



Irrigation New Zealand Annual Report 2019/20

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IRRIGATION
NEW ZEALAND

WATER | FOOD | FIBRE | LIFE

Keri Johnston

Chair's Report



Daring greatly

One of my favourite quotes is from Theodore Roosevelt and is the basis for Brene Brown's book *Daring Greatly*:

"It is not the critic who counts, not the man who points out how strong man stumbles, or where the doer of deeds could have done them better. The credit belongs to the man who is actually in the arena, whose face is marred by dust and sweat and blood, who strives valiantly, who errs, who comes short again and again. Because there is no effort without error and shortcoming, but who does actually strive to do the deeds, who knows great enthusiasms, the great devotions, who spends himself in a worthy cause, who at best knows in the end the triumph of high achievement, and who at the worst, if he fails, at least fails while daring greatly, so that his place shall never be with those cold and timid souls who neither know victory or defeat."

Covid-19 has changed the world as we know it and required organisations and businesses to adapt quickly or risk failure. IrrigationNZ did respond quickly, being very cognisant of our members' wants and needs, and we dared greatly. We jumped into the arena, restructured both the board and the organisation, and relocated our base.

This has taken courage, it has meant having some hard conversations, and asking for what we need. But our passion for IrrigationNZ, irrigation in New Zealand and the role that we have to play in improving community resilience to climate change and in ensuring our nation's food security has been a huge motivation and driving force for us – it has kept us showing up.

The success of these changes is still yet to be seen, but as a board, we are really positive about the future of IrrigationNZ. What we now ask of you, our members, is that you keep showing up with us, be courageous and dare greatly. IrrigationNZ is worth it, and worthy of your continued support.

Welcomes, farewells, and thanks

We have welcomed our new CEO, Vanessa Winning, in the last month. The recruitment of Vanessa was the last piece of the restructure puzzle, and we are thrilled to have her on board. We also welcomed Lynn Leonard to the team in the role of Business Support Manager, based in Wellington. It is great to have a full contingent again!

With Vanessa starting, Elizabeth has been able to sink her teeth into her new role. We are so grateful to Elizabeth for her contribution to IrrigationNZ during her time as CEO and to be able

to retain her within the organisation, using her advocacy and policy skills, is very fortunate for us!

Julie Wallace, Ella Stokes, and Vicky Bloomer make up the rest of the IrrigationNZ team. To all our team, I express my sincerest thank you. You have all endured a really tough year, but we are out the other side now, and all I can say is onwards and upwards – 2021 is going to be a fantastic year.

Thank you to my fellow board members Ivan Knauf, Robyn Wells, Andrew Rodwell, Andrew Barton, Randal Hanrahan and Jared Ross. There have been times this year when the going has been particularly tough, but your resilience, vision and tenacity has never wavered, and for that, I am truly grateful.

Two of our elected board members left during the year. Mary Flannery had been on the Irrigation NZ board for nearly nine years and also chaired the Audit and Risk Committee. Her input was always valued by the board – Mary kept us grounded and made sure that we continually had good governance at the forefront of any decision. Harmen Hessen had been on the board for almost three years. He always had a unique way of looking at things and that, coupled with his commercial savvy, definitely had us thinking outside the box.

Robyn Wells has been a co-opted board member for the last two years, but was an elected member prior to this, and she finishes her time on the board at the AGM. Robyn has also been a highly valued board member. Robyn brought experience, passion and vision to the table and I personally have really appreciated her support.

No words can quantify how grateful and appreciative I am for having the opportunity to govern with Mary, Harmen, and Robyn and I wish all of them the best.

Looking ahead to 2021

We are very well positioned with the government, key influencers, and decision-makers as well as our fellow primary sector groups, but there are still challenges ahead for us an industry. Irrigation still, in many circles, has a negative connotation – it is automatically seen as direct enabler of intensification and therefore, poor water quality. Our job now is to change the conversation around irrigation, steering it away from being an emotive conversation, to one where our communities recognise the benefits of irrigation. After all, you must win people's hearts before you can win their minds.

And finally,...

I wrote in last year's chair report that we were now set and ready to tackle 2020 and I was excited about where IrrigationNZ was headed. Well, who could have predicted the year that was 2020? I am determined that 2021 will be our year – watch this space.



