

MEMBERS' STATEMENT OF EXPECTATIONS

November 2024

TASMANIAN IRRIGATION PTY LTD

This Members' Statement of Expectations is jointly approved by:



Hon Guy Barnett MP
Deputy Premier
Treasurer



Hon Jane Howlett MP
Minister for Primary Industries
and Water

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Contents

1. INTRODUCTION	2
2. PURPOSE AND STRATEGIC EXPECTATIONS.....	2
2.1 Purpose	2
2.2 Objectives.....	2
2.3 Strategic Expectations.....	3
2.4 Compliance with Government Policies.....	4
3. NATURE AND SCOPE OF OPERATIONS.....	5
3.1 Core Business	5
3.2 Non-commercial Activities	6
3.3 Other Activities	6
3.4 Business Presence Outside the State.....	6
4. PERFORMANCE, OPERATING AND REPORTING EXPECTATIONS.....	6
4.1 Financial Performance Expectations	6
4.2 Service Delivery Expectations	7
4.3 Public Reporting and Transparency.....	7
4.4 Pricing	7
4.5 Borrowings and Investment Activities.....	7
5. OTHER EXPECTATIONS	8
5.1 Employee and Industrial Relations	8
5.2 Integrity and Ethics	8
5.3 Significant Developments	8

1. INTRODUCTION

- This Statement of Expectations has been prepared by the Treasurer and the Minister for Primary Industries and Water (the Members), following consultation with Tasmanian Irrigation Pty Ltd (Tasmanian Irrigation), in accordance with section 13 of the *Irrigation Company Act 2011*.
- The Statement sets out the Government's broad policy expectations and requirements for Tasmanian Irrigation.
- The Members expect Tasmanian Irrigation to comply with the Statement.
- The *Corporations Act 2001* (Cth) and the Constitution of Tasmania govern the operation of the Company.
- The Statement should be read in conjunction with the following Acts and their respective Regulations:
 - *Irrigation Company Act 2011*;
 - *Irrigation Clauses Act 1973*;
 - *Water Management Act 1999*;
 - *Water Miscellaneous Amendments Act (Delegation and Industrial Water Supply) Act 2023*;
 - *Government Business Enterprises Act 1995*; and
 - any other applicable legislation.
- This Statement takes effect from the date it is signed and remains in effect until it is amended or revoked.
- This Statement is to be tabled in Parliament by the Portfolio Minister and published on the website of Tasmanian Irrigation.

2. PURPOSE AND STRATEGIC EXPECTATIONS

2.1 Purpose

- The principal purpose of Tasmanian Irrigation is to develop, own and operate irrigation schemes in Tasmania, in accordance with sound commercial practice, for the purposes of facilitating the sustainable expansion of agricultural production in the State.

2.2 Objectives

- The principal objectives of Tasmanian Irrigation are defined in section 7 of the *Irrigation Company Act 2011*.

2.3 Strategic Expectations

Business Specific Expectations

- In order to achieve its purpose and objectives, the Members expect Tasmanian Irrigation to:
 - support the Tasmanian Government's AgriVision 2050 goals by developing new irrigation schemes; enhancing existing schemes and their interconnectivity; and operating the network of schemes: to support increased agricultural productivity and agricultural production options;
 - seek to be a self-sustaining, user-focused and cost-efficient irrigation business that is financially sustainable and actively identifies operating efficiencies and all opportunities to sell water rights in existing and new irrigation schemes;
 - facilitate greater irrigator community involvement in the management and/or operation of irrigation schemes owned by Tasmanian Irrigation where this is both appropriate, feasible and will deliver an enduring benefit to scheme participants as facilitated by the *Water Miscellaneous Amendments Act (Delegation and Industrial Water Supply) Act 2023*;
 - ensure activities are consistent with the Tasmanian Government's obligations under the National Water Initiative and any other established national agreements concerning the water industry;
 - ensure that relevant processes and practices are in place to facilitate a market for trading water rights;
 - ensure scheme operating costs and business overhead expenses are constantly scrutinised with a focus on lowest sustainable cost of service provision for customers while meeting all legislative and regulatory compliance requirements and that are appropriately benchmarked; and
 - ensure that relevant processes and practices are in place to engage and communicate with customers, landowners and stakeholders.

