



2017/18 IrrigationNZ Annual Report





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NICKY HYSLOP

Chair Report



Following on from a change in government in 2017, this year has continued to challenge our sector. The coalition government has signalled a shift in focus for farming to low emission high value produce. It has also said it will not support irrigation projects over 20,000 ha and will increase regulation around nutrient limits. Public interest in water and irrigation also remains high. All of this has put pressure on our social license to irrigate. IrrigationNZ takes these dynamics very seriously and our members have given us a strong message “How do we change the conversation in regards to water, storage, irrigation, food production and land sustainability”.

NEW GOVERNMENT IMPACTS IRRIGATION INDUSTRY

The new government’s focus to shift away from an agricultural economy driven largely by dairy, to one more reliant on high value export crops, has a significant impact on the irrigation industry.

The government is no longer in favour of supporting large-scale irrigation that is perceived to lead to dairy conversions; is tightening policy to quickly improve water quality (see the government’s Essential Freshwater announcement) and is undertaking work on water and nutrient allocation with a very real possibility that consents may be amended and charges applied to water or nutrient discharges.

While we are all on the same page in wanting to see demonstrable improvements in water quality, the solutions must be well thought through with a deep understanding of all the impacts on our regions and communities.

This government is wanting to diversify the economy; meet emissions targets as part of a climate change agenda and reduce impacts on the environment, particularly waterways.

These factors will impact our operating environment and we must be prepared to change and also to tell our side of the story, backed by facts and figures, to the right people to ensure policy outcomes enable us to continue operating, albeit in a slightly different way.

We need to share what is being done to protect the environment, provide New Zealand with food and support the national economy and our regions.

INZ RESPONDS TO CHANGE

To help our members navigate changes as a result of the new coalition government, growing public concerns and to align with this new national direction, we got to work earlier this year on a new strategy, which will be launched tonight. We sought member and stakeholder input and feedback and really appreciate the time members took to inform our thinking and ultimately our “New Strategy”.

Using the strategy, we want to contribute to creating an environment where irrigation is part of a thriving and sustainable New Zealand. Through five pillars of work we want to ensure that water continues to support food production, contribute to the economy and support communities. These are: advocating for the sector; providing thought leadership; connecting people to move our industry forward; setting standards and providing information.

In this changed landscape we embarked on a renewed stakeholder engagement plan, getting in front of decision makers, influencers and importantly – with coalition government ministers. We have been sharing your messages to the Prime Minister through the Farming Leaders Group and have submitted on numerous issues, including responses to the Tax Working Group.

We understand that you are starting to tire of the increasing ask of regulation and are feeling the weight of exponential growth in compliance and assurance programme data requirements. Rest assured, we have let politicians know. Encouragingly, a recent meeting with the Prime

Minister and senior Ministers, the government said they want to find ways to streamline requirements and avoid duplication.

We have also told Ministers that unless farmers have access to a reliable water the government's targets to expand horticulture and other high value food crops cannot be met and that that without policy certainty alternative investments in water storage infrastructure will not materialise.

THE FUNDING GAP

A big blow to our industry this year has been the winding down of Crown Irrigation Investments Limited (CIIL).

Intergenerational, community water projects like the Waimea Dam, Hunter Downs and Hurunui Water Project, have always struggled when it comes to financing. It's notoriously difficult to get all the landowners in an area to jump-on board and support infrastructure projects from the beginning. CIIL provided expertise and financing options to help such projects bridge the funding gap.

But lessons have been learnt from CIIL – it was an easy target for the noisy anti-farming lobby. Moving forward, the focus of government funding must be on a water infrastructure to support urban and rural water supply. Multi-purpose water storage and supply systems can provide solutions to many of our challenges, and this is a core thread of our new strategy. Encouragingly, the new Provincial Growth Fund can fund community water storage and irrigation, particularly to develop previously under developed land or to support environmental enhancement projects.

