

# **IRRIGATION COMPANY BILL 2011**

## **SECOND READING SPEECH**

Mr Speaker, I move that the Bill be now read a second time.

The *Irrigation Company Bill 2011* provides for the amalgamation of the State's three irrigation entities – the Rivers and Water Supply Commission, Tasmanian Irrigation Schemes Pty Ltd and the Tasmanian Irrigation Development Board Pty Ltd into a single State-owned Company, to be known as Tasmanian Irrigation Pty Ltd.

Tasmanian Irrigation Pty Ltd will be able to achieve the objectives of the entities in a more effective and efficient manner, with all the powers and functions of the existing businesses concentrated in one body. The amalgamation will occur with minimal disruption to their business activities as all current projects, activities and contracts will transfer to the new Company as part of the reform.

The need to restructure the three irrigation entities became apparent through a review conducted by the Department of Treasury and Finance. The review identified a complex and unwieldy governance structure, resulting in unnecessary duplication of some functions with unclear accountabilities and responsibilities.

The business will play an important role in supporting and facilitating the growth of Tasmania's agricultural sector. It is critical that such a business is appropriately structured to allow for an efficient and effective operation and to ensure that it has contemporary reporting and accountability measures in place.

The current structure of the Rivers and Water Supply Commission came into effect in September 2008, at which point it delegated most of its functions and responsibilities to its two subsidiaries, Tasmanian Irrigation Schemes and the Tasmanian Irrigation Development Board. The Rivers and

Water Supply Commission is a Government Business Enterprise responsible for the oversight of its subsidiary companies.

The Tasmanian Irrigation Development Board was established to progress a number of important irrigation schemes across the State from the feasibility assessment stage through to construction and commissioning. The projects form the basis of the Government's irrigation development strategy and are developed and funded through appropriate partnerships between the State Government, Australian Government and private funding contributions from the regional communities in which the schemes are located.

The Tasmanian Irrigation Schemes was established to administer State-owned irrigation schemes, and provide oversight and ensure compliance within associated water districts. Tasmanian Irrigation Schemes has also recently completed the construction of four pipelines to deliver water from the Meander Dam to catchments adjacent to the Meander River. These four pipelines are expected to realise the annual delivery of up to 36,000 megalitres of water to the greater Meander Valley Irrigation District.

Mr Speaker, I wish to highlight that merging these entities into a single State-owned Company will not result in a loss of any of the existing functions and objectives of the current businesses.

The newly named entity, Tasmanian Irrigation Pty Ltd will continue to administer state-owned irrigation schemes and related water districts. Furthermore, the new entity will continue to progress the development and construction of Irrigation schemes across Tasmania.

I am pleased to report that water is scheduled to commence flowing from the first of the Irrigation schemes to be constructed by the TIDB in late May 2011. The Whitemore scheme has seen the construction of 40 kilometres of pipeline which will deliver 5,500 megalitres of water to the communities of Whitemore, Oaks, Bracknell, Liffey and Glenore covering 12,000 hectares of irrigable area.

The Headquarters Road Dam project is scheduled to be next in-line for commissioning. The Dam will have a capacity of just under 2,000 megalitres,

is located just south of Scottsdale and will irrigate areas downstream of the Great Forrester River catchment and extend north to the coastal land behind Bridport.

Also under construction is the Sassafras Wesley Vale Irrigation Scheme. This project utilises the former supply-line of the Wesley Vale Paper Mill and will deliver 5,460 megalitres of irrigation water via the construction of six spur lines to the communities of Sassafras, Wesley Vale and Moriarty.

Mr Speaker, before the end of the 2011 calendar year construction is expected to start on at least three further projects, subject to final approvals and water sales. These projects are the Winnaleah Irrigation Scheme, the Lower South Esk Irrigation Scheme and the largest project to be developed by Tasmanian Irrigation, the Midlands Irrigation Scheme.

Over the next few years we will see the development and construction of irrigation schemes covering a significant area of the State. Together, these schemes are projected to deliver around 180 000 megalitres of irrigation water at high reliability.

The schemes constructed by Tasmanian Irrigation will expand the rich diversity of primary industries in Tasmania. The secure water, achieved through the irrigation projects will add value to these key primary industries assuring the livelihood of our current agricultural community, with the potential to increase the State's export market and contribute to our overall economic growth in coming years.

The irrigation development projects will provide greater water security for Tasmanian farmers and regional communities, while ensuring ongoing environmental sustainability of water resources. In assessing a potential scheme, Tasmanian Irrigation must prove it to be economic and environmentally sound, as well as having attracted sufficient expressions of interest. The schemes must meet rigorous Australian and State Government environmental, cultural and heritage approvals.

In addition to government environmental approvals, irrigators wishing to access water from schemes developed by Tasmanian Irrigation are required to have first put in place a Farm Water Access Plan, to ensure the

sustainability of the water application. The plans are property specific and address land, water and biodiversity sustainability issues. They are intended to demonstrate that the planned application of irrigation water will be sustainable.

This Bill and the merger of the irrigation entities will put Tasmania in the best position to realise the Government's objective of becoming an important food bowl for the nation.

Mr Speaker, I will now turn specifically to the legislation that I have brought before the House.

The Irrigation Company Bill 2011 serves three main purposes.

Firstly it provides for the merger of the three irrigation entities into a single State-owned Company and provides necessary provisions around the control and operations of the Company.