So as 2020 comes to an end, I wish all of you a Merry Christmas, happy New Year, and best wishes for the upcoming holiday period.

Ngā mihi nui,



Keri Johnston

Chair of Irrigation New Zealand



Elizabeth Soal

(Outgoing) Chief Executive's Report



Another year of change

2020. What a year it has been.

The IrrigationNZ team spent much time and energy in the first nine months of this financial year planning and preparing for our flagship event, the Water for Life conference 2020.

The rapid spread of COVID-19, and New Zealand's subsequent Level 4 lockdown came just at the time the conference was about to commence. This meant that our organisation had invested considerably in an event that didn't proceed – about as much as can be invested without holding the event itself.

So, not only were we left with significant sunk costs (a good deal of which could not be recovered), but we were unable to realise a good portion of our forecast income for the next two years.

As Keri has stated in her report, this resulted in IrrigationNZ having to significantly restructure. This was a challenging process. However, we are now focused on the future and on positioning IrrigationNZ on a sustainable footing to be able to be more resilient and effective.

During all of this, we have seen the Government roll out significant policy developments in relation to freshwater management. This will see a lot of planning work happening within the regions, which I am looking forward to supporting our members through.

In response to COVID-19 we moved quickly to ensure some of our training programmes could be delivered by our e-learning platform. The project to set this up, Smart Tools and Tips (which was funded through the Ministry for Primary Industries' Sustainable Food and Fibre Futures Fund), came to an end this year, so the timing was actually ideal to be able to roll it out. You can read more about our projects in the "achievements" section of this report.

It is timely that our Constitution and issues around funding and membership are reviewed, given that we have restructured the operational aspects of the business. A Discussion Paper setting out these issues and possible options is to be distributed to members and we will be seeking your feedback on this.

Thank you to the IrrigationNZ team. This year we have said goodbye to a number of staff – Steve Breneger, Kate Mills, Andrea Vercoe, and Eleonore Dumaine. Thank you for your years



of work and dedication to our organisation and sector. Welcome to Vanessa and Lynn, I know you are both going to make a fantastic contribution to the organisation.

I have learned a lot in my time as IrrigationNZ CEO and I am thrilled to be able to continue to support our vital sector, albeit in a different role.

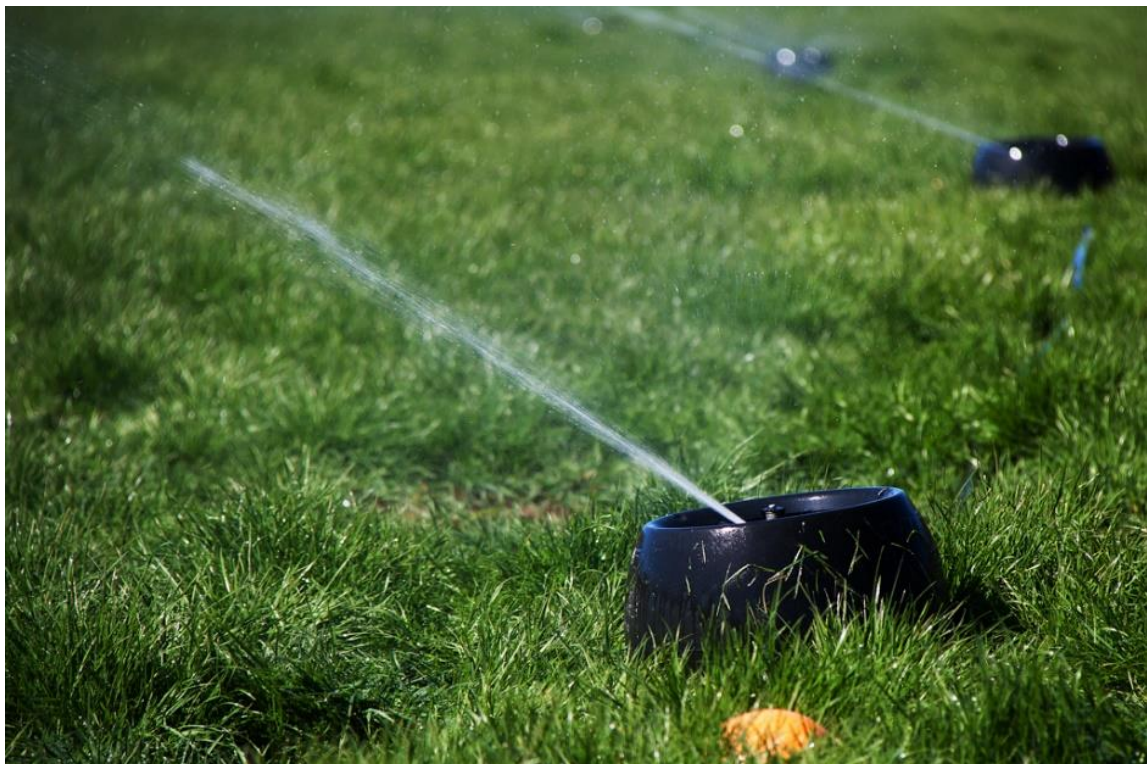
I look forward to seeing you all "on the ground" in the regions.