ON-THE-GROUND

Work on strategy and advocacy means nothing if we cannot demonstrate as an organisation that we drive positive change from the ground up. We are doing this through irrigation training, technical standards and related accreditation programmes. We are also a key partner of the Good Farming Practice initiative launched by government earlier this year. We strongly advocate to all our irrigating members to implement Audited Farm Environment Plans. These demonstrate environmental commitment and if robustly audited, will help us show the results of all our efforts over time.

BRINGING THE INDUSTRY TOGETHER

Our biennial conference held in April 2018 in Alexandra provided a fantastic opportunity not only to celebrate the diversity of high-quality food and wine that irrigation enables, but also to talk about what the new government means for irrigation in New Zealand and debate some tough topics. With standing room only, our members and stakeholders responded positively to the amazing line-up of speakers, including Ian Taylor who spoke to us on using technology to influence change. Well done to our IrrigationNZ team, the Alexandra community and a big thank you to our sponsors, members and wider stakeholders for attending. The Conference also generated a great TVNZ news story and a large number of positive media stories about irrigation and how it is being used.

ORGANISATIONAL NEWS

IrrigationNZ has two long standing board members retiring this year; John Donkers and Lionel Hume. John has been on the IrrigationNZ board for over 14 years, including 3-years as Chair and his understanding of irrigation from farm through to developing schemes is immense. I have also witnessed first-hand his tenacity and logic in arguing a point around Ministers' tables.

Lionel Hume, with his background in plant and soil science and resource management, has contributed significantly to IrrigationNZ board over his 12 years – interpreting policy documents and translating them into layman’s terms for us to debate.

Thank you both for your years of valuable input and guidance.

Thank you to my other fellow IrrigationNZ board members, Keri Johnston, Mary Flannery, Robyn Wells, Rab McDowell, Harmen Heeson and Ivan Knauf for all your input over the last 12 months.

IrrigationNZ is a small tightly resourced organisation and the contribution both financially and in-kind of our key sponsors, including FMG and Willis Towers Watson over the last financial year is acknowledged and appreciated – thank you.

END OF AN ERA

It is not just the operating environment that is changing for IrrigationNZ but there has also been a key change at the top of our organisation. Although our CEO Andrew Curtis has recently resigned he will be with us through to the end of March 2019.

I take this opportunity to recognise his significant leadership and input over his ten year tenure with IrrigationNZ. Andrew’s technical and policy knowledge and understanding of the impacts at a farm and community level is second to none. He is just as comfortable out with farmers in a paddock as in the corridors of Wellington and his passion for our irrigation sector and specialist expertise holds him in very high regard throughout the country. While we will miss his input, the fact he will remain in the water space and continue to contribute as a consultant will be to all of our benefit.

THANK YOU

A huge thank you to all our IrrigationNZ staff that team with Andrew to relentlessly work on our behalf for the benefit of the members. Your skills and positive attitudes in a challenging space is sincerely appreciated.

Lastly, a big thank you to all our members; irrigators, irrigation schemes, service industry and regional council members for your willingness to share information, hold to account, challenge thinking, promote innovation & lead locally – irrigation and water use has become an emotional topic and balanced conversations are not always easy even in our local communities – we encourage you as our membership to keep this up as the power of local stories and sharing of ideas will always hold more weight than outside experts. We need our locals with us.

The challenge for the primary sector and IrrigationNZ remains: to achieve a strong united position that demonstrates a deep understanding of the issues and has farming community support for the solution.

I wish all of you good luck for the season ahead and hope you have a happy Christmas, and a safe and prosperous New Year.



Nicky Hyslop
Chair, Irrigation New Zealand

ANDREW CURTIS

Chief Executive's Report



It's hard to believe it's almost ten years since I started at IrrigationNZ, so given this I thought it was timely to reflect on the changes I've observed in the irrigation sector over this time.

TECHNOLOGY

This has been the biggest and most exciting change. Upon arriving at IrrigationNZ I was dropped into the national discussion around water metering. IrrigationNZ was supportive of its compulsory introduction however others were arguing real-time measurement of data was too costly and there was no value in it!

