Forester Irrigation Scheme	20,543	22,497
Sassafras Wesley Vale Irrigation Scheme	11,995	21,061
Whitemore Irrigation Scheme	818,875	1,477,705
Winnaleah Irrigation Scheme Augmentation	12,621	14,065
Meander Valley Irrigation Scheme	1,767,536	9,653,398
Kindred North Motton Irrigation Scheme	165,519	362,980
Dial Blythe Irrigation Scheme	164,339	386,391
South East Irrigation Scheme (Stage 3)	463,165	1,213,100
Midlands Water Scheme	3,163,612	3,916,384
Lower South Esk Irrigation Scheme	4,152	-
Togari, Montagu and Rileys Creek Schemes	337,499	359,080
	7,327,215	19,197,057

TASMANIAN IRRIGATION PROPRIETARY LIMITED

Notes to the financial statements

B5 Property, plant and equipment (continued)

(ii) Impairment loss (continued)

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 using a pre-tax discount rate of 7% 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. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the assets in the unit (group of units) on a pro-rata basis.

TASMANIAN IRRIGATION PROPRIETARY LIMITED

Notes to the financial statements

Section C – Operating assets and liabilities

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

- | | |
|-------------------------------|----------------------|
| C1. Cash and cash equivalents | C4. Payables |
| C2. Receivables | C5. Deferred revenue |
| C3. Inventories | C6. Unearned revenue |

C1 Cash and cash equivalents

	2017	2016
Bank balances	17,359,434	11,107,433
Short-term investments		
Investments at call with Tascorp	440,704	394,364
Cash and cash equivalents in the statement of cash flows	17,800,138	11,501,797

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.

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

	2017	2016
Cash flows from operating activities		
Profit (loss) for the period	(12,381,970)	(16,617,477)
Adjustments for:		
Depreciation and amortisation	848,003	803,213
Impairment of current assets	84,544	(18,246)
Impairment of non-current assets	11,040,352	26,463,100
Proceeds from sales of water entitlements recognised as investing activities	(2,688,092)	(10,376,185)
Grant funding recognised as investing activities	-	(1,412,000)
(Gain) loss on sale of non-current assets	446	(60,683)
	(3,096,717)	(1,218,278)
Change in trade and other receivables	980,440	262,714
Change in prepayments	(139,981)	(64,510)
Change in inventories	(37,188)	6,302
Change in other assets	584,514	704,347
Change in trade and other payables	(493,814)	893,806
Change in provisions and employee benefits	(427,992)	236,841
Change in deferred income	1,708,101	(2,986,270)
Change in unearned revenue	1,167,873	(409,358)
Net cash provided by / (used in) operating activities	245,236	(2,574,406)

TASMANIAN IRRIGATION PROPRIETARY LIMITED

Notes to the financial statements

C2 Receivables

	2017	2016
Trade receivables (i)	2,275,732	2,713,742
Impairment of trade receivables	(101,391)	(125,008)
Goods and services tax receivable	346,246	601,577
Accrued income	2,915,317	3,310,578
	5,435,904	6,500,889
Non-current	-	-
Current	5,435,904	6,500,889
	5,435,904	6,500,889

(i) Trade receivables are made up of annual charges relating to the operations of irrigation schemes as well as water entitlement sales. An allowance has been made for estimated irrecoverable trade receivable amounts determined by reference to past default experience.

	2017	2016
Ageing of past due but not impaired		
31 - 60 days	95,515	51,135
60+ days	382,753	808,509
	478,268	859,644
Movement in the allowance for impairment		
Balance at the beginning of the year	(125,008)	(143,254)
Impairment losses recognised on receivables	(106,105)	(94,962)
Reversal of impairment recognised on recovered receivables	17,093	54,397
Impaired receivables written-off during year	112,629	58,811
Balance at the end of the year	(101,391)	(125,008)

Impairment of financial assets

In determining the recoverability of trade and other receivables, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts noted above.

Information about the Company's exposure to credit and market risks is included in note E4.

