



National Irrigators' Council  
*Food and fibre for the Nation*

# National Irrigators' Council

## Annual Report 2019



*Designed and produced by:  
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Front cover: River Murray at Moama, Vic.  
Photo Courtesy: National Irrigators' Council*

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# National Irrigators' Council (NIC)

The National Irrigators' Council (NIC) is the peak body representing irrigators in Australia, supporting thirty-four (34) member organisations across the Murray Darling Basin states, irrigation regions and the major agricultural commodity groups.

NIC members collectively hold almost 5,000,000 megalitres of water entitlement.

NIC is the voice of irrigated agriculture and the industries producing food and fibre for domestic consumption and significant export income. Our policy and advocacy is dedicated to a viable and productive irrigated agriculture sector in Australia.

In 2017-18, **total Gross Value of Irrigated Agricultural Production (GVIAP)** increased to \$17.7 billion (up 14%). The four commodities with the highest GVIAP were:

- Fruit and nuts (excluding grapes) at \$4.2 billion (up 20%)
- Vegetables at \$3.4 billion (up 3%)
- Cotton at \$2.3 billion (up 52%); and
- Dairy products at \$2.2 billion (up 37%).

Combined, these four commodities accounted for 69% of total GVIAP for the 2017-18 year.

NIC is funded by irrigators, for irrigators and the communities they support. NIC is directed by its guiding principles designed to underpin current and future policy decisions:

- A healthy environment is paramount
  - Sustainable communities and industries depend on it
- Protect or enhance water property rights
  - Characteristics of water entitlements should not be altered by ownership
- No negative third party impacts on reliability or availability - Potential negative impacts must be compensated or mitigated through negotiation with affected parties
- Irrigators must be fully and effectively engaged in the development of relevant policy
- Irrigators expect an efficient, open, fair and transparent water market
- Irrigators require a consistent national approach to water management subject to relevant geographical and hydrological characteristics
- Irrigators expect Government policy to deliver triple bottom line outcomes
- Regulatory and cost burdens of reform be minimised and apportioned equitably.

## Strategic Objectives

NIC policy focus is underpinned by its strategic objectives, developed by members.

**Vision:** Our vision is for a vibrant and sustainable irrigation industry.

**Mission:** Our mission is to secure the long term interests of our members and our industry.

### Objectives:

- Continue to be recognised by Government and industry as the national peak body for irrigated agriculture.
- Protect or enhance water as a property right.
- Promote the importance of irrigated agriculture.

# Our Members

Our members represent a diversity of organisations from food and fibre industries and irrigation infrastructure operators. Council members are not individual irrigators but members of their respective representative organisations.

The Council is a non-federated body with equal voting rights on all issues including policy development. The Council is committed to representing all irrigators regardless of their location or the food and fibre they produce. Council members meet face to face three times per year to discuss and develop key policies and advocacy. Adoption of policy is on a consensus basis.

## Membership

Almond Board of Australia  
Bega Cheese Limited/Tatura Milk Industries  
Barwon Darling Water  
Border Rivers Food and Fibre  
Bundaberg Regional Irrigators Group  
Central Irrigation Trust  
Cotton Australia  
Gwydir Valley Irrigators Association Inc  
Kilter Rural  
Mallawa Irrigation Ltd  
Murray Irrigation Ltd  
Murrumbidgee Private Irrigators' Inc  
Namoi Water  
Pioneer Valley Water Co-operative Ltd  
Ricegrowers' Association of Australia Inc  
Select Harvests  
South Australian Murray Irrigators

Auscott Limited  
Barossa Infrastructure Ltd  
Argyle Capital Partners  
Boundary Bend Olives  
Central Downs Irrigators Ltd  
Coleambally Irrigation Co-operative Ltd  
Duxton Capital  
Irrigation Australia Ltd  
Lachlan Valley Water  
Macquarie River Food and Fibre  
Murrumbidgee Groundwater  
Murrumbidgee Irrigation Ltd  
Olam Orchards Australia Pty Ltd  
Renmark Irrigation Trust  
Riverina Winegrape Growers  
Smartrivers  
Western Murray Irrigation Limited



*Canola crop, Conargo, Southern New South Wales  
Photo copyright Murray Irrigation Ltd*



*Cotton harvest northern NSW 'Laying the Golden Egg'*  
Photo courtesy Theresa Watts



*Dried Grapes, Mildura, Vic*  
Photo courtesy National Irrigators' Council

# Our Board

The Board manages the business and affairs of the Council. The CEO is responsible for the day to day operations of the organisation. The Board includes a mix of state representation and skills-based experience. With a presence in Canberra, NIC enables the Board and the organisation direct access to decision makers, ensuring the voice of irrigated agriculture is heard across Australia.



**Gavin McMahon (Chair)** was elected to National Irrigators' Council Board in 2010 and to the position of Chairman in 2012. Gavin is the CEO of Central Irrigation Trust (CIT) in South Australia. He is a Director of CIT and the CIT Water Exchange. Gavin has been appointed to a number of Government related positions, including the independent expert panel appointed to undertake the 2014 review of the Water Act 2007. Gavin originally hails from Queensland and has formal qualifications in environmental science and business.



**Karen Hutchinson (Deputy Chair)** was elected to the Board in 2014 and appointed Deputy Chair in October 2019. Karen is General Manger, People & Policy at Murrumbidgee Irrigation Limited, one of the largest privately owned irrigation corporations in Australia. She has been at the cutting edge of water policy development for the last decade. Karen has an Honours degree from the Australian National University, is a graduate of the Australian Institute of Company Directors and was awarded the prestigious RIRDC NSW Rural Women of the Year in 2011. Karen is a returning member of the Basin Community Committee, an advisory committee to the MDBA and the Water Ministerial Council.



**Dale Holliss** was elected to the Board in 2012. Dale is CEO of Bundaberg CANEGROWERS Ltd and Company Secretary for the Bundaberg Regional Irrigators Group. He has a practical background in sustainable agricultural management, rural finance and economics. He also has extensive experience in irrigated sugar cane production systems across Queensland as well as a diverse range of horticultural crops. Dale is the Chair of NIC Energy sub-committee, and a Member of the Queensland Canegrowers electricity committee and a Member of Energy Queensland's Tariff Structure Statement engagement group and is also a member of Energy Consumers Australia Board reference committee.



**Michael Murray (Treasurer)** was elected to the NIC board in 2009. Michael is the General Manager for Cotton Australia and was formerly Chief Executive Officer of the Gwydir Valley Irrigators' Association, based in Moree in northern NSW.