Real-time measurement is now a given for all water takes, and whilst this provides information to the regulator to demonstrate compliance its main benefit has been for improved water management. Water measurement data, combined with an array of other sensor data, is now being used to inform irrigation decision making in real-time. Give it another five years and technology will likely take over the human decision making altogether – autonomous irrigation systems informed by remote sensing that decide when and where to irrigate will become the new norm.

What I love about this development is that is a real example of how change can be successfully implemented over a short time frame, bringing with it multiple benefits for all New Zealanders.

ENVIRONMENT

The national and regional discussions on how to manage nutrient losses from farms were just starting up as I arrived at IrrigationNZ. Water quality had been declining for a number of years and it would be fair to say some farmers had pushed their farm systems beyond sustainable limits. The recent introduction of Audited Farm Environment Plans that focus on widespread adoption of good management practice means we're now starting to see water quality improvements. While this is a huge step in the right direction and will help irrigators plan for regulatory change, it won't be enough in some 'at risk' catchments.

In these cases the only way to solve the problem is to look at it holistically as a catchment – and as a community.

Recent overseas trips have highlighted the need to bring catchment scale infrastructure into the mix whilst also spending time clearly identifying the issues before coming up with solutions. In many cases it could be more cost-effective to buy out and retire land in a particularly sensitive part of the catchment rather than place blanket requirements across everyone. We also need to work through how we fund such solutions so that everyone who benefits contributes.

To really get the water quality management system right we need to target the actual problem in the most cost-effective way – not by imposing blanket requirements. We've been very 'farm focused' to date 'you will all decrease your nutrient losses by 20%' for example. This is largely driven by the focus of the Resource Management Act – individual effects based. But I am not sure this is either fair or targets the problem and I am concerned that new regulation, which is being influenced by a particular lobby, may ignore a more holistic, constructive approach.

SCHEMES OF THE FUTURE

There's been some massive changes in the irrigation scheme infrastructure space. Alongside over \$1 billion being spent in modernisation – open channels to pipes and manual to automated

control systems, the other change has been the professionalism of the sector. When I arrived at IrrigationNZ all irrigation schemes were both governed and managed by shareholder directors and racemen were the only staff. Almost all the large schemes now have general managers, operations managers and environmental managers alongside scheme operators. They have become much more aware and future focused as a result. Independent directors are also now common and Boards largely focus on governance – although some farmer directors just can't help themselves from time to time!

PUBLIC PERCEPTION

It's been an uphill battle getting the good word out there about change in our industry. But progress has been made and certainly the level of understanding about benefits of water to agriculture are much more widely understood – so much so that freshwater rights are a looming topic.

However, more can be done if more farmers are willing to 'put their head above the parapet' and tell the story of their journey of change.

As an organisation there is only so much we can do. As an industry we can be much more powerful. The only way to help educate the media, politicians and public on the contributions irrigation makes to New Zealand is to share the story of how and why and explain the important role of guardianship farmers (hopefully) now have.

IrrigationNZ and other industry bodies can only play a supporting role in this space as it comes down to all irrigators being prepared to be open and honest about what they're doing. If you feel you can't do this, it's likely an indicator you need to look more closely at why.

INZ'S ACHIEVEMENTS

So what have the IrrigationNZ team been up to for the past year?

Firstly, our focus on national and regional advocacy remained front and centre. We submitted on several government discussion documents and were involved in numerous working groups and meetings. We even had a win with the Plan Change 5 High Court decision saving Canterbury irrigators over \$200 million! Members should note environmental taxes are very much on the table under the new government and that IrrigationNZ is going to need some additional support to successfully push back on these.

Building capability and capacity within the sector also remained a focus. We ran almost 40 workshops and over 700 people attended them – but more importantly we received much positive and no negative comments around them. This clearly demonstrates the value of the independent knowledge we deliver. The on-line learning platform was also complete and will be launched after the AGM alongside our new strategy.

