

# Report to 2018 AGM

## Steve Whan, CEO

It has been a challenging but ultimately reasonably successful year in terms of our input to policy and some outcomes.

The challenges to the irrigation industry over the year were quite tough, but out of the process, NIC has emerged with a strong reputation with decision makers, Government and Opposition, media and even some sensible elements of the conservation sector, as being reasonable, pragmatic and able to work towards good outcomes.

### Water Policy



*Appointed early this year, Minister Littleproud moved quickly to resolve a number of Plan issues.*

When I reported to Council this time last year, we had just seen the ABC 4Corners report and I commented at that time that *“we need to focus on how we can keep things on track in a way which doesn’t allow opponents of irrigation, and the people who see political benefit in sinking the Plan, succeed.”*

As we now know those people came close to doing just that. The combination of ongoing media coverage, strategic releases of negative stories by opponents of the Plan with parts of the ABC and the Guardian, along with a South Australian election, saw the northern basin amendment initially rejected by the Parliament and significant doubt cast over whether the critical 605GL SDL adjustment measures would be approved.

We contributed to the defence of the industry and to constructive discussion with decision-makers about how to reach agreement. NIC continues to be recognised as a trusted key industry voice and we are often first point of contact for media on Basin Plan issues.

Again my report last year highlighted the fact that the demise of the Basin Plan would not be positive for the irrigation sector.

There is no realistic political scenario that could see water recovered for the environment returned to irrigators. A failed Basin Plan would most likely mean a future federal government moving to achieve the legislated 2750GL target and a potential in future 3200GL target through buybacks and efficiency measures, not supply measures and with no ‘toolkit’ or complementary measures.



National Irrigators' Council

The major achievement of the past year has to be the maintenance of bipartisan commitment to the Basin Plan including to the offsets and to no further buyback.

It is a credit to the Minister for Agriculture and Water Resources and the Shadow Minister that this outcome was achieved and, while we were not privy to the details of the agreement made between the government and opposition prior to the announcement, NIC did play a positive role in helping the communication that led to an agreement.

We are left with many challenges; some come from water reform processes underway, particularly in New South Wales, some come from elements of the agreement made between government and opposition including linkages of the up and down water components, and some are very the practical problems which are well highlighted by the recent Productivity Commission draft report on the 5 Year Assessment.

It was critical that we got the SDLAM package up - but getting the projects themselves in place and achieving the estimated gains is a huge risk. Industry and communities can't afford to sit back and wait for Governments to do the work. We need to engage and we need to urge Government to allocate the resources so that this critical engagement is thorough and comprehensive. .

Similarly on the 450GL up-water, I cannot emphasise how important it is that we participate at every opportunity to ensure that Governments do get an adequate socio economic impact test and don't fall back on one size fits all on farm programs.

We have managed to have a positive impact on a number of the reviews that have been held this year. From the very simple recognition in the final NSW Matthews report that the vast majority of irrigators do the right thing, through to some detailed recommendations from the Productivity Commission that reflect our positions on complementary measures, community engagement and a number of other key issues.

We also saw a number of our positions reflected in the Productivity Commission's final report earlier in the year on progress of water reform.



*Telling a positive story of the environmental impact of the Basin Plan at the IAL conference in June with the CEWH and academics from Melbourne and Canberra Universities*



## Energy Policy

We continue to have mixed results on advocating for a fairer outcome on electricity prices

On the positive side NIC and our partners on the Agriculture Industries Energy Taskforce (the Taskforce) punch well above our weight in having our views heard, in an environment dominated by cashed up companies with hundreds of paid experts determined to maintain the status quo.

We have had some success in having our arguments recognised and recognition that agriculture is one of the key areas affected by high energy prices. This has been commented on by key reviews, other lobby groups and to an extent, regulators.

NIC convenes the Taskforce and with that group, we have produced over several years a number of proactive submissions to the myriad of reviews around energy policy. NIC takes the lead on the majority of those submissions with work undertaken by Joy and myself, along with NIC board members Dale Holliss and Gavin McMahon and other organisations including CANEGROWERS, Queensland farmers, New South Wales farmers and Cotton Australia.

One thing that has helped us to be more influential is that we have received two Energy Consumers Australia (ECA) grants. These have enabled us to fund expert research which is needed if we are to participate on an equal footing in the complex technical issues. The ACCC retail electricity inquiry report released during the year, included key commentary on overcharging for networks which reflected very strongly the position put forward by NIC and the Taskforce. This was encouraging but it remains to be seen what appetite Governments have for many of the ACCC recommendations. .

Energy prices and the policy debate is not the fight over coal or climate change policy as it is so often portrayed by media. Having reliable base load supply is a factor, but it is only one factor, and it is a concern that massive failure of the market itself, as if so often the case, is overshadowed in the current political and media debate.