General Expectations

- The Members expect all Government businesses, including Tasmanian Irrigation, to:
 - consider the important contribution Tasmanian Irrigation makes to the Tasmanian economy and broader community and the impact its operations have on the Tasmanian economy and the broader community;
 - proactively engage with stakeholders;
 - be a successful business, by operating in accordance with sound commercial practice and as efficiently as possible to ensure ongoing financial sustainability;

- prudently manage business risk through an effective and efficient risk management framework that reduces risks for Tasmanian Irrigation and the State;
- maintain a strong understanding of the governance framework for Tasmanian Government businesses;
- understand the impact of climate change on the business, including identifying any risks and implementing risk mitigation strategies;
- manage and maintain its assets in accordance with prudent commercial practice to ensure the safety and continued operation of those assets;
- subject any material capital investment proposal to rigorous and considered analysis prior to any decision to commit resources, including cost benefit analysis where appropriate;
- consider diversity and inclusion principles in its employment strategies;
- maintain a culture of continuous improvement in business operations, systems, processes and services;
- comply with any requests for information from Members in an accurate and timely manner; and
- proactively seek to protect the personal information of its customers, landowners, employees and other stakeholders.

2.4 Compliance with Government Policies

- In pursuing the strategic expectations detailed in section 2.3, and undertaking its functions and exercising its powers as required by applicable legislative requirements, Tasmanian Irrigation shall act in accordance with:
 - the governance framework for Government businesses;
 - Treasurer's Instructions that are applicable to Tasmanian Irrigation;
 - the Guidelines for Tasmanian Government Businesses;
 - the *Rural Water Use Strategy*, March 2021; and
 - any Government policies in addition to those detailed in this Statement specifically applying to Tasmanian Irrigation as advised in writing by the Members.
- When developing and constructing irrigation projects, Tasmanian Irrigation must ensure that it complies with any relevant protocols and approvals provided by the Tasmanian Government.

3. NATURE AND SCOPE OF OPERATIONS

3.1 Core Business

- The core business of Tasmanian Irrigation is to:
 - prudently, efficiently and responsibly manage existing irrigation schemes in Tasmania as well as river improvement and drainage schemes effectively and efficiently and in accordance with sound commercial practice, including identifying appropriate long-term management structures;
 - retain the Responsible Water Entity Status in accordance with the *Water Management Act 1999* and ownership of irrigation scheme infrastructure;
 - manage irrigation scheme and other infrastructure and provide, on a commercial basis, administrative and management support to schemes owned by Tasmanian Irrigation and managed by local communities;
 - progress irrigation development projects identified as part of the Tasmanian Government's Tranche Three Irrigation Program and any further irrigation programs, as advised by the Government, from the feasibility stage to the construction and operation stages, subject to:
 - o demonstrating that the scheme will be economically and environmentally sound;
 - o there being sufficient committed demand to purchase water rights to cover the required irrigator share of the construction cost over an approved timeframe and/or through alternative sustainable funding arrangements;
 - o the required State and Australian Government funding being allocated; and
 - o approval of the relevant business case by Members;
 - maintain a water entitlement register for each scheme and maintain and report relevant water use information in accordance with legislative, licence, regulatory and policy requirements;
 - own and operate, according to sound commercial practice, mini hydro and other power stations, as part of an irrigation scheme, or as part of an approved commercial arrangement;
 - monitor and manage compliance with the licences and permits that apply to Tasmanian Irrigation schemes;
 - monitor, implement, enforce as appropriate, and manage the process of updating the by-laws created for the irrigation districts;
 - assist the development of privately funded irrigation schemes, on a commercial basis, as directed by the Tasmanian Government and,

where applicable, in accordance with National Competition Policy Competitive Neutrality Principles; and

- ensure that, over a timeframe agreed with Members, Tasmanian Irrigation can meet its ongoing financial commitments in a self-sustaining manner, as set out and agreed in writing by the Members, having regard to the social and economic objectives of the State.

3.2 Non-commercial Activities

- Tasmanian Irrigation's non-commercial activities are:
 - any activity that has been declared a community service obligation by the Treasurer; and
 - any activity that the Members advise in writing is a non-commercial activity.
- Tasmanian Irrigation does not have any specific non-commercial activities agreed at this time.

3.3 Other Activities

- The Members may allow Tasmanian Irrigation to conduct additional other activities that are consistent with its core business and legislation on a case-by-case basis. Written approval of the Members must be obtained before undertaking any such activities.
- The Members may request Tasmanian Irrigation to prepare and submit for approval an exit strategy for an agreed other activity it is undertaking. Once approved by the Members, Tasmanian Irrigation must implement the exit strategy within the timeframe approved in the strategy.