Communicating our story with the public has been the other key focus. We've developed good relationships with a number of media, regularly providing them facts, figures and irrigator case studies to help ensure their stories are balanced and share the stories of what is happening on farm. We've also raised our social media profile, pushing back on some of the untruths that circulate on these platforms. Lastly, we've put together information displays for use at shows

and events by both the IrrigationNZ team and members. The Canterbury A&P was a huge success and we'll be taking the displays to more shows in 2019.

THANK YOU AND FAREWELL

I'd like to say a huge thank you to the team at IrrigationNZ for their dedication and effort over the last year. It's been another 'huge one' and the team has gone above and beyond. I'd also like to say a big thank you to our members for your ongoing support.

Finally, I'd like to say a farewell from me. It's been a fun and eventful ten years at the helm of IrrigationNZ, and we've achieved a lot in this time. I spoke with a number of irrigators at the recent Canterbury A&P show who all told me that IrrigationNZ had made a huge difference over the last decade. "You and your team have managed to successfully walk the tightrope between leading the sector forward whilst pushing back on the anti-farming lobby – and the sector is in good heart because of this – well done!" was one of the comments we received.



Andrew Curtis
Chief Executive
IrrigationNZ

Achievements 2017/18



MEMBERSHIP

3500 members.

Quarterly forums

hosted for irrigation schemes, user groups and industry. Forums help us understand and act upon our members' concerns and needs.



KNOWLEDGE

Added a new guide on Fertigation. This adds to our suite of 30 knowledge resources produced to support our members.

Together with New Zealand Young Farmers we hosted 40 Canterbury teachers for a day tour which includes stops at the CPW storage pond and an irrigated farm which produces high value crops. Teachers got to hear about the importance of irrigation as well as career opportunities in agriculture and the irrigation industry.



ADVOCACY

We have had a busy year working on behalf of our members. Our 2018 Conference drew nearly 500 attendees and received some great media coverage.

We met with Ministers David Parker and Damien O'Connor and a number of MPs from other political parties. IrrigationNZ was active developing a new Good Farming Practice guide and in developing options for the Land and Water Forum, a number of which have been picked up in the government's new Essential Freshwater plan.

We achieved a major win for our members through our advocacy work on Plan Change 5 in Canterbury which has saved irrigators \$220 million.

We have advocated for members and prepared submissions on a range of issues including taxation, electricity, infrastructure, regional fees and charges, environmental legislation and regulations, climate change policy, and the Ngaruroro Water Conservation Order.

Working with irrigation schemes, we developed an award winning display on irrigation which was used at the Ashburton and Canterbury A&P shows.





TRAINING

719 people
attended **43 training courses**
held around New Zealand.

35 workshops
were held to upskill **620**
farmers, farm managers and staff
about irrigation, good management
practice, and risk advice.

8 workshops
were held to upskill
99 industry professionals.

Establishing a Profession

We hosted a third intake of Irrigation Design Qualification students and we have been developing an Irrigation Engineering Apprenticeship.

“The design course is helping to create an industry standard. We’re part of a process that will upskill people and set a higher standard for our industry.”

– Feedback from 2016 Design Qualification student



PROJECTS

IrrigationNZ led a tour to Nebraska in September to generate new ideas on how to improve environmental performance and to see new technology and practices like fertigation.

We have developed a new online training system which will allow members to improve their irrigation knowledge without leaving the farm.

We also tested irrigation systems in Selwyn and shared the results with farmers and partner organisations in order to improve irrigation efficiency.

We have also been working on joint projects to improve fish screen design, and to communicate what changes are happening on farms to improve water quality in Selwyn, Ashburton and Waitaki.



LOOKING AHEAD

Looking to the future IrrigationNZ plans to:

- Continue to upskill and train irrigators to use water efficiently and develop training options for the irrigation service sector.
- Continue to support irrigation developments that grow the well-being of provincial New Zealand communities and improve the health of our rivers.
- Encourage and support new technologies and initiatives that improve the environmental performance of irrigated agriculture.
- Increase awareness of the role irrigation plays in food production and food security, and how it contributes to wellbeing in provincial communities.
- Support Māori to realise the potential of their land through irrigation development.