**Jenny McLeod** was elected to the Board in 2017. Jenny is the Policy and Communication Manager with Coleambally Irrigation Co-operative Limited a member owned gravity irrigation supply scheme in the Murrumbidgee Valley. Jenny also owns and operates with her family an irrigated cropping farm in the NSW Murray. Jenny has extensive experience in water policy and government relations. Jenny has a tertiary qualification in Agricultural Science and Communications and is a Graduate of the Institute of Company Directors. Jenny is also a director of Finley Regional Care (a not for profit based supply medical and aged care services in the southern Riverina).



**Bernie George** was elected to the Board in 2012. He is responsible for Auscott's commercial activities and the Company's water resources portfolio. Auscott is an integrated agribusiness focussing on cotton and rotation crop production, processing, logistics and export marketing. The Company farms in the Namoi, Macquarie and Murrumbidgee valleys of NSW. Bernie has extensive experience in large scale irrigated agriculture projects and land and water resource development and management. He is a past Chairman of Cotton Australia and a graduate of the Australian Rural Leadership Program.



**Tim Napier** was elected to the Board in 2016. Tim was raised on his family's farm in Tasmania. He holds a Bachelor's Degree in Management (Farm Business) from University of Sydney and spent twenty years managing irrigated agricultural businesses in the Murray Darling Basin in NSW and Queensland. Tim was awarded an Australian Nuffield Farming Scholarship in 2004 and studied sustainable farming systems in Europe, Canada, New Zealand and the United States. In 2007 Tim moved into water policy with the Macintyre valley farmers group, Border Rivers Food and Fibre based in Goondiwindi. Tim works with his members, the NSW and Queensland State Governments and Commonwealth Government on the water reforms under the Murray Darling Basin. Tim is a Fellow of the Peter Cullen Trust.



**Caren Martin** was elected to the Board in 2019. With her family, Caren owns and manages an Almond Orchard at Murtho, South Australia. Caren has been involved in Natural Resources Management (NRM) for 20 years and in Basin Planning and sustainable water-use management. Caren was appointed chairperson of the South Australian Murray Irrigators (SAMI) group in 2009. She is a councillor and chairperson of the Natural Heritage Committee for the National Trust of SA (NTSA). As part of SAMI Caren has contributed to water reform through state and federal water stewardship projects. Caren has held committee positions in Renmark Landcare, the Native Fish Strategy Community Reference Group and other local Wetland and Land Management groups.



**Toby Smith** was elected to the NIC Board as the Victorian representative in 2015. He is the Commercial Manager for Olam International, one of the largest Almond growers in Australia.



**Jeremy Morton** was elected to the NIC board in October 2018. Jeremy is a rice farmer from Moulamein in Southern NSW and has been President of Ricegrowers Association of Australia since 2015. He was born in Swan Hill and has been an active participant in community activities and the implementation of the Murray Darling Basin Plan over many years.



*Rice harvest, Leeton, NSW*

*Photo courtesy Ricegrowers Association of Australia*

# Message from the Chairman



*Gavin McMahon  
Chairman, National Irrigators' Council*

Ongoing and very worrying drought conditions have prevailed in many regions during the 2018-19 period putting undue pressure on irrigated agriculture businesses. In NSW and Queensland many have had to contend with zero or low allocations and it is not surprising that this scenario adds fuel to the various arguments calling for the Murray Darling Basin Plan to be 'paused' or abandoned. The position of our Council remains steadfast in support for the Basin Plan to complete its course. This is not to deny the challenges ahead, and it is NIC's role to advocate for decision makers put every effort into the work required to secure those Basin Plan related measures that remain outstanding.

This also goes to the discussion around 'borrowing' environmental water for agricultural purposes. NIC took the position suggesting that all options should be explored but cautioned against supporting any measures that undermined anyone's water rights, including that owned by the Commonwealth Environmental Water Holder (CEWH). Given the challenges we continue to face, it is important that NIC demonstrates consistency in arguing for maintaining the integrity of the Plan and in a manner that is consistent with the Water Act.

At every opportunity NIC advocates for options to be examined to identify water savings through all measures as an alternative to the removal of water from productive use. The South Australian government's response to the SA Murray Darling Basin Royal Commission did not support those recommendations that could see the Plan delayed or those suggesting additional water recovery through immediate forced buyback. NIC supported the comments of the South Australian Premier in his commitment to the current Basin Plan, where he emphasised that its implementation required strong leadership from the Commonwealth and each Basin State Government.

Consistent with NIC's long held concerns about the operation of the water market, NIC is participating in the ACCC's inquiry into markets for tradeable water rights in the Murray Darling Basin. It was pleasing to see the inquiry's terms of reference focusing on the many issues our Council has long raised. These include having decision makers focus on the changing market since 2012, the timeliness and accuracy of public information about water market activities and tradeable water right holdings, the role of carryover arrangements and trading of water allocations which have been carried over, and constraints management on the storage or delivery of water. Ongoing drought conditions continue to put further pressure on the market.

Delivering up 450GL up-water through the Water Efficiency Program continues to be unpalatable for our sector. We have made our case repeatedly for a strong socio-economic criteria as well as advocating for all options to be examined to identify water savings through all measures as an alternative to the removal of water from productive use. We frequently ask state governments, who committed to put forward off-farm projects, to exert greater effort on this front.

The 605GL suite of supply measures continue to be at risk, where there is significant work yet to be completed around several key projects. And we know that failure to secure some of those projects will ultimately undermine the whole package of measures. The alternative will be to either find new projects, or as the Productivity Commission's Five Year Review of the Basin Plan clearly stated, the sector will risk facing further water purchases to make up the target.

Our focus on river operations and capacity as well as losses in the system remain very much live issues. And similarly, we have continued advocacy around complementary or non-flow measures, also recommended by the Productivity Commission suggesting that: *'Basin States should manage the risks to achieving the environmental watering objectives set out in long-term watering plans by delivering complementary waterway and natural resource management measures (such as habitat restoration or weed and pest control)'*.

NIC has participated in the work of the Independent Panel assessing the social and economic conditions in the Basin. The Panel's final report will be provided to Government on 30 April 2020. The panel is considering the effect of changing patterns in water use and trade and trends in the temporary water market that may be having an effect on water prices including the role of water market participants (including speculators).