We put a lot of effort into engaging with the Energy Security Board (ESB) on the design of the National Energy Guarantee (NEG) over the past year. We never argued that the NEG was perfect but it was good chance of achieving bipartisan national energy policy and it was disappointing that it was ditched and now we are again back at square one

At the same time we continue to engage with the AER over the rules under which the market operates. This proves to be a frustrating process. At one stage during the year a senior AER member told us that we need to speak the industry's language; we suggested the AER needed to speak Australia's language and put consumers and the national interest first.

Our ECA funded research has shown that the industry is making super profits on its infrastructure investments and is able to do so because of rules allowing rate of returns that fail to reflect the low-risk environment monopoly operators enjoy.

We provided some very strong argument in this area.

In a sense though we are outsiders in a sector where the experts seem to swap from regulator to power company with some frequency and where there is a distinct lack of desire to rock the boat.

A core example of this is in a key guideline (and potentially law) currently being developed outlining acceptable Rate of Return on infrastructure. This guideline is being constructed entirely separately from any real world assessment of actual profits being made by electricity companies. Something you will hear more about today from Sapere Research Group.

We continue to draft submissions and lobby in the energy space but it is an area where to be competitive we need to source additional resources.



*Reaqua's solar pumping project near Dubbo was completed recently and opened by NSW Minister the Hon Niall Blair. Demonstrating the potential for renewable energy on farm.*

## Making the case

NIC has a reasonable media presence for a small organisation, we have issued more than 45 media releases over the period since our last AGM and many of those have had good take up by rural media with some making it into larger national media. Social media sharing of our comments and updates has been quite positive and I would urge everyone on social media to follow NIC and share stories when you feel you can.

We have been working on some positive case studies which were conceived as a way of trying to tell a more positive story about interaction with the environment. These have taken a lot longer than anticipated and been quite difficult but I hope they will form the basis of something we can expand and can promote on social media to a target audience outside the people who already agree with us.

Please check out our web site [www.irrigators.org.au](http://www.irrigators.org.au) and follow NIC on twitter @Nat\_Irrigators, on facebook @IrrigatorsCouncil and encourage people to sign up for the updates.

We provided around 18 submissions to inquiries since the 2017 AGM, much correspondence on our key issues, with a few complaints to the ABC thrown in.....

The submissions were:

- [September 2018 – NIC comment on ACCC collective bargaining class exemption discussion paper](#)
- [September 2018 – NIC response to draft Productivity Commission five year review of the Murray Darling Basin Plan](#)
- [July 2018 – Agriculture Industries Energy Taskforce research report Empowering irrigation consumers electricity purchase arrangements](#)
- [July 2018 – Agriculture Industries Energy Taskforce submission to ESB draft detailed design of the National Energy Guarantee](#)
- [July 2018 – Ag Industries Energy Taskforce submission to COAG Energy Council NEG detailed design Commonwealth elements paper](#)
- [June 2018 – Re. National and NSW Irrigators' Council Submission to Fresh Food Pricing Inquiry](#)
- [May 2018 – AER Rate Of Return Guideline Process](#)
- [May 2018 – Submission to AER position paper on Profitability measures for network businesses](#)
- [April 2018 – Productivity Commission's five year review of the Murray Darling Basin Plan](#)
- [April 2018 – House of Representatives Inquiry into the management and use of environmental water](#)
- [April 2018 – South Australian Royal Commission Murray Darling Basin Plan](#)
- [March 2018 – Agricultural Industries Energy Taskforce submission to the National Energy Guarantee design discussion paper](#)
- [Agriculture Industries Energy Taskforce AER Discussion paper Profitability measures for regulated gas and electricity network business](#)
- [Commonwealth Environmental Water Holder Framework for Investing in Environmental Activities](#)
- [Agricultural Industries Energy Taskforce submission to COAG Energy Council consultation paper on consumer resourcing](#)
- [NIC comment on MDBA SDL adjustments assessment](#)
- [NIC response to Productivity Commission Interim report on National Water Reform](#)
- [National Irrigators Council submission to Senate Rural and Regional Affairs Committee](#)





*Attending Murray Irrigation Limited's Special General Meeting earlier this year*

### **Admin and finances**

Membership grew again over the past year, something that is encouraging, although we did lose a member as well (Murray Goulburn). NIC now has 32 member organisations or companies.

As you will see from the financial reports we are in a sound position.

We continue to run a very lean operation with Joy and myself in the office and I would suggest our access to decision makers and profile rates well compared with many much larger organisations.

I would like to thank Joy for her continued work along with the Board, who put in their effort on top of their day jobs. In particular, I thank Tim McKindlay our Deputy Chair, who is stepping down from the Board at this AGM. Tim joined the Board in 2012 and, in my time here, has always proved to be constructive and encouraging.

I acknowledge also the very constructive way all our members have engaged in some quite challenging issues over the past year. There are often differences in impacts in local areas and often what's good for the majority may not be positive for individual valleys. However, what impresses me in this organisation is the ability of our members to see the broader picture.

Finally, please let us know when your AGM is scheduled or any other significant event in your region so we can plan ahead. Over the coming year, I would like to get to more of these events.

Thank you for your continued support.

A handwritten signature in blue ink, which appears to read 'Steve Whan'.

Steve Whan  
CEO