Ngā mihi,



Elizabeth Soal

Former Chief Executive of Irrigation New Zealand



Robyn Wells

Audit & Risk Committee Report



I am pleased to provide a report on the Annual Financial Accounts for Irrigation New Zealand for the year ending 30 June 2020.

Irrigation New Zealand is reporting a net loss after taxation of just over \$42,000. This is a considerable improvement against a reported net loss of almost \$414,000 in the previous year. This is an impressive result considering the headwinds the organisation encountered due to the impacts of Coronavirus, in this, a conference year.

At the beginning of the financial year we were confident that the right building blocks were in place to return the organisation to profitability. Most unfortunately for us, the country was tipped into lockdown just three weeks shy of the date of our biennial conference when significant resources and focus had been already invested leaving a large gap in the forecast income for the year.

Congratulations have to go out to the staff for the way that they handled this 'black swan' event, and managed to extricate Irrigation New Zealand from the commitments in place whilst preserving the organisation's reputation and maintaining the goodwill of our membership and sponsors. This could have gone in a very different direction without the strong leadership in place and adherence to the values of our organisation.

The government wage subsidy of just over \$56,000 was integral to the ability of the organisation to weather the events of COVID-19 and for this we are grateful. I also want to acknowledge the support of our bankers, ANZ, who stuck by us as our cash dwindled and came through with an overdraft facility to give us some free-board as we traversed these difficult times.

The cancellation of the conference resulted in a \$212,000 swing in our Profit and Loss as we went from a budgeted \$110,000 income stream to a \$102,000 Event Management expense. At year-end Conference Funds Repayable sat as a liability of close to \$91,000 on the balance sheet.

Most other expenses either reduced or remained static year-on-year while the organisation also delivered on several important projects including Best Practice Fertigation, Smart Tools and Tips, Building Trust and Fish Screens.