Secondly it provides for the transfer of assets, rights, liabilities and employees from the Tasmanian Irrigation Schemes and the Rivers and Water Supply Commission to Tasmanian Irrigation.

And thirdly it allows for the transfer of assets and liabilities between the Crown and the Company and provides for the transfer of assets from Councils to the Company.

### **Forming a single State-owned Company.**

The *Bill* provides for the amalgamation of the State's three irrigation entities into a single State-owned Company.

In practical terms, this will be implemented by:

- in the first instance, renaming the Tasmanian Irrigation Development Board to Tasmanian Irrigation Pty Ltd; then
- transferring the assets, rights, liabilities and responsibilities of Tasmanian Irrigation Schemes and the Commission to the new company; and finally
- legislating for Tasmanian Irrigation Pty Ltd to become a State-owned Company.

This was considered to be the most appropriate method to merge the businesses and minimise disruptions to day-to-day activities, partly because the Tasmanian Irrigation Development Board holds the majority of assets, active contracts, and employees of the three entities.

The Tasmanian Irrigation Development Board will continue as the core Board of the new Company. However, given that Tasmanian Irrigation has broader functions and responsibilities than that of the Tasmanian Irrigation Development Board, it will be important to match the skills and experience of the new Board with the objectives of the Company. The appointment of new Board members will be considered, as required, against existing skills and in line with the roles, functions and objectives of the Company and Treasury's *Guidelines for Tasmanian Government Businesses: Board Appointments*.

The Bill also provides for the Treasurer and the Minister for Primary Industries and Water to be the Shareholder Ministers (Members) of the Company and to hold the shares in trust for the Crown.

All the powers and functions of the existing businesses will continue under the new Company, and all current projects, activities, and contracts will transfer and continue under the new structure. This will provide some certainty and comfort to customers, consultants and contractors, that their contracts and agreements will remain unchanged, and business will continue as usual.

The Bill also provides land acquisition powers that are similar to those of the Commission, and similar to the powers that government businesses have in other sectors such as electricity, gas, and water and sewerage.

The State-owned Company model has been chosen for its robust and transparent governance and reporting arrangements. Some important features of this model require the Company to:

- have and comply with a Constitution;
- submit and comply with a Corporate Plan provided to members;
- operate in accordance with a members statement of expectation; and
- ensure that competitive neutrality principles are integrated into business practices and complied with at all times.

The Bill follows an approach of general inclusion and specific exclusion, by adopting the *Corporations Act 2001* as the basis for the Act and displacing those parts of the *Corporations Act 2001* that are inconsistent with the specific structural reform of the irrigation entities. For example, the Company, and any future subsidiaries, will be required to comply with Treasurer's Instructions, issued under the *Government Business Enterprises Act 1995*, relating to guidelines, principles, practices and procedures, unless the Treasurer issues a notice to the contrary.

Mr Speaker, on a day recommended by the Minister, the *Rivers and Water Supply Commission Act 1999* will be repealed and deregistration of Tasmanian Irrigation Schemes will commence. The deregistration process will take several months after transfer day and will enable the entities to finalise their 2010-11 financial reporting requirements. During this period the entities will be "shells" that are not trading and do not have any assets or liabilities.

### **Transferring assets, rights, liabilities and employees**

Mr Speaker, I will now highlight some of the provisions in the Bill that address the second purpose of the Act.

As mentioned, the Tasmanian Irrigation Company will officially commence operation on 1 July 2011. On this day, it will take possession of the assets, liabilities and employees of the existing irrigation entities and inherit the legal identity of the existing entities in relation to documents, legal proceedings and court orders pertaining to the transferred assets and liabilities.

Employees are a key priority in the reform process. In announcing the intention to merge the three current entities into a single State-owned Company, I made a commitment that all existing employees would join the new Company on existing entitlements and conditions.

The Bill provides for the statutory transfer to Tasmanian Irrigation Company of all current employees of Tasmanian Irrigation Schemes and the Commission and guarantees that the remuneration, superannuation and long service leave entitlements of transferring employees will be unaffected by the transfer.

A single corporation will provide staff with new opportunities for professional development with the ability to draw on a broader base of skills and experience than the current structure provides for.

Obviously, it will not be practical to accommodate every employee in the same position within the structure of the Tasmanian Irrigation Company as they occupy with their current employer. The manner in which all employees are accommodated within the new Company structure will be an issue for the Company to determine in the lead-up to transfer day and thereafter.

### **Transferring assets and liabilities from the Crown and Councils to the Company**

Mr Speaker, I will now briefly outline the third purpose of the Act.

The Bill provides for the transfer of Council and Crown assets and liabilities to and from the Company. It also provides for Councils to transfer assets and liabilities to the Company, on agreement by both parties.

Such transfer arrangements will be developed in full consultation with all parties and will allow future transfers to be made on a case-by-case basis as the irrigation sector matures and changes.

This provision essentially provides for future potential transfer of assets between parties. While it is not possible to envisage the exact nature and operation of future irrigation water management in Tasmania, it is useful to have a provision in this Act that allows some flexibility for the future.

Mr Speaker, in summary, I believe this Bill provides for the smooth transition of the three irrigation entities into a single State-owned Company and an improved governance structure for the efficient development, construction and operation of Tasmania's Irrigation Schemes.

Mr Speaker, I move the second reading of this Bill and commend the Bill to the House.

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