3.4 Business Presence Outside the State

- Tasmanian Irrigation is not expected to operate outside Tasmania.
- Tasmanian Irrigation must seek the written approval of the Members before establishing any new business presence outside Tasmania. Any request must be accompanied with a compelling business case.

4. PERFORMANCE, OPERATING AND REPORTING EXPECTATIONS

4.1 Financial Performance Expectations

- The Members expect Tasmanian Irrigation to:
 - meet its key performance targets, including target dividends, as set out in the annual Statement of Corporate Intent. Target dividends are to be consistent with the Government's dividend policy for Tasmanian Irrigation and as agreed during the corporate planning process;

- implement the business strategies contained in the Corporate Plan in order to meet the agreed long term performance targets for the business, consistent with the Government's expectations;
- be proactive in identifying and implementing operational efficiencies and productivity measures to enhance financial performance; and
- keep the Members, along with the Department of Treasury and Finance (Treasury), as principal financial advisor to the Treasurer, informed of any significant issues that may impact on the ability of the business to meet its financial performance targets.

4.2 Service Delivery Expectations

- In delivering its services, the Members expect Tasmanian Irrigation to take account of contemporary practice and other management developments in the industry in which it operates and the commercial sector generally.
- Tasmanian Irrigation is to have in place and follow a customer service charter which is to be publicly available.

4.3 Public Reporting and Transparency

- The Members expect Tasmanian Irrigation to proactively keep the Tasmanian community and stakeholders informed of its activities, major projects and performance (including financial and service delivery against the Key Performance Indicators articulated in the annual Statement of Corporate Intent approved by the Shareholding Ministers).

4.4 Pricing

- The Members expect Tasmanian Irrigation to set prices, fees and charges which:
 - support the entity's ongoing financial sustainability;
 - comply with all legislative and regulatory instruments; and
 - take into consideration any relevant Government policies.

4.5 Borrowings and Investment Activities

- The Members expect Tasmanian Irrigation's borrowings to be consistent with any direction given under the *Tasmanian Public Finance Corporation Act 1985* and remain within the maximum borrowing limit determined for Tasmanian Irrigation under this Act.
- When investing any surplus funds, Tasmanian Irrigation should provide the Tasmanian Public Finance Corporation with the opportunity to offer its services.
- Capital structure and debt levels should be maintained at a level that is consistent with the long-term sustainability of Tasmanian Irrigation.

5. OTHER EXPECTATIONS

5.1 Employee and Industrial Relations

- The Members expect Tasmanian Irrigation to:
 - adhere to any Government policy and relevant Guidelines in regard to senior executive remuneration including performance pay or other forms of rewards;
 - be cognisant of any Government policy or other advice in regard to employee remuneration, consistent with contemporary public sector wages policy;
 - support diverse workforce participation and provide appropriate skills development and training; and
 - provide a work environment that supports high levels of safety and wellbeing throughout the organisation, taking all practical steps to provide its employees and its contractors with safe working conditions.
- The Members are to be notified prior to any significant changes to the employee relations policy of Tasmanian Irrigation, including the finalisation of any workplace or enterprise agreements.

5.2 Integrity and Ethics

- The Members expect the Board, management and employees of Tasmanian Irrigation to exhibit the highest level of integrity and professionalism in undertaking their duties.
- The Members also expect the Board and senior management within Tasmanian Irrigation to instil and continually reinforce a culture across the organisation of acting lawfully, ethically, and responsibly.

5.3 Significant Developments

- The Members are to be informed immediately in writing of any matters of significance. Specifically, the Members expect to be notified of any adverse developments that may:
 - prevent the achievement of financial performance objectives;
 - significantly affect prices or outcomes to customers;
 - significantly affect the financial viability or operating ability of Tasmanian Irrigation; or
 - significantly impact on Government policy, stakeholder relations, customer relations or environmental issues or that have a wider public interest.

- The Members also expect to be informed immediately in writing of:
 - any potential material transactions not in the ordinary course of business before they take place;
 - any other significant developments that relate to an issue, financial or otherwise, on which the Government may be required to comment; and
 - any other significant developments that represent a departure from the expectations outlined in this Members' Statement of Expectations.