The focus on the issues under examination by the panel is timely, for example, water availability and the effects of state water allocation policies and regulations on irrigators and communities; the effects of water sharing and river management (including operational rules), on communities, irrigators and the health of the Basin rivers. Also important is the focus on the impacts of buybacks and the social and economic outcomes for communities and industries from the use of held environmental water.

NIC's 2019 federal election platform remains consistent and recognises the role of irrigated agriculture in regional development and national income: initiatives include maintaining Bi-partisan support for the Basin Plan and its implementation, ensuring delivery of the full 605GL package of SDL Adjustment Mechanism measures, ensuring guaranteeing no negative impact from 450GL efficiency measures program, retaining the current legislated cap on water buybacks and using the Productivity Commission's five-year review of the Basin Plan and practical recommendations as the basis for action on implementing the remaining elements of the Plan.

Other key measures include: ensuring Basin States have adequate resources for compliance regimes that assure confidence in the system for users, communities and the general public, addressing delivery constraints and losses for water users on the Murray and resolving over-recovery issues.

NIC is closely monitoring the development of the National Water Grid announced during the 2019 federal election campaign. The National Water Grid Authority's purpose will be to provide strategic planning and project management for water infrastructure across Australia and we look forward to playing our part with Government on this initiative.

**Energy policy** issues remain at the forefront of NIC's advocacy and NIC members continue to participate in key issues at a federal level and on state specific issues. Through NIC's Energy sub-committee and through the Ag Energy Taskforce we have pushed for energy companies to do more to deliver fair prices for consumers. There is some movement in a positive direction due to a range of initiatives emerging from recommendations from the 2018 ACCC inquiry into electricity. Some of these measures appear to be bearing fruit.

A significant win was the scrapping (by the former Turnbull Government) of the Limited Merits Review system, which allowed network companies to appeal decisions by the Australian Energy Regulator, they were able to recover (or gouge) billions of additional dollars from consumers.

Disappointingly though, there has been no progress on the ACCC recommendation suggesting that Queensland, Tasmanian and NSW governments should undertake a voluntary government write-down of their regulatory base which would result in savings for consumers.

We will watch with interest the development of The Energy Charter, where CEOs and board members of energy companies have committed to have their respective organisations challenged to think and act in a different way, reflecting the principles of the Charter. In short, this means that Australia's energy industry have signed up to improve customer outcomes.

We are alert to the challenges of the complexities during this period of transition and the technical innovations required to meet these challenges within an energy market design, while adopting renewable technologies and creating an increasingly dynamic system. However, it is time we had a fairer generating and distribution system that delivers electricity in an affordable, efficient and sustainable manner to consumers with a regulated tariff structure and pricing system, characteristic of a competitive market. It remains to be seen whether The Energy Charter will live up to expectations.

In the meantime NIC and the Ag Energy Taskforce continue to identify opportunities that support the agriculture sector to adopt new energy efficient practices and technology to better manage energy consumption and reduce power bills.

Finally, I thank the Board and our members who provide input on the often challenging policy work necessary for the organisation to effectively advocate for our members, and particularly so against the backdrop of the ongoing drought conditions which are imposing enormous pressure on irrigated agriculture businesses.

**Gavin McMahon, Chairman**



*ARENA funded solar pumping trial, Bundaberg Regional Irrigators' Group, Bundaberg, Qld*

# Message from the CEO



*Steve Whan  
CEO, National Irrigators' Council*

It might seem like a long time ago but we had a federal election in 2019 and a NSW election and Victorian election in 2018. There has been an avalanche of opportunities to comment on energy policy issues along with ticking over to the 41st Basin Plan related inquiry or review.

Unfortunately almost every area of our members' activity this year has been dominated by the impact of drought. It has made for a tough year for many of our members. And going into drought should illustrate for the rest of the community, why irrigation infrastructure is important. It seems simple to us that storing water for the dry times is critical in a climate that is already variable and getting worse with climate change.

As the drought worsened in 2017-18, agricultural production figures show the gross value of irrigated production in Australia going from \$15.5 billion to \$17.6 billion with Basin production going from \$7.2 to \$8.6 billion. The drought meant more farmers needed irrigation to supplement rainfall and complete their crops, and as a result the percentage of total agricultural production for the Murray Darling Basin that was irrigated went from 29% to 36%.

- **\$17.6 billion of irrigated production**
- **\$8.6 billion from Basin irrigators**

These figures show why we have irrigation – we have dams and irrigation so that we can continue to grow food in dry times and now, with environmental water also stored in our dams, we have reserves of water to help build ecological resilience. It seems like a simple message, but in many ways the difficulty of getting that message across, to counter public perceptions, highlights the challenge NIC and our members face in the current environment.

NIC's work on **energy policy** through our energy sub-committee and the Ag Energy Taskforce continued to focus on: advocate for regulatory reform; support adoption of technology or generation to reduce costs; and advocacy on price and tariff structures in individual jurisdictions. In conjunction with the Taskforce we put together a policy document for the federal election putting forward ten key policy requests.

NIC and the Taskforce continued to make submissions to regulators, including one based on research by the Sapere group which clearly indicated networks making excessive returns and criticising the return methodology put in place by the regulator as being overly generous. We also made brief submissions on topics of direct interest to rural and regional electricity consumers, including standalone power systems and the need for a wholesale demand response mechanism.

We engaged with Government, Opposition and the Greens on a number of our policy requests and continue to have excellent access to all party representatives. The Energy Minister, Angus Taylor visited several of our members during the year to understand the issues we were raising. These regions included Pioneer Valley Water in Mackay, Bundaberg Regional Irrigators and Central Irrigation Trust in South Australia.



*QFF's Travis Tobin, Steve Whan, Allan Dingle and Dale Holliss at the BRIG open day for their ARENA funded Solar Irrigation project.*

I too have met with the Minister and was heartened to hear his feedback on how he thought he could help on issues raised in those jurisdictions. The complexity of responsibility and ownership in the energy sector throws up challenges, but we continue to make small gains, sometimes joining other consumer based groups in pushing on areas of more fundamental reform.

We are actively engaged with Government in support of programs that can fund, for example, on farm energy audits and new or replacement equipment on farm, and generally supporting the adoption of technology or generation to reduce costs. NIC was involved as a partner in the first Renewables in Agriculture Conference and Expo held in Wagga in November.

## Water

It has been another difficult year for irrigators and for the implementation of the Basin Plan (the Plan). Drought impacts on production are worsened by the fact that we have had 1 in every 5 litres of previously available irrigation water purchased for the environment and drought impacts make the operation of the market more difficult for many.