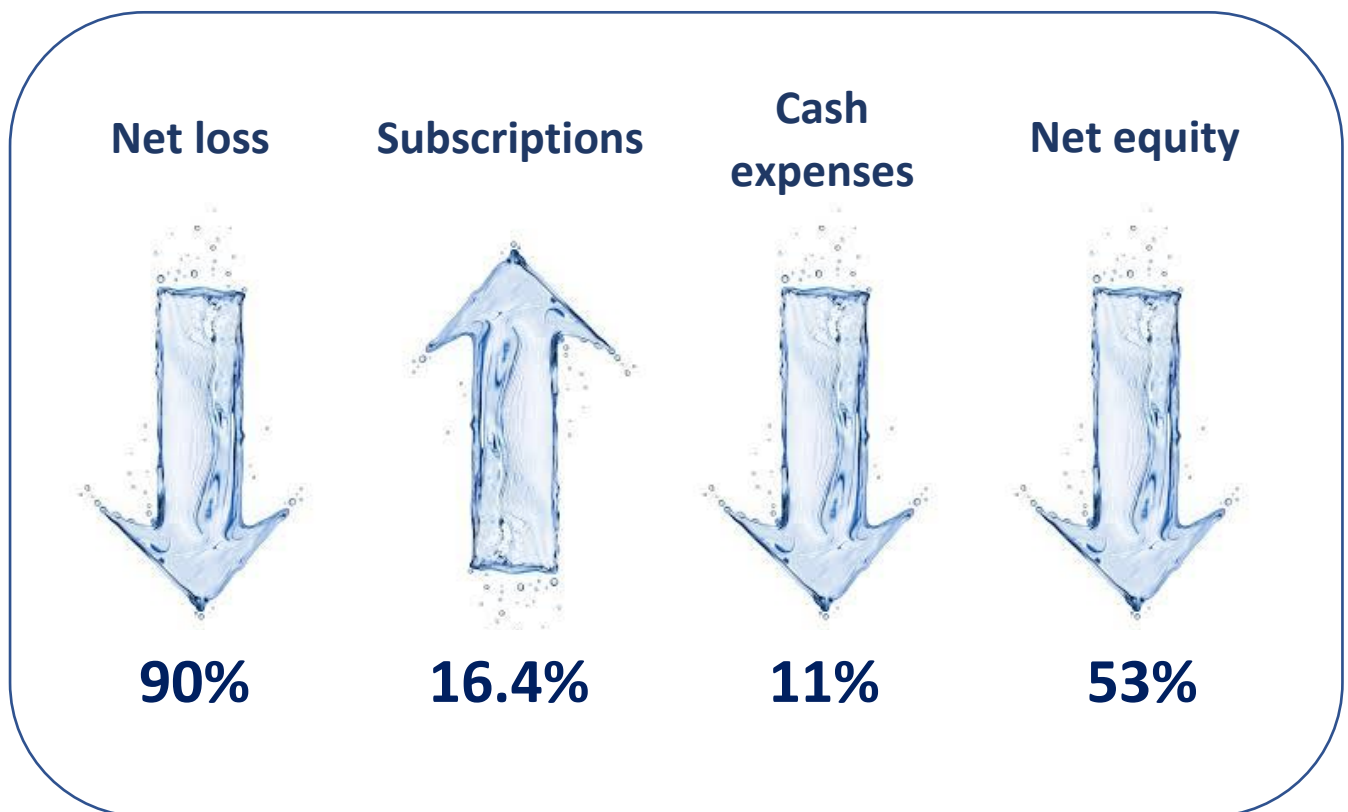
Subscriptions rose year-on-year by 16.4%. Critical to this was a focus on retaining and attracting new members and on collection of accounts payable. We thank all membership for their support and belief in the new direction our organisation is taking as we implement the key strategic priorities of advocacy, connectivity and leadership.



Whilst a loss translates into further degradation of our equity position, reported at \$37,431, the organisation remained solvent and it could have been worse without the aforementioned actions and support. With the significant moves made post balance date the board is confident that the resilience and knowledge gained in the last two years will provide a strong base for launching the organisation into a positive position in the future.

Robyn Wells

Irrigation New Zealand Audit and Risk Committee



Achievements 2019/20



ADVOCACY

We had a strong focus this year on building and maintaining relationships with politicians across the spectrum. We met with **Ministers** David Parker, Damien O'Connor, Shane Jones, and James Shaw, as well as opposition spokespeople.

We released an **Election Manifesto**, setting out our priorities prior to the general election.

We **represented** our members on various government proposals, including submitting on the **exposure drafts** of **Essential Freshwater Regulations** and **Dam Safety Regulations**.

We are working as part of the **Food and Fibre Leaders Group**, which brings together the Chairs and Chief Executives of organisations across the primary sector to work on important policy developments collaboratively, such as climate change, greenhouse gases, and the government's response to COVID-19.



PROJECTS

We are contributing to or leading several projects, including:

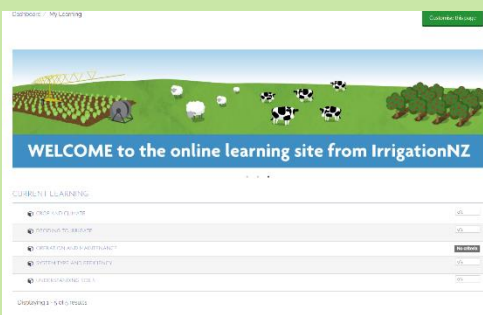
Fertigation – researching the application of fertigation technology in pasture systems, and the resultant outputs.

