

CEO Report to 2019 AGM

Steve Whan



It might seem like a long time ago, but we had a Federal Election, NSW election and Victorian election over the year since our last AGM. We've also had an avalanche of 'opportunities' to comment on energy 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.

Going into drought should illustrate, for the rest of the community, why we need irrigation infrastructure. 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.

\$17.6 billion
of irrigated production

\$8.6 billion
from Basin irrigators

As the drought became worse 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.

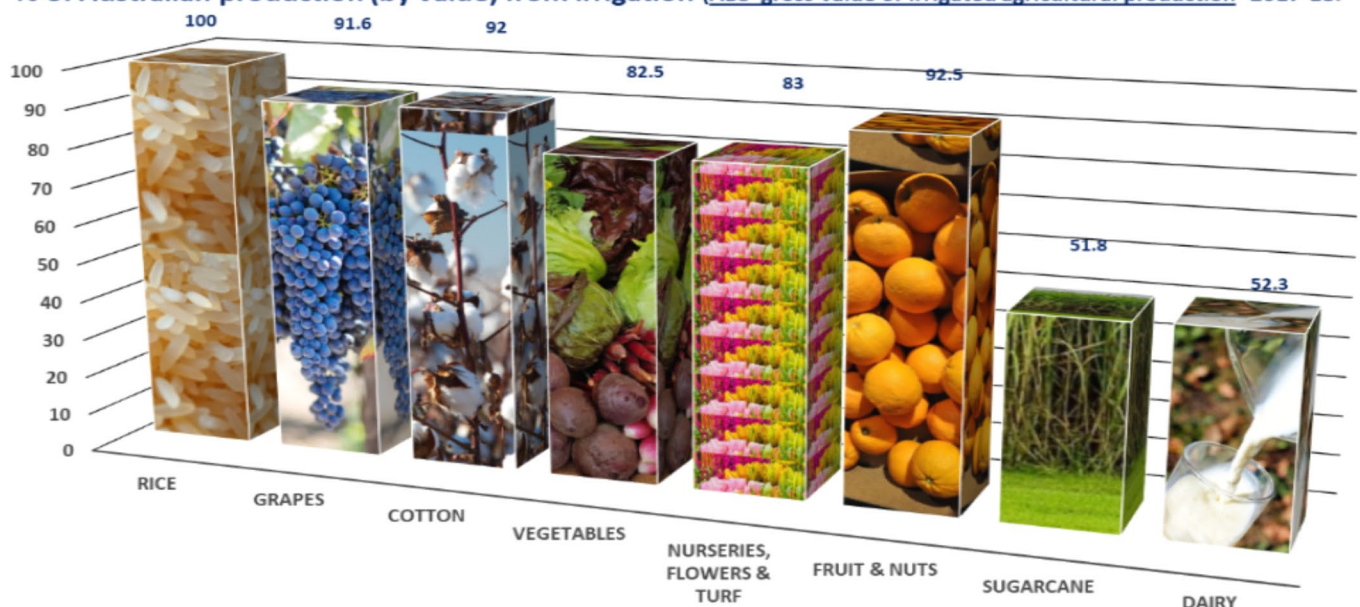
The drought meant more farmers needed irrigation to supplement rainfall and complete their crops, as a result the percentage of total agricultural production for the Murray Darling Basin that was irrigated went from 29% to 36%.

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, so that 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 highlights the challenge NIC, and many of our members, face in the current environment.

Irrigators grow Australia's food and fibre

% of Australian production (by value) from irrigation (ABS 'gross value of irrigated agricultural production' 2017-18).



Energy

NIC's work on energy through our energy committee and the [Ag Energy Taskforce](#) continued to focus over the past year on several streams: 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.

As NIC, and on behalf of the Taskforce, we 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 stand-alone power systems and the need for a wholesale demand response mechanism.



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

We engaged with Government, Opposition and the Greens on a number of our policy requests and continue to have excellent access. It was very pleasing to see the Energy Minister, the Hon Angus Taylor, visiting several of our members during the year to see issues we were raising for himself – that included visiting Pioneer Valley Water and Bundaberg Regional irrigators in Queensland, and Central Irrigation Trust in South Australia. I have met with the Minister in recent weeks and was pleased to hear him giving me feedback about how he felt he could help in these cases.

The complexity of responsibility and ownership in the energy sector makes getting positive results a very long and complicated process, but we continue to work to make small gains and join other consumer based groups in pushing on areas of more fundamental reform.