C3 Inventories

	2017	2016
Water stock on hand		
Milford Dam	88,997	109,745
Daisy Banks Dam	39,554	37,550
Rekuna Dam	28,138	29,547
South Riana Dam	61,727	1,556
Dunns Creek Dam	36,846	5,131
	255,262	183,529
Trading stock	-	34,545
	255,262	218,074

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.

TASMANIAN IRRIGATION PROPRIETARY LIMITED

Notes to the financial statements

C4 Payables

	2017	2016
Trade payables	641,860	291,828
Accrued expenses	3,747,346	5,410,882
Interest payable	261,304	155,678
	4,650,510	5,858,388

C5 Deferred revenue

(i) Deferred income

	Note	2017	2016
Interest cover - Midlands Water Scheme *		6,890,000	6,890,000
Interest cover - Kindred North Motton Irrigation Scheme *		680,000	680,000
Less revenue released		(1,914,405)	(1,444,275)
		5,655,595	6,125,725
Operational grants		416,209	(1,084,925)
Asset renewal levies	C5(ii) & (iii)	3,478,364	2,781,142
Project contributions - Farm Water Access Plans		188,851	191,976
Government contributions - Farm Water Access Plans		-	17,000
		9,739,019	8,030,918

* 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	2017	2016
Cash held - scheme accounts		3,298,702	2,647,887
Outstanding debtors		59,651	18,598
Accrued ARL income current year		43,905	51,103
Other		76,106	63,554
		3,478,364	2,781,142

(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 allowance for 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.

TASMANIAN IRRIGATION PROPRIETARY LIMITED

Notes to the financial statements

C5 Deferred revenue (continued)

(iii) Asset renewal levies – by scheme (continued)

30 June 2017

	Opening balance	Revenue	Expenditure	Movement	Closing balance
Great Forester Irrigation Scheme	37,515	9,561	-	9,561	47,076
Sassafras Wesley Vale Irrigation Scheme	248,909	57,051	(19,536)	37,515	286,424
Whitemore Irrigation Scheme	182,523	38,520	-	38,520	221,043
Cressy Longford Irrigation Scheme	434,250	46,860	-	46,860	481,110
Winnaleah Irrigation Scheme	573,059	63,338	-	63,338	636,397
South East Irrigation Scheme (Stages 1-3)	273,049	155,039	(5,548)	149,491	422,540
Kindred North Motton Irrigation Scheme	125,601	54,765	-	54,765	180,366
Greater Meander Irrigation Scheme	181,335	94,516	-	94,516	275,851
Midlands Water Scheme	486,455	8,450	-	8,450	494,905
Lower South Esk Irrigation Scheme	104,444	37,720	-	37,720	142,164
Upper Ringarooma Irrigation Scheme	79,261	88,418	-	88,418	167,679
Dial Blythe Irrigation Scheme	54,741	68,068	-	68,068	122,809
	2,781,142	722,306	(25,084)	697,222	3,478,364

30 June 2016

	Opening balance	Revenue	Expenditure	Movement	Closing balance
Great Forester Irrigation Scheme	27,320	10,195	-	10,195	37,515
Sassafras Wesley Vale Irrigation Scheme	186,304	69,993	(7,388)	62,605	248,909
Whitemore Irrigation Scheme	135,867	51,595	(4,939)	46,656	182,523
Cressy Longford Irrigation Scheme	344,846	89,404	-	89,404	434,250
Winnaleah Irrigation Scheme	459,758	113,301	-	113,301	573,059
South East Irrigation Scheme (Stages 1-3)	89,524	194,237	(10,712)	183,525	273,049
Kindred North Motton Irrigation Scheme	72,296	53,305	-	53,305	125,601
Greater Meander Irrigation Scheme	118,285	68,285	(5,235)	63,050	181,335
Midlands Water Scheme	236,762	252,893	(3,200)	249,693	486,455
Lower South Esk Irrigation Scheme	67,813	36,631	-	36,631	104,444
Upper Ringarooma Irrigation Scheme	-	79,261	-	79,261	79,261
Dial Blythe Irrigation Scheme	-	54,741	-	54,741	54,741
	1,738,775	1,073,841	(31,474)	1,042,367	2,781,142

TASMANIAN IRRIGATION PROPRIETARY LIMITED

Notes to the financial statements

C6 Unearned revenue

	2017	2016
Water entitlement deposits	2,892,512	1,724,639
	2,892,512	1,724,639

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.