Fish Screens – developing updated guidelines applicable to native fish and promoting good practice for the industry.

Irrigation Insight (NIWA) – supporting good decision-making through improved forecasting and comprehensive soil moisture data.

E-Learning

We concluded our Smart Tools and Tips project, with the resulting E-Learning platform proving itself a valuable resource when in-person workshops weren't possible due to COVID-19.



CONNECTIVITY

We spread the word about the importance of irrigation to our communities, with IrrigationNZ's large stand being a drawcard for many people at shows around the country.



GROWTH

This year we have **grown our membership** by nearly **25%.**

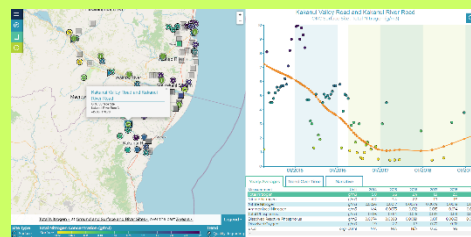
STRATEGIC PARTNERSHIPS

We hold workshops around the country with our strategic partner FMG, to reduce risk to irrigation equipment caused by wind damage. We also contribute to their Irrigator Advice Guide.

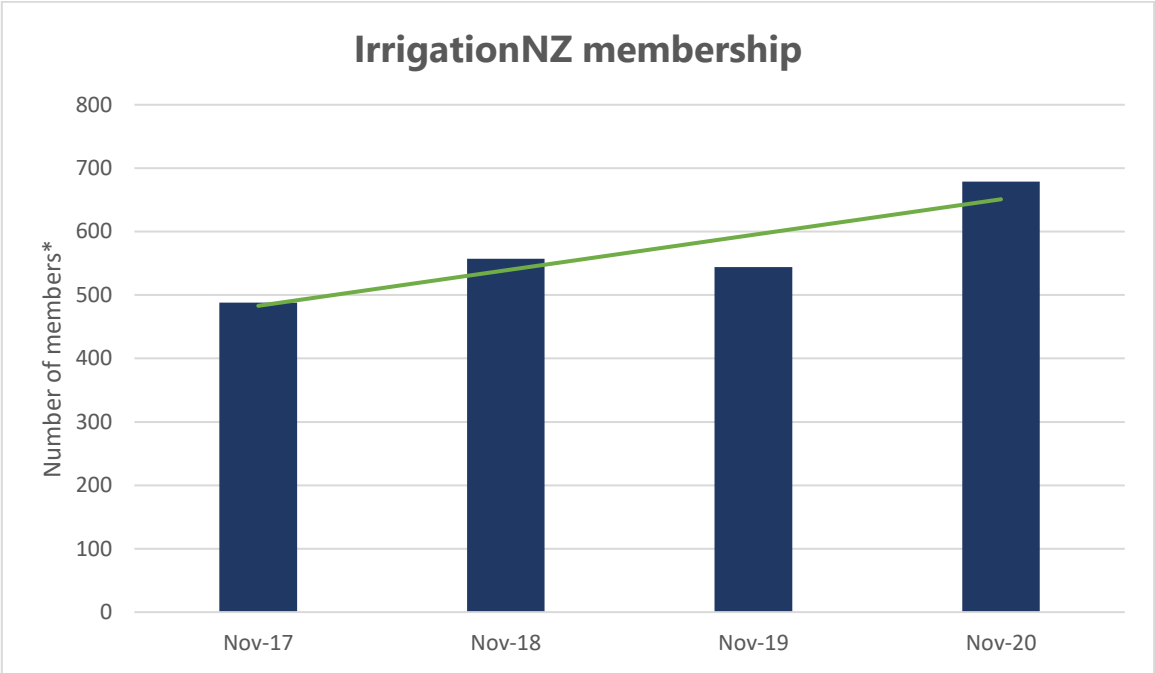


KNOW YOUR CATCHMENT

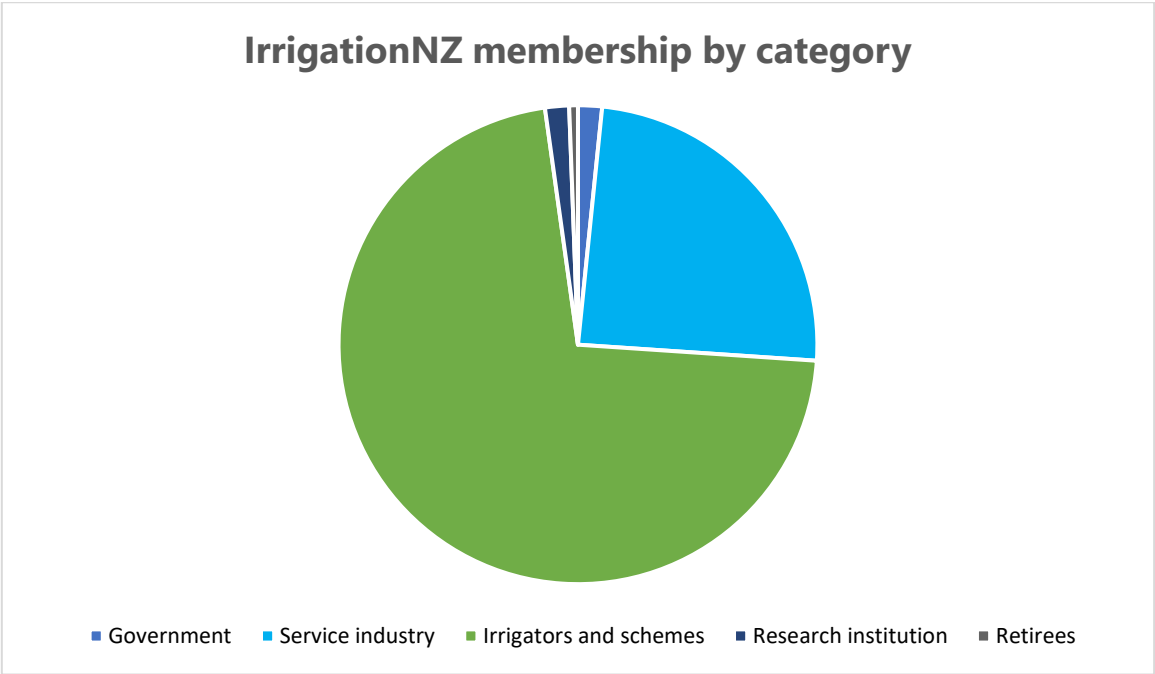
We launched the Know Your Catchment portal, developed through our Building Trust project, which provides farmers and the wider community with up-to-date water quality and river flow information, as well as telling the stories of farming in the catchment.



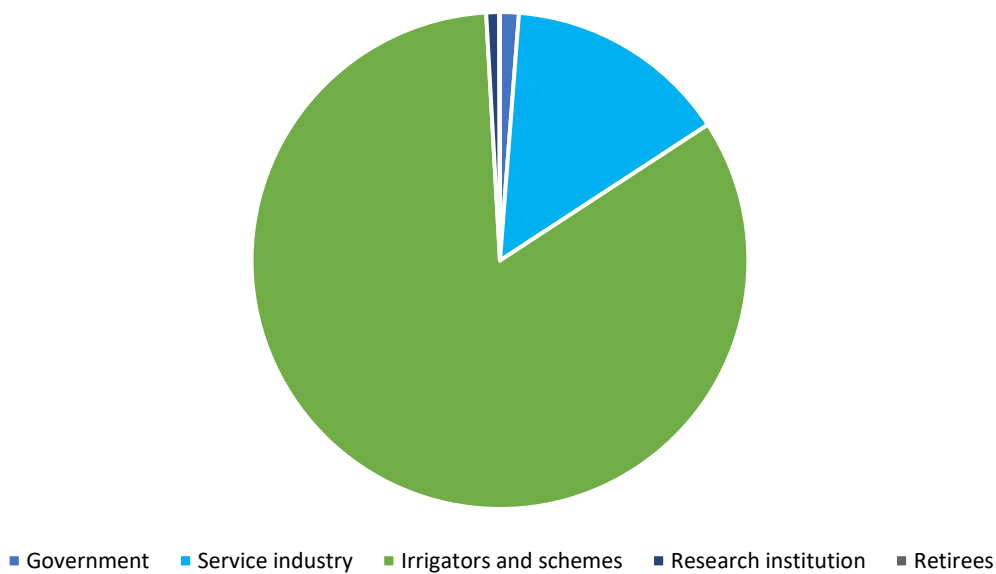
Membership



*schemes are counted here as being a single member, so this number does not reflect the total number of irrigators represented by IrrigationNZ