Financial Summary



	2018 \$	2017 \$
SUBSCRIPTIONS		
Schemes & User Groups	335,401	298,841
Schemes Developing < 2000 ha	2,079	660
Schemes Developing > 2000 ha	8,448	13,200
Irrigator	90,117	87,270
Government	10,824	13,200
Service Industries > 5 Staff	71,544	71,280
Service Industries < 5 Staff	30,228	23,760
Service Industry – Individual	6,014	5,940
Students	105	165
Research & Industry	2,759	2,640
Retiree	139	264
	557,658	517,220
OTHER INCOME		
IrrigationNZ Project Management – Projects	223,338	76,765
	223,338	76,765
TRADING INCOME		
Sponsorship	75,000	174,800
Events	116,796	7,656
Advertising	174,095	19,739
Course / Workshop Fees	260,702	195,312
Resources	490	280
IrrigationNZ Project Management (Taxable)	15,000	54,000
Other	528	63
Office Rental	3,333	–
	645,945	451,850
INVESTMENT INCOME		
ANZ Bank	2,113	4,813
IRD – Use of Money	2	–
	1,429,055	1,050,648



	2018 \$	2017 \$
ADMINISTRATION EXPENSES		
Accounting	3,860	3,800
Accountancy (Special Work)	–	6,000
Advertising & Sponsorship	10,115	18,910
Advertising – Training	1,303	–
ACC	1,249	1,526
Bad debt	15,415	12,137
Bank Fees	1,649	2,212
Catering	18,153	19,616
Computer Expenses	3,570	460
Consultants	89,837	90,807
Entertainment	1,763	1,165
Equipment Hire	2,589	4,862
Eftpos Charges	167	173
General Expenses	2,453	2,343
Fuel	16,444	–
Insurance	10,329	6,326
Legal Expenses	14,874	19,433
Licence Fees	21,652	6,672
Media	66,860	31,210
Printing	95,086	114,101
Postage & Courier	35,480	45,533
Professional Development	20,427	19,836
Project Contributions	3,000	3,000
Recruitment Costs	603	1,099
Rent	42,634	36,720
Salaries	753,091	629,743
Stationery	1,056	1,399
Subscriptions	1,804	1,023
System Development	–	3,708
System Support	10,493	16,772
Telephone & Tolls	11,000	10,418
Travel & Accommodation	73,952	75,797
Uniform	768	267
Vehicle Hire	17,171	–
Venue Hire	6,661	6,289
	1,355,510	1,193,358
INTEREST		
Inland Revenue – UOMI	–	1,413
TOTAL CASH EXPENSES		
	1,355,510	1,194,771
DEPRECIATION & LOSS ON DISPOSAL		
Depreciation	34,931	16,969
Loss on Sale Fixed Assets	19,072	4,001
	54,003	20,970
TOTAL EXPENSES		
	1,409,513	1,215,741
NET PROFIT	\$19,543	(\$165,093)
NET ADJUSTED INCOME	\$19,543	(\$165,093)
NET PROFIT AFTER TAXATION	\$19,543	(\$165,093)

OUTCOME

Profit for the year was \$19,543 compared to a loss last year of \$165,093.

INCOME

Overall income has increased by \$378,400

- Membership income increased by \$40,400
- Project Management income (non-taxable) increased by \$146,600
- Event Income increased by \$109,000 – This is because the conference is a biennial event
- Advertising income increased by 154,356 – This was due to a change in invoice timing in the prior year
- Course / workshop fees have increased by \$65,400
- Office rental has increased by \$3,000 – this is a new arrangement

However:

- Sponsorship decreased by \$100,000
- Project management income (taxable) decreased by \$39,000
- Investment income has decreased by \$2,700