Outside the Basin we have also seen drought conditions in many coastal rivers impacting on our Queensland members. With much of the media focus on the Murray Darling Basin we can tend to forget that many of the issues we are dealing with, as a sector, impact other areas as well. The roll out of new metering standards; ACCC rules for Infrastructure operators; and NWI principles all cross boundaries.

We look forward to working with Government on these areas along with the national initiatives Government has taken recently, including the National Water Grid and the encouraging moves to develop more irrigated agriculture in Northern Australia.



*Minister for Agriculture and Water Resources David Littleproud visiting Murray Irrigation in 2019*



*NIC members visiting Kilter Rural project during the Swan Hill field trip, February 2019*

Not surprisingly the Basin Plan continues to be a major focus. It is difficult to sensibly discuss its implementation when simplistic, or sometimes just plain dishonest, reporting tends to talk about severe drought impacts as representing failure of the Plan or as being the result of ‘excessive’ extractions – often in areas and periods where there has been no water to extract.

The Basin Plan could never, and was never designed to, prevent drought. It is, as the reporting clearly shows, producing positive environmental benefits but with the recognition that these benefits will take many years to be fully realised and that, in drought, it is about building resilience.

*13 billion litres of e-water made the Murray mouth in a week recently – in a drought - hard to pretend there has been no environmental outcomes*

In late 2019 a report from the MDBA revealed that 13GL of environmental water had flowed to the Murray mouth in that week. The fact that the Basin Plan has enabled 13 billion litres of water to reach the mouth - in a single week - in the midst of one of our worst ever droughts, shows that the 2,800 billion litres of registered entitlement held by the Commonwealth Environmental Water Holder is very real and is doing what it was purchased for.

However, it is entirely understandable that farmers on zero allocations in the Murray might be angry and frustrated by watching that water flow past them and on to the Murray mouth. And more so, when we know the damage caused to the environment in upper parts of the Murray by running the river at the top of its banks.

Some very real long and short term challenges remain in the continuing implementation of the Basin Plan. At the core of the position that NIC has taken however, is that the Basin Plan must remain and that we should be working to overcome the challenges - not revisiting the whole Plan.

The question anyone advocating a pause of the Plan, for a rethink or pulling out of the Plan should ask themselves – what would an alternative look like? The cheer squad around the South Australian Royal Commission would have you believe that the recovery targets should be over 4,000GL. In any realistic view of what is possible you have to say any revision, resulting in water going back to irrigation, is not going to happen.

It is important to remember that the Plan is Commonwealth legislation and the targets in the Plan are law. I cannot see a scenario where the numbers would exist to wind those targets back. What I can see though is a scenario where if the state’s fail to achieve the 605GL of benefit from the supply measures, agriculture and communities would face the prospect of more water purchased by the Commonwealth to meet the target. That is why we continue to push the Basin Governments to do more to achieve the supply measures targets; and why we are becoming more and more concerned about lack of progress.

Our concerns were mirrored by the Productivity Commission in its five-year review of the Basin Plan. The PC review was – or at least should have been – the most significant contribution this year to setting the direction for the implementation of the rest of the Basin Plan. NIC joined NFF in endorsing the overall direction of the review and calling for its recommendations to be implemented.

We remain of the view that it should form the basis for action, but are disappointed by the response so far. The PC rightly pointed out that it will be difficult to meet a number of the timeframes in the Plan, particularly around the supply and efficiency programs. The PC also made important recommendations around reviewing flow constraints, the salt export objective and the Australian standard for metering. NIC was pleased that many of the issues we raised with the PC were taken up and we will continue to push for more positive responses from Basin Governments.

NIC made an important contribution to a number of other reviews during the year: the Vertessy report following the Darling River fish kills was important and NIC has continued to support work to improve connectivity, low flow protection and to implement many of the complementary measures that we have consistently advocated and that were endorsed by the report.

NIC is supporting the work initiated by the Government during the election campaign with the independent socio-economic panel and the review of the water market by the ACCC.

We talked about water market operations at our Swan Hill meeting in February because we were hearing concern, particularly, about transparency of the market and we included that in our [2019 Federal election policy document](#). With the support of a reference group, NIC [finalised a position paper](#) on the issue.

At our Dubbo meeting in 2018, we raised with the MDBA river managers concerns about deliverability in parts of the Murray system and associated with that, the losses. There was little response at that time, but it is pleasing now that both issues are being taken seriously. The Victorian Government has been more proactive on the issues than other Governments, but Ministers have been considering these issues at MinCo. It is important that in looking at solutions, Government engages our sector. Deliverability problems cannot be solved behind closed doors; a level of openness and transparency in discussions about calculations will enable losses being fairly apportioned.

In our advocacy and public comment, NIC continues to take positions which look to the medium to longer term. We cannot afford to advocate short term or knee jerk responses that will cost the industry and communities in the longer term. I believe we are effective and have the ear of all sides of politics and decision makers because we take a considered and practical position. That does not mean being the loudest voice, but it does mean understanding what is achievable and the impacts of actions.



## Getting our side of the story across

During 2018/19 we did a small trial of some direct social media marketing of positive stories about irrigators contributing to the environment. Our *Sustainable Stories* website covers the basic stories and in addition, we had a [facebook page](#) @sustainablestoriesaustralia which was regularly updated.

The concept behind *Sustainable Stories* was to show people, who are concerned about the environment, that irrigators are part of the solution rather than the problem.

Many irrigators manage land with beneficial environmental outcomes. The media and general public are often not aware that important wetlands exist on private properties – not just in the high profile Ramsar listed wetlands.

*NIC's media releases*  
[www.irrigators.org.au](http://www.irrigators.org.au)  
Our twitter site is [@Nat\\_Irrigators](#)

For this project we put together three case studies and promoted the videos to a targeted audience. It was a modest expenditure, but we saw our videos get 23,000 views in the period that they were promoted.

NIC continues to be active in traditional and social media, though still outgunned by some of the well-resourced irrigation critics. But by working closely with other peak groups, including NFF, when critical stories are around we have been able to be a part of a much improved response during those challenging periods. I was heartened by the collective industry response to the un-balanced and inaccurate 4Corners report on efficiency programs.

## Membership and administration

Membership of NIC has grown again this year with thirty-four organisations now members. It is particularly good to see membership interest from some of the former SunWater schemes in Queensland - now owned and managed by their customers, this year we welcomed Mallawa Irrigation as a new NIC member.