When it comes to supporting the adoption of technology or generation to reduce costs, we are actively engaged with Government in support of programs that can fund on farm energy audits, new or replacement equipment and so on, along with being involved as a partner in the first [Renewables in Agriculture Conference and Expo](#) being held in Wagga on 14 November.

Water

It's 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 including 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.



Minister Littleproud
visiting Murray Irrigation
earlier this year

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.

Not surprisingly the Basin Plan continues to be a major focus. It is difficult to sensibly discuss its implementation when simplistic, or sometime 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.

A [weekly report from the MDBA](#) recently said 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

**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**

of registered entitlement held by the Commonwealth Environmental Water Holder is very real and is doing what it was purchased for.

In saying this, I would hope that even the biggest advocates of water flowing out to sea could acknowledge that it is entirely understandable that farmers on zero allocations in the Murray, might be angry and frustrated by seeing water flow past them on its way there. Even more so, when we can see the damage being done to the environment in upper parts of the Murray caused by running the river at the top of its banks.

You would also hope that people who continue to blame the victims, for the worst drought in recorded history now affecting the Northern Basin, might develop some common sense and some humanity.

We have some very real long, and short, term challenges in the continuing implementation of the Basin Plan. However, at the core of the position NIC has taken is that the Basin Plan has to remain and that we should be working to overcome the challenges - not revisiting the whole plan.

The question anyone advocating a pause, rethink or pull out needs to answer is what is the alternative? 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.



NIC Members
during our Swan
Hill meeting field
trip

It is important to remember that the plan is Commonwealth legislation, and the targets in the plan are law. I can't see a scenario where the numbers would exist to wind those targets back, what I can see, unfortunately, is a scenario where if the State's fail to achieve the 605GL of benefit from the supply measures there would be more water purchased by the Commonwealth to meet the target.

That's 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. They also made important recommendations around reviewing flow constraints, the salt export objective and the Australian standard for metering. NIC was quite pleased that many of the issues we raised were taken up and we will continue to push for more positive responses from Basin Governments.

There were a number of other reviews during the year that NIC felt made an important contribution.

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 complimentary measures that we have consistently advocated and that were endorsed by the report.

We have also been 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](#). Following that we [finalised a position paper](#).

At our meeting in Dubbo, more than 20 months ago, we raised strongly with the MDBA (as the river manager) concerns about deliverability in parts of the Murray system and, allied to that, losses. At the time we didn't get much response, but it has been pleasing to see that both issues are now being taken seriously. Victoria has been more proactive on the issues than other Governments, but we have seen all Ministers consider the issues at MinCo. It is important that in looking at solutions Government engages our sector. Deliverability problems can't be solved behind closed doors, similarly only by being open and transparent about calculations will we all be able to be sure losses are being fairly apportioned.

NIC continues, in its lobbying and public comment, to advocate positions which look to the medium to longer term. We can't afford to advocate short term or knee jerk responses that will cost the industry and communities in the longer term.

We are effective and listened to by all sides of politics and decision makers, because we take a considered and practical position. That doesn't always 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 this year we did a small trial of some direct social media marketing of positive stories about irrigators contributing to the environment. Our [Sustainable Stories](#) web site has the basic stories and then on top of that we had a [facebook page](#) @sustainablestoriesaustralia which was being regularly updated.

The idea with Sustainable Stories is 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. Often the media and general public have no idea that important wetlands exist on private properties – not just in the high profile Ramsar listed wetlands.

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

**NIC's media releases are all
at www.irrigators.org.au**

**Our twitter site is
[@Nat_Irrigators](https://twitter.com/Nat_Irrigators)**

NIC continues to be active in traditional and social media, we are 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 at challenging periods. I was particularly pleased with 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 35 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 Mallowa 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 great to have a range of perspectives for our sector represented in our policy discussions.

I do roll my eyes when I hear some Greens politicians and environmental lobby groups trying to portray NIC as being a big well-funded lobby group or a representative of some sort of imaginary corporate bogey man. The fact is our entire operation – Joy and myself – runs on a turnover less than 1/10th of the Australia Institute (just as an example!). And our membership is overwhelmingly profit-to-members or not-for-profit. As for sources of funding, ours comes from our members and unlike those Green politicians and lobby groups they are [all listed on our web site](#).

Having said that, we can take some of those snide criticisms as a bit of a backhanded compliment, we do (in my opinion) deliver a level of professionalism and impact well above our size.

I would like to thank all our members for the constructive way they all engage as a part of NIC. Thanks also to our board members who give their time voluntarily and enthusiastically, and to Joy for all her work.

Thanks for your support.

Steve Whan
CEO