EXPENSES

Overall expenses have increased by \$193,772

- Bad debts increased by \$3,300
- Computer expenses increased by \$3,100
- Fuel increased by \$16,400 and vehicle hire increased by \$17,200 – These are new items as we now lease three vehicles rather than reimbursing expenditure at IRD rates.
- Insurance increased by \$4,000
- Licence Fees increased by \$15,000 – Introduction of Cyberglobe at \$1,000 per month and Catalyst of \$1,200 per month near end of year
- Media increased by \$35,700 to fund increased media activity
- Rent increased by \$5,900 – This is for North Island office rent
- Salaries increased by \$123,348 – One new staff member and summer students
- Depreciation increased by \$17,800 – This is due to the bucket test app starting to be depreciated at 50%
- Loss on sale of fixed assets increased by \$15,000 – this was writing off our old website

However:

- Accountancy – Special work decreased by \$6,000 – this was due to an audit the prior year
- Advertising and sponsorship decreased by \$8,800
- Consultants decreased by \$1,000
- Equipment hire decreased by \$2,300 – this was due to purchasing our own projector
- Legal expenses decreased by \$4,500
- Printing decreased by \$19,000
- Postage decreased by \$10,000
- No system development expense this year, decrease of \$3,700
- System Support decreased by \$6,300
- Travel & Accommodation decreased by \$1,800 – some went to fuel
- No use of money interest this year – last year was \$1,400





	2018	2017
	\$	\$
CURRENT ASSETS		
ANZ Bank OO Account	211,624	311,131
Taxation Refund	697	27,953
Accounts Receivable	429,698	237,997
Expenditure In Advance (Projects)	–	12,269
Total Current Assets	642,019	589,350
NON-CURRENT ASSETS		
FIXED ASSETS		
Property, Plant & Equipment per Schedule	116,468	72,403
TOTAL ASSETS	758,487	661,753
CURRENT LIABILITIES		
GST Due for payment	68,137	60,660
Accounts Payable	113,629	89,227
Accounts Payable – Taxation	–	13,183
ANZ Mastercard – A Curtis	4,143	1,898
ANZ Mastercard – C Coughlan	–	268
ANZ Mastercard – C Butler	728	396
ANZ Mastercard – K Mills	650	122
ANZ Mastercard – E Dumaine	828	1,004
ANZ Mastercard – S Breneger	956	262
ANZ Mastercard – V Bloomer	130	35
ANZ Mastercard – A Jarman	751	–
ANZ Mastercard – L Colgan	653	–
Grant Received in Advance (Projects)	80,109	48,081
Other Current Liabilities	–	569
Total Current Liabilities	270,713	215,705
NON-CURRENT LIABILITIES		
HIRE PURCHASE		
Spark (Interest Free)	982	3,010
TOTAL LIABILITIES	271,695	218,715
NET ASSETS	\$486,792	\$443,038
Represented by:		
MEMBERS CAPITAL		
Capital Reserves	797	797
Accumulated Funds	485,995	442,241
TOTAL CAPITAL	\$486,792	\$443,038

TAXATION

IrrigationNZ is primarily a not-for-profit organisation. Income from membership activities such as annual membership fees and grants is non-taxable. The expenses relating to these are non-deductible for tax purposes. However, income from trading activities, including the magazine and sponsorship are taxable and the expenses relating to these are tax deductible.

In some cases, an apportionment needs to be done to split expenses into taxable and non-taxable. For example, system support is for computer assistance and as our computers are used for both taxable and non-taxable purposes we can deduct a portion against taxable income. We have calculated that 20% of our work is taxable so where we split expenses we do so on this basis by default.

BALANCE SHEET

We have cash in the bank of \$211,624, a decrease of \$100,000 from last year.

Receivables are \$430,000 and payables are \$113,630.

Assets – We have spent \$60,000 on a new member management system, an additional \$23,000 on the Bucket Test app started the prior year and wrote off our old website which was valued at \$18,700.

Equity – This has increased by \$44,000. This is the profit of \$19,500 plus expenses that were capitalised of \$26,200 less non-deductible expenses \$2,000.