Three new observer members also joined during the past year in Duxton Capital, Boundary Bend and Select Harvests. It is important that we have a range of perspectives from our sector represented in our policy discussions.

I am amused when I hear some voices portraying NIC as a big well-funded lobby group or a representative of some sort of imaginary corporate bogey man. The fact is our entire operation runs on a very small turnover and our membership is overwhelmingly profit-to-members or not-for-profit. Our funding comes from our members!

I thank all of our members for the constructive way they all engage as a part of NIC and also board directors who give their time voluntarily and enthusiastically.

Thanks for your support.

**Steve Whan, CEO**

# Our Advocacy

Meetings between NIC leadership and the Minister for Agriculture and Water Resources and the Minister for the Environment and Energy are a critical part of our advocacy to ensure the voice of irrigated agriculture is heard in Government. Engaging federal Ministers, Senators and Members across all parties keeps parliamentary representatives briefed on the issues of importance to our members.

Three face to face meetings of the Council during the year provide a forum for NIC members to work through solutions to the most pressing issues identified, that are relevant to members both inside and outside the Basin. NIC's sub-committee structure and ad hoc reference groups provide the appropriate mechanism for policy development both during Council meetings and outside scheduled face to face meetings.

Council meetings provide an opportunity for members to interact with senior officials from the Department of Agriculture and Water Resources, the Department of the Environment and Energy, the Commonwealth Environmental Water Holder (CEWH), the Murray-Darling Basin Authority and the Bureau of Meteorology and other stakeholders.

Government and related inquiries provide a platform for NIC to advocate on behalf of members on issues of importance to the sector and provide submissions to:

- Department of Agriculture and Water Resources on Efficiency measures additional criteria for on-farm projects.
- House of Representatives inquiry into the management and use of environmental water.
- Productivity Commission's (PC) Five year review of the Murray Darling Basin Plan
- Response to the PC's draft Five year review of the Murray Darling Basin Plan.
- South Australian Royal Commission on the Murray Darling Basin Plan
- Senate Standing Committee on Environment and Communications: Murray Darling Basin Commission of Inquiry Bill 2019
- Senate Standing Committee on Rural and Regional Affairs and Transport: committee inquiry Export Control Amendment (Banning Cotton Export to Ensure Water Security) Bill 2019.
- Independent Panel: Assessment of social and economic conditions in the Basin: comment on the Panel's draft terms of reference.
- Senate Environment and Communications Legislation Committee inquiry into the Water Amendment (Purchase Limit Repeal) Bill 2019
- ACCC inquiry into the operation of the water market.



*Energy Minister Angus Taylor visiting Pioneer Valley Water, Qld 2019.*

*Photo: Joseph Borg, Chairman Mackay Area Committee, Deputy Chairman Pioneer Valley Water and Kevin Borg, Chairman Mackay Canegrowers Limited.*

# NIC Sub-Committees

NIC sub-committees are pivotal in the development of NIC's policy positions on key policy. This includes in the development of NIC position statements and submissions to Government and Government related inquiries.



**Former Energy Minister Josh Frydenberg discussing energy issues with Steve Whan (National Irrigators' Council), Warren Males (Canegrowers) and Dale Holliss (Bundaberg Regional Irrigators' Group).**

*Courtesy National Irrigators' Council*



**ReAqua solar diesel hybrid system, Narromine, NSW**

*Courtesy National Irrigators' Council*

**Energy sub-committee:** Energy policy failure in Australia has continued to undermine the viability of our highly productive and efficient agricultural sector which produces food and fibre for domestic and export markets, and destroying our capacity to be a competitive global food producer to put fresh food on the tables of Australian households.

NIC's energy sub-committee has led a strong advocacy campaign, in collaboration with other peak industry bodies, to bring to the attention of governments, the impact of the unsustainable cost of electricity on agriculture and to secure a fairer electricity pricing system in Australia to ensure that network supplied electricity remains a cost effective energy source for food and fibre producers.

NIC and the Ag Energy Taskforce (established in 2014) continue to participate in the raft of Government related inquiries and reviews in the energy space as well as supporting, and advocating for, industry transition to renewable technology. Advocacy has centred on a cultural shift away from the entrenched relationship between the regulators and the networks, with greater opportunity for businesses and consumers to fully participate in appeals and review processes.

The energy committee and the Taskforce developed a series of recommendations to Government which included seeking a 30% reduction in regulated electricity prices based on the 2014-15 financial year and a medium to long term price averaging 8 cents per kilowatt-hour for electrons.

The committee and the Taskforce engage key stakeholders in the energy sector including Energy Consumers Australia (ECA), the Australian Energy Regulator (AER), the Australian Energy Market Commission (AEMC), the Australian Energy Market Operator (AEMO), ARENA (Australian Renewable Energy Agency) and the CEFC (Clean Energy Finance Corporation). During 2018/2019, NIC and the Agriculture Energy Taskforce provided a large number of submissions on a range of issues to these bodies.

**Groundwater sub-committee:** The committee was established in 2009 to provide input on groundwater policy and management, particularly in relation to the Basin Plan. Working in partnership with industry organisations, the committee was instrumental in successfully challenging the proposed reductions in groundwater sustainable diversion limits in the Guide to the Basin Plan. The committee has also directed its attention to the MDBA groundwater trading rules and the proposed changes to the water trigger in the EPBC Act which would allow the responsibility for assessing the impacts of large scale coal mining and coal seam gas developments on water resources to shift from the Commonwealth to the states.

**Irrigation Infrastructure Operators (IIO) sub-committee:** The committee provided significant input into the ACCC’s review of Water Charge Rules. The intent of the review was to reduce the administrative burden on business without removing or altering the principles for the rules.

The process has taken some years to complete with the new water charge rules due to commence on 1 July 2020. The committee has been vigilant and constructive to ensure no additional administrative costs on irrigation infrastructure businesses as a result of the changes.

## Leadership in Agriculture

NIC received funding in 2018/19 from the Department of Agriculture and Water Resources to offer leadership courses to member organisations through the *‘Building Leadership Capacity across the Irrigation Sector’*. The funding enabled fourteen people to undertake the Australian Institute of Company Directors Course; three to complete the Australian Rural Leadership Foundation Trail program and two participants to join the Peter Cullen Trust program.