TASMANIAN IRRIGATION PROPRIETARY LIMITED

Notes to the financial statements

Section D – Employee benefits

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

D1. Employee benefits

D2. Key management personnel

D1 Employee benefits

	2017	2016
Current liabilities		
Employee benefits	465,204	583,728
	465,204	583,728
Non- current liabilities		
Employee benefits	203,950	513,418
	203,950	513,418

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:

	2017	2016
Short-term employee benefits	777,698	1,181,240
Post- employment benefits	99,667	109,644
Other long-term benefits	-	-
Termination benefits	132,750	-
	1,010,115	1,290,884

TASMANIAN IRRIGATION PROPRIETARY LIMITED

Notes to the financial statements

D2 Key management personnel (continued)

Director remuneration

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

Year ended 30 June 2017

	Director's fees	Committee fees	Superannuation ¹	Other	Total 2016/17
Samantha Hogg Chair	60,795	-	5,776	-	66,571
John Lord Chair	18,215	-	1,731	-	19,946
Roger Gill Deputy Chair	62,000	-	5,890	-	67,890
Geoff Coffey	23,660	-	4,810	-	28,470
Michael Chilvers	41,299	-	3,923	-	45,222
Guy Kingwill	18,161	-	1,725	-	19,886
John Whittington	-	-	-	-	-
Total	224,130	-	23,855	-	247,985

Year ended 30 June 2017

	Director's fees	Committee fees	Superannuation ¹	Other	Total 2015/16
John Lord Chair	96,000	-	9,120	-	105,120
Roger Gill Deputy Chair	62,000	-	5,890	-	67,890
Geoff Coffey	52,000	-	4,940	-	56,940
Michael Chilvers (from 8 December 2015)	29,600	-	2,812	-	32,412
John Whittington	-	-	-	-	-
Total	239,600	-	22,762	-	262,362

¹ Superannuation means the contribution to the superannuation fund of the individual.

TASMANIAN IRRIGATION PROPRIETARY LIMITED

Notes to the financial statements

D2 Key management personnel (continued)

Executive remuneration

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

Year ended 30 June 2017

	Salary ¹	Short term incentives ²	Termination benefits ³	Superannuation ⁴	Vehicles ⁵	Other benefits ⁶	Other non-monetary benefits ⁷	Total 2016/17
Nicola Morris CEO	300,171	-	-	28,685	13,450	-	4,698	347,004
Gregory Stanford GM – Development (to 25 August 2016)	35,889	-	79,265	4,038	1,068	-	(115,927)	4,333
Mike O'Shea GM - Operations	156,729	-	-	14,889	10,817	-	(7,644)	174,791
Luke Curtain GM – Corporate Services (to 31 May 2017)	191,729	-	53,485	28,200	12,650	-	(50,062)	236,002
Total	684,518	-	132,750	75,812	37,985	-	(168,935)	762,130

See over for key

TASMANIAN IRRIGATION PROPRIETARY LIMITED

Notes to the financial statements

D2 Key management personnel (continued)

Executive remuneration (continued)

Year ended 30 June 2016

	Salary ¹	Short term incentives ²	Termination benefits ³	Superannuation ⁴	Vehicles ⁵	Other benefits ⁶	Other non-monetary benefits ⁷	Total 2015/16
Nicola Morris CEO (from 1 March 2016)	112,692	-	-	10,705	1,797	-	10,912	136,106
Christopher Oldfield CEO (to 4 December 2015)	144,015	-	-	13,681	9,604	-	(11,909)	155,391
Gregory Stanford GM – Development (from November 2015)	136,044	-	-	15,305	3,237	-	15,380	169,966
Mike O'Shea GM - Operations	153,449	-	-	14,578	16,473	-	6,888	191,388
Luke Curtain GM – Corporate Services (Deputy CEO from 1 November 2015, and Acting CEO from 5 December 2015 to 29 February 2016)	208,017	-	-	23,922	13,453	-	22,598	267,990
Catherine Murdoch GM – Environment Compliance & People (from 1 November 2015)	91,486	-	-	8,691	3,337	-	4,167	107,681
Total	845,703	-	-	86,882	47,901	-	48,036	1,028,522

¹ Gross Salary includes all forms of consideration paid and payable for services rendered, compensated absences during the period and salary sacrifice amounts.