Participation in the courses strengthens the capacity of NIC members to engage in the challenges faced by the agriculture sector, to improve the confidence of participants in leadership and management standards.



Above: Bundaberg Regional Irrigators’ Group’s Tanya Howard and other Australian Rural Leadership Foundation TRAIL program participants, near Canberra ACT



Left: Murray Irrigation Chairman, Phil Snowden receiving the Peter Cullen Trust certificate from outgoing Trust Chairman, John Thwaites, Canberra ACT

# Irrigated Agriculture in Australia

Australian farmers growing irrigated agriculture product perform a vital role feeding and clothing Australians and the world, making a major contribution to the social and economic wellbeing of many rural communities and to the national economy.

Irrigators operate in all states of Australia producing a variety of fresh and bulk foods and other commodities. Major irrigated foods include fruit and vegetables, dairy products, nuts, rice, fruit juice, wine, sugar, cereal grains and sheep and beef cattle. Sustainable irrigation is the key that has made the Australian cotton industry, for example, a global leader and a highly sought after product.

In 2017-18, *total Gross Value of Irrigated Agricultural Production (GVIAP)*<sup>1</sup> {ABS} increased to \$17.7 billion (up 14%). The four commodities with the highest GVIAP were:

- Fruit and nuts (excluding grapes) at \$4.2 billion (up 20%)
- Vegetables at \$3.4 billion (up 3%)
- Cotton at \$2.3 billion (up 52%); and
- Dairy products at \$2.2 billion (up 37%).

Combined, these four commodities accounted for 69% of total GVIAP for the 2017-18 year.

The **Murray Darling Basin** is Australia's most important agricultural region, with irrigated agriculture a key component. The most recent ABS figures show that irrigators grew 36% of the value of production in the Basin, worth more than \$8.6 billion in 2017-18. As a wholesale value that number is likely to underestimate the full flow on impact in the communities of the Basin.

The Murray Darling Basin Plan is the latest in a series of reforms since the 1990s that has reduced access to water for agriculture; under the Basin Plan 1 in every 5 litres of water previously available for irrigation has been returned to the environment. This has produced hardship for irrigation communities particularly where the water has been recovered mainly through buyback. Negative impacts are particularly exacerbated in times of severe drought.

With four years of Basin Plan implementation remaining, independent reviews suggest positive early benefits have been achieved for the environment, though significant challenges remain, particularly with the potential for further harm to communities.

**Access to Water:** Agriculture uses 65-70 per cent of the water consumed in Australia per annum and irrigation uses 90 per cent of that. The vast majority of irrigated water use is controlled by regulations and licences. Irrigators need an authorised allocation to extract specified amounts of water from rivers or bores (groundwater) or from irrigation supply systems. For some products such as rice, irrigators require special permission from governments to grow the crop.

Irrigators do not have a guaranteed right to water every year. In surface water systems irrigators have water entitlements that allow them a percentage share of the available pool of water every year.



*Balonne River, Qld*

*Photo courtesy Qld Department of Natural Resources, Mines and Energy*

Governments make allocation announcements throughout the year based on the needs of the environment and urban communities and the amount of water stored in dams, rainfall and run-off or the amount of water flowing in rivers and streams. The amount of water available for irrigation varies from year to year, as does the level of production from water use.

Some irrigators rely on delivery of water through government or privately owned schemes and channels, while others pump directly from rivers into private dams, subject to strict government rules.

The task of delivering continued environmental improvement across Australia's river systems and waterways must be viewed as a long term process. Similarly, the process of adjustment to water reform by Australia's food and fibre producing irrigated agriculture sector, for industry and communities, is occurring over the long term.

As part of water reforms over a twenty year period, including the National Water Initiative followed by the introduction of the Murray Darling Basin Plan, the irrigated agriculture sector has played a significant role in supporting the restoration of the environment of Australia's river systems. Social and economic analysis tells us that the removal of water through acquisition has been devastating for many communities.

As a result of these reforms, the Commonwealth now holds vast quantities of water for environmental use and it would therefore be expected that, over time, that water is delivered and monitored along with the environmental outcomes. And as the largest owner of water in the Murray Darling Basin, with a significant position in the water trading environment, it would be expected that the Commonwealth Environmental Water Holder (CEWH)'s water trading guidelines include consideration of its impact on the market as a result of any trading activity.

**Achieving a balanced Basin Plan:** Since the commencement of the Basin Plan, NIC has supported a balanced Basin Plan with triple bottom line outcomes, achieving a balance between social, environmental and economic outcomes to ensure healthy viable communities and a sustainable environment for the future.

NIC has also argued that the idea of 'just adding water' in the name of environmental improvement was a flawed policy approach; we flagged that this approach would have major impacts on producers, on industries and communities and fail to produce the desired environmental outcomes. Our commitment remains to genuine reform but not at the expense of a viable, productive irrigated agriculture sector. We have argued that implementing the Plan must occur in the manner that was promised, and that is an unwavering adherence to the commitments given to the irrigated agriculture sector and Basin communities by the Government and the Murray Darling Basin Authority (MDBA).

These include:

- willingness to reduce the amount of water to be recovered through improved river management and more efficient environmental watering
- adaptive management and 'localism', and integration of environmental, social and economic modelling



*Former Water Minister David Littleproud, visiting Murray Irrigation, southern NSW*

*Photo courtesy National Irrigators' Council*

- no changes that would impact on the reliability of irrigators' water allocations
- no changes to rules that would result in negative impacts on third parties
- no changes that would lead to a change in the characteristics of a class of water due to that water being transferred to the Commonwealth (for example, the use of a mega litre of general security water held by the Commonwealth's must be governed by the same rules and terms as apply to an irrigator holding a like entitlement).

Government investment in infrastructure is enabling water to be saved on farm, supporting greater productivity across many industries and the direct employment in irrigated agriculture. This also provides opportunities for the development of local industries, supporting the social and economic future of communities.

Under the Sustainable Diversion Limit (SDL) adjustment mechanism it has been estimated by the Murray Darling Basin Authority there are opportunities for supply and efficiency gains in the suite of projects now under consideration to deliver 605GL.

In keeping with the promise of 'localism' and 'adaptive management', local knowledge and input must be reflected and incorporated into Government decisions. It is in the interest of irrigators and irrigation dependent communities to support health working rivers and river systems.

**A healthy environment:** The trajectory of reform under the Basin Plan has focused heavily on water as a singular management solution to address environmental challenges in our river systems. The focus on delivering large volumes of water is taking precedence over the welfare of people, communities and agriculture food and fibre production.

NIC's continued objective is to challenge the theory of 'just add water' as the solution to a complex structure of environmental challenges in the Basin. We have argued for a balanced Plan that comprehensively considers the needs of people, communities and food and fibre production in parallel with the environment.

This requires a shift away from flow targets and volume of water, to a greater focus on outcomes. Flow targets are not an adequate measure of the health of a river; the success of the objectives and the role of the Commonwealth Environmental Water Holder (CEWH) must be measured in environmental outcomes. These would be supported through the adoption of a range of **non-flow or complementary measures** designed, for example, to improve the river habitat for native fish species, restore fish passage, eradicate and/or reduce feral species and other key environmental measures.

This approach received endorsement from the Productivity Commission in its first Five Yearly Assessment of the effectiveness of the Basin Plan as required by the Water Act 2007. The Commission recommended that: *Basin states should manage the risks to achieving the environmental watering objectives set out in long term watering plans by delivering complementary waterway and natural resource management measures (such as habitat restoration or weed and pest control).*

Basin state governments agreed with the recommendation noting that providing water is in itself is not necessarily enough to secure environmental outcomes.

The Northern Basin Review also made recommendations about the need to implement complementary or non-flow measures. The Review demonstrated that the acquisition of more water for the environment delivers a questionable level of environmental benefit while resulting in higher levels of social and economic pain.

The irrigated agriculture sector views complementary measures as potentially so effective that they could achieve better environmental outcomes than recovering further water and should be adopted as part of achieving the remainder elements of the Basin Plan.

Measures improving riverine and riparian outcomes have been routinely delivered through successive federal government programs such as Caring for our Country and the National Landcare Program. Investment supporting a range of measures will enable the Basin Plan's environmental objectives over the short, medium and long-term to ensure native species have the greatest opportunity to thrive.

Complementary Measures (also known as toolkit measures in the Northern Basin) will facilitate:

- delivering equivalent ecological outcomes required to meet Basin Plan objectives that will not be met through existing water recovery measures
- supporting the rehabilitation of native fish species
- improving productivity within aquatic ecosystems
- increasing the resilience of threatened species
- improving social and economic prosperity from aquatic resources
- contributing to the achievement of cultural water objectives.

This approach will deliver the Basin Plan's environmental objectives over time without additional collateral damage to regional communities. Such measures fall into two categories, fundamental interventions or actions required to achieve improved ecological outcomes in our river systems, or new opportunities for operation and management of environmental resources.

Complementary or, non-flow, measures might include:

- a) Carp control through the release of the Carp Herpes virus
- b) Appropriate management of cold water pollution
- c) Improvement of fish migration through fish ways along the Barwon-Darling and tributary catchments
- d) Restoration of native fish habitat
- e) Feral animal control in wetlands such as the Narran Lakes, Gwydir Wetlands and Macquarie Marshes.
- f) Riparian land management
- g) Weeds eradication.



**Irrigated agriculture and climate change:** With the global demand for food and fibre steadily increasing against the backdrop of a world population forecast to exceed 9 billion by 2050, Australia is well-positioned to be at the forefront of this global demand, including taking up the opportunities this presents. At the same time, there are challenges for the sector as part of its responsibility in meeting the climate change task and meeting community expectation to reduce emissions, while participating in the broader effort to contribute to global action.

Climate variability is not new for farmers. The agriculture sector has over a long period worked with a variable climate, adapting to significantly reduced water during times of drought. For the irrigated agriculture sector in particular, irrigation storages and the trading platform have been built in Australia as a way to ensure capacity to produce food and fibre during prolonged dry conditions. The ability to store water for use in dry times is the very essence of irrigation, serving as one of many drought mitigation measures and to also serve as a climate change mitigation measure.

Climate change and climate change policy impacts on irrigators in two key areas – water supply (including changes in run-off into catchments) and energy policy. While efforts to ameliorate climate change impacts on the environment are supported, it is not possible to avoid all negative impacts, and it would therefore not be reasonable to expect food and fibre producers and the communities to bear the whole burden.

NIC recognises climate predictions that suggest less run off overall and more variability with storm events and drought. This presents challenges for agriculture and the community and in the medium to longer term, it will mean long term averages change.

The success of agricultural businesses depends on the capacity of the sector to continue to innovate and adapt, using best practice to manage climatic risks and securing investment for the future. This includes the uptake of opportunities provided for the sector's participation in carbon markets to contribute to Australia's emissions reduction goals.

Energy costs continue to present a major barrier for Australian irrigated agriculture. Energy for pumping and pressurising irrigation water is a significant part of the cost structure for food and fibre production, reducing industry competitiveness.

The irrigated agriculture sector expects to play a part in moving to lower carbon emissions and meeting Australia's international obligations and community expectation. The evidence shows that agriculture has been an enthusiastic leader in the take up of renewable energy – where it is able to be shown to be cost effective for the farming business.

NIC has actively participated in policy development on energy related issues and advocated programs supporting the take up of renewable energy by food and fibre producers.



*Burrima, Macquarie Marshes, western NSW  
Courtesy National Irrigators' Council*

**Water reform over many decades:** Recognition of the need to improve the coordination of water management and water use efficiency in Australia is broadly embedded in many of the significant policy frameworks over recent decades.

Following Federation, regulation of the River Murray system was one of the first issues addressed. A period of drought beginning in 1895 culminated in the '*Federation drought*' of 1901–02. A conference held in Corowa in 1902 called for government action to manage the waters of the Murray River. Significant negotiation followed during which the states claimed property rights over the waters of the Murray and its tributaries.

Negotiations were finally concluded in 1915. The River Murray Waters Agreement, to which the Commonwealth and the states of New South Wales, Victoria and South Australia were parties, set out the basic conditions which remain in force today:

- flow at Albury is shared equally between New South Wales and Victoria
- Victoria and New South Wales retain control of their tributaries below Albury
- Victoria and New South Wales supply South Australia with a guaranteed minimum quantity of water or "entitlement".

The agreement also provided for construction of dams, weirs and locks on the main stream of the Murray to be managed by the River Murray Commission, which was established in 1917. At that time, the River Murray Waters Agreement was limited to the management of water for irrigation and navigation.