² Short term incentive payments are non-recurrent payments which depend on achieving specified performance goals within specified timeframes. These payments are capped at 15% of base salary.

³ Termination benefits include all forms of benefit paid or accrued as a consequence of termination.

⁴ Superannuation means the contribution to the superannuation fund of the individual.

⁵ Includes total cost of providing and maintaining vehicles provided for private use, including registration, insurance, fuel and other consumables, maintenance cost and parking.

⁶ Other benefits includes 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.

⁷ Other non-monetary benefits include annual and long service leave movements and non-monetary benefits.

TASMANIAN IRRIGATION PROPRIETARY LIMITED

Notes to the financial statements

D2 Key management personnel (continued)

Executive remuneration (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.

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, dated December 2014. 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 Chief Executive Officer (CEO) is appointed 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 and prescribe total remuneration, superannuation, annual and long service leave, vehicle and salary sacrifice provisions. In addition to their salaries, the Company also provides non-cash benefits and contributes to superannuation plans on their behalf.

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 or the Board to provide a minimum notice period of up to six months prior to termination of the contract. Whilst not automatic, contracts can be extended.

Short term incentive payments

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

Other transactions with key management personnel

During the year, directors acquired irrigation water from the Company in the ordinary course of business. The total amount paid for the irrigation water was \$22,216, with all of this paid to the Company during the year.

TASMANIAN IRRIGATION PROPRIETARY LIMITED

Notes to the financial statements

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

E1 Loans and borrowings

	2017	2016
Current liabilities		
Secured loans - Tascorp	45,408,453	21,398,186
	45,408,453	21,398,186
Non-current liabilities		
Secured loans - Tascorp	2,539,062	4,067,515
	2,539,062	4,067,515

Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

	Nominal interest rate	Year of maturity	30 June 2017		30 June 2016	
			Face value	Carrying amount	Face value	Carrying amount
Secured loans - Tascorp	2.20% - 7.64%	2017 - 2023	47,947,515	47,947,515	25,465,701	25,465,701
Total interest-bearing liabilities			47,947,515	47,947,515	25,465,701	25,465,701

The Tascorp borrowings are 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

	2017	2016
Finance costs		
Interest on loans	1,172,873	1,380,526
Guarantee fee	392,824	192,325
Collection costs	1,340	19,853
	1,567,037	1,592,704

Recognition and measurement

Finance costs comprise interest expense and fees on borrowings and debtor collection fees.

TASMANIAN IRRIGATION PROPRIETARY LIMITED

Notes to the financial statements

E3 Issued capital

	Ordinary shares	
	2017	2016
On issue at 1 July	169,321,192	161,821,192
Government contributions	20,068,950	7,500,000
On issue at 30 June	189,390,142	169,321,192

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
- 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

		Carrying amount	
	Note	2017	2016
Trade receivables	C2	2,174,341	2,588,734
Other financial assets	F2	1,099,178	1,683,692
		3,273,519	4,272,426

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. The allowance for impairment (refer note C2) represents the estimate of incurred losses in respect of trade receivables.

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 estimate of incurred losses in respect of these other financial assets.

TASMANIAN IRRIGATION PROPRIETARY LIMITED

Notes to the financial statements

E4 Capital and risk management (continued)

Credit risk (continued)

Cash and cash equivalents

The Company held cash and cash equivalents of \$17,800,138 at 30 June 2017 (2016: \$11,501,797), which are held with an Australian-owned bank which is regulated by the Australian Prudential Regulatory Authority in accordance with the Banking Act 1959.