The Murray–Darling Basin Agreement: It became apparent that there was a need for a coordinated approach to management of the Basin as a whole. Following negotiations beginning in 1985 the Murray–Darling Basin Agreement was signed in 1987. In its initial form, it was as an amendment to the River Murray Waters Agreement. In 1992, a new Murray–Darling Basin Agreement was signed, replacing the River Murray Waters Agreement. The Agreement was given full legal status by the Murray–Darling Basin Act 1993 which was passed by all the contracting governments. Queensland and the Australian Capital Territory later joined the agreement.

The purpose of the Murray–Darling Basin Agreement was '*to promote and coordinate effective planning and management for the equitable, efficient and sustainable use of the water, land and other environmental resources of the Murray–Darling Basin*'. The Agreement established new institutions at the political, bureaucratic and community levels. These were:

- the Murray–Darling Basin Ministerial Council (MDBMC);
- the Murray–Darling Basin Commission (MDBC); and
- the Community Advisory Committee (CAC).

The 1994 Council of Australian Governments (COAG) water reform framework and subsequent initiatives recognised that better management of Australia's water resources is a national issue. As a result of these initiatives, states and territories have made considerable progress towards more efficient and sustainable water management over the past 10 years. For example, most jurisdictions have embarked on a significant program of reforms to their water management regimes, separating water access entitlements from land titles, separating the functions of water delivery from that of regulation, and making explicit provision for environmental water.

The 1994 COAG reforms represented agreement on initiatives that saw specifically:

- water pricing reform based on the principles of consumption-based pricing and full cost recovery;
- elimination of cross subsidies and making other subsidies transparent;
- clarifying water property rights;
- allocating sufficient water for environmental purposes;
- facilitating and promoting water trading;
- rigorous assessment of new rural water projects, and
- reforming water industry institutions.

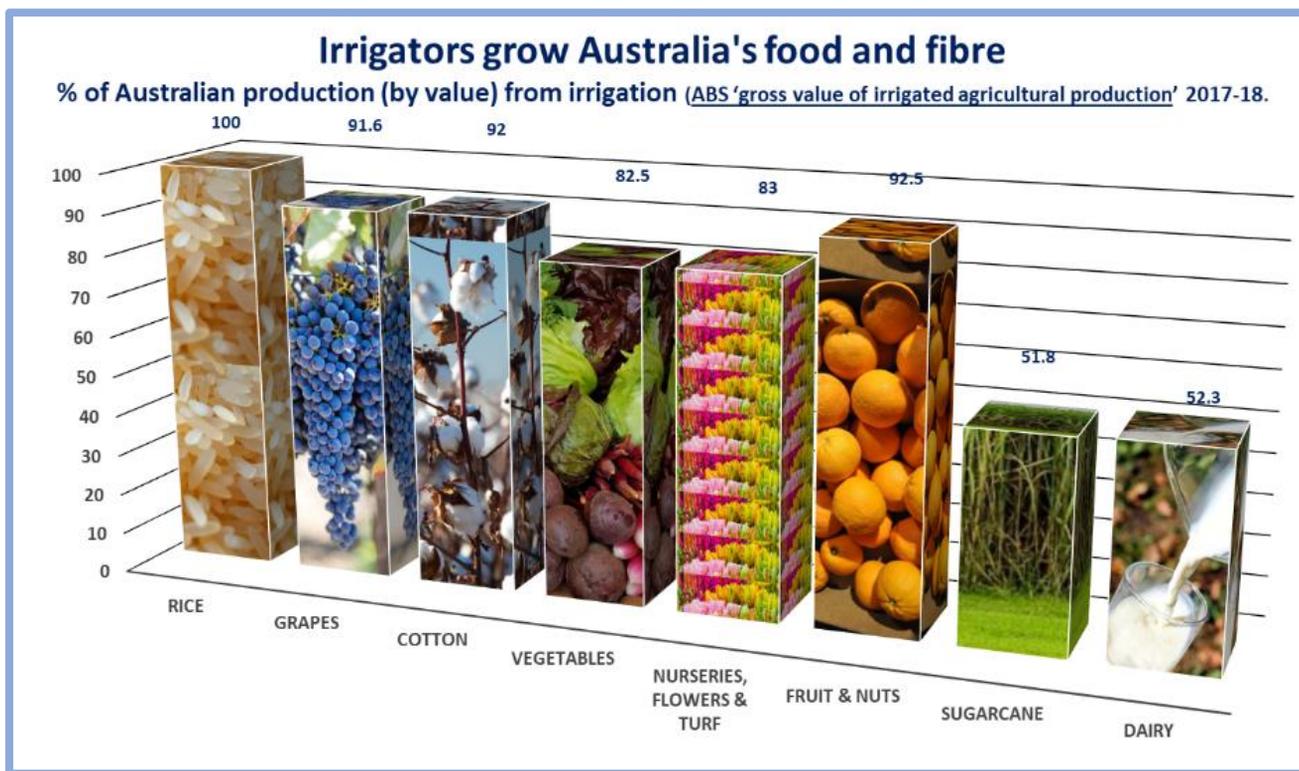
The lack of satisfactory progress under the Murray-Darling Basin Agreement and recognition of water challenges elsewhere in Australia, led to the adoption of the 2004 National Water Initiative (NWI) which recognised the need to support healthy working rivers and groundwater systems. Key elements included reforms such as improved water planning, water trading and water accounting. Jurisdictions have progressed reforms, including the management of environmental water.

The NWI included a commitment to restore at least 500 gigalitres of environmental flows to the Murray Darling Basin and recognised the need for investment to maximise the economic, social and environmental value of Australia’s water resources.

NWI principles have resulted in an entitlements framework that supports entitlements holders’ property rights; it has also supported the development of both an annual and permanent water market. NWI principles were designed to give confidence to irrigation dependent communities, to economic development and to the environment. The objective was to *‘achieve a national compatible market, regulatory and planning based system of managing surface and groundwater resources for rural and urban use that optimises economic, social and environmental outcomes’*.

The Commonwealth Water Act 2007 commenced in March 2008 and was amended by the Water Amendment Act 2008 in December 2008 following the March 2008 Memorandum of Understanding on Murray Darling Basin Reform and the July 2008 Intergovernmental Agreement on Murray Darling Basin Reform.

The Murray Darling Basin Authority (MDBA) was established under the federal Water Act 2007 as an independent, expertise based statutory agency. The MDBA is the body responsible for overseeing water resource planning in the Murray-Darling Basin. The Water Act also established the Commonwealth Water Holder (CEWH) to manage the Commonwealth’s environmental water.





# National Irrigators' Council

*Food and fibre for the nation*

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