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 2017

	Carrying amount	Contractual cash flows	1 mths or less	1-3 mths	3 mths - 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities							
Secured loans - Tascorp	47,947,515	47,947,515	-	76,889	44,726,676	2,804,255	339,695
Trade and other payables	4,650,510	4,650,510	4,650,510	-	-	-	-
	52,598,025	52,598,025	4,650,510	76,889	44,726,676	2,804,255	339,695

30 June 2016

	Carrying amount	Contractual cash flows	1 mths or less	1-3 mths	3 mths - 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities							
Secured loans - Tascorp	25,465,701	25,465,701	9,750,000	71,741	11,576,445	3,404,872	662,643
Trade and other payables	5,858,388	5,858,388	5,858,388	-	-	-	-
	31,324,089	31,324,089	15,608,388	71,741	11,576,445	3,404,872	662,643

Market risk

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

TASMANIAN IRRIGATION PROPRIETARY LIMITED

Notes to the financial statements

E4 Capital and risk management (continued)

Interest rate risk

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

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

The cash and cash equivalents are held in bank accounts bearing variable interest rates. A reasonably possible change of 25 basis points in interest rates at the reporting date would have increased/decreased equity and profit or loss by \$44,500 (2016: \$28,754).

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 grants received annually to fund its operations and will be reliant on 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 \$47,947,515 (2016: \$26,465,701).

TASMANIAN IRRIGATION PROPRIETARY LIMITED

Notes to the financial statements

Section F – Other

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

- F1. New accounting standards
- F2. Other financial assets
- F3. Other assets
- F4. Contingencies
- F5. Subsequent events
- F6. Auditor's remuneration

F1 New accounting standards

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2017, and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early.

- AASB 15 'Revenue from Contracts with Customers', AASB 2014-5 and AASB 2015-8 'Amendments to Australian Accounting Standard 15 – 'Revenue from Contracts with Customers' – This standard will replace AASB 118 and AASB 111, and features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The effective date for mandatory adoption of the standard by the Company is in the year ending 30 June 2019. A review of the impact on the Company has commenced, but the impact has not yet been quantified.
- AASB 9 'Financial Instruments', AASB 2014- 7 and 2014- 8 'Amendments to Australian Accounting Standards arising from AASB 9 - The new standard includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment. The effective date for mandatory adoption of the standard by the Company is in the year ending 30 June 2019. A review of the impact on the Company has commenced, but the impact has not yet been quantified.
- AASB 16 'Leases' – The Standard removes the lease classification for lessees and requires all leases to be brought onto the statement of financial position. The effective date for mandatory adoption of the standard by the Company is in the year ending 30 June 2020. The impact on the Company is not expected to be material.

F2 Other financial assets

	2017	2016
Current assets		
Greater Meander Irrigation Scheme fixed repayment plans - 10 years	266,084	584,514
	266,084	584,514
Non-current assets		
Greater Meander Irrigation Scheme fixed repayment plans - 10 years	1,130,094	1,396,178
Greater Meander Irrigation Scheme - impairment of repayment plan - 10 years	(297,000)	(297,000)
	833,094	1,099,178

TASMANIAN IRRIGATION PROPRIETARY LIMITED

Notes to the financial statements

F3 Other assets

	2017	2016
Cressy Longford Irrigation Scheme Limited	193,556	193,556
Winnaleah Irrigation Scheme Limited	232,792	232,792
Winnaleah Irrigation Scheme Limited - Augmentation loan	395,050	494,470
	821,398	920,818

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:

	Within 1 year	Between 1 and 5 years	Total
Southern Highlands Irrigation Scheme	138,000	-	138,000
Swan Valley Irrigation Scheme	1,796,674	-	1,796,674
Circular Head Irrigation Scheme	21,749,440	1,458,546	23,207,986
	23,684,114	1,458,546	25,142,660

F5 Auditors remuneration

	2017	2016
Audit and review services		
Auditors of the Company		
<i>Auditor-General</i>		
Audit and review of financial statements	39,850	44,110
	39,850	44,110

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