IrrigationNZ fees paid by membership category



Financial summary

Profit and loss	2020	2019
	\$	\$
Subscriptions		
Schemes and user groups (operating)	453,298	355,282
Schemes developing <2000 ha	800	-
Schemes developing >2000 ha	3,200	5,822
Irrigator	97,802	87,454
Government	8,145	8,592
Service Industry >5 staff	56,435	72,008
Service Industry <5 staff	33,000	30,919
Service Industry - individual	7,600	8,927
Students (non-voting)	-	35
Research and industry	5,600	3,267
Retiree	320	292
	666,200	572,598
Other income		
INZ project management (non-taxable)	282,155	173,997
	282,155	173,997
Trading income		
Advertising	86,551	93,391
Course / workshop fees	60,313	168,333
Events	33,392	(30,475)
INZ project management (taxable)	10,000	37,000
Office rental	-	2,333
Other	5,088	3,147
Resources	-	645
Sponsorship	43,500	35,000
	238,844	309,375
Government wage subsidy		
Government wage subsidy	56,237	-
	56,237	-
Investment income		
ANZ Bank	39	1219
	39	1219
Total Income	1,243,475	1,057,189

	2020 \$	2019 \$
Administration expenses		
ACC	1,731	1,858
Advertising and sponsorship	36	2,069
Accountancy	5,795	4,060
Bad debt and unpaid membership fees	8,928	9,866
Bank fees	2,586	2,206
Catering	5,935	15,971
Computer expenses	839	730
Consultants	19,526	106,295
Eftpos fees	186	186
Entertainment	3,053	1,559
Equipment hire	1,047	2,151
Event management	101,930	-
Fuel	11,341	11,064
General and staff expenses	3,251	9,459
Insurance	17,245	13,387
Legal	7,200	8,764
Licence fees	20,048	23,325
Media	40,083	28,692
Postage, courier (inc. magazine distribution)	19,356	18,414
Printing and graphics (inc. magazine)	52,147	74,289
Professional development	4,246	18,911
Project contributions	3,587	1,000
Recruitment	820	25,202
Rent	41,830	42,239
Salaries	763,107	820,789
Sponsorship	-	15,000
Stationery	1,063	1,058
Subscriptions	2,141	2,422
Systems development	-	400
Systems support	22,244	15,998
Telephone and internet	7,591	9,935
Travel and accommodation	37,145	73,848
Uniform	850	419
Vehicle lease	31,844	26,704
Venue hire	6,681	14,207
Fringe benefit tax	4,338	590
Insurance finance fee	-	40
	1,249,752	1,403,106
Depreciation and loss on disposal		
Depreciation	33,835	64,255
Loss on disposal	-	253
	33,835	64,508

Interest		
Overdraft	393	1
Inland Revenue	-	13
Insurance finance	1,675	1,617
	<u>2,067</u>	<u>1,630</u>
Total expenses	1,285,654	1,469,244
Net profit	(42,179)	(413,848)



OUTCOME

The loss for the year was \$42,179 compared to a loss last year of \$413,848. At the start of the year, a profit was budgeted and forecast, but the cancellation of the biennial conference caused a significant drop in income and considerable expenses which could not be recovered.

INCOME

Overall income has increased by \$186,286.

- Membership income increased by \$93,602.
- Project management income (non-taxable) increased by \$108,158.
- Advertising income decreased by \$6,840.
- Course and workshop fees decreased by \$108,020. However, expenses for training (including travel and accommodation, venue hire, catering, and resource production) were correspondingly reduced.
- Event income was \$33,392. This includes non-refundable deposits paid for expo displays at the cancelled conference.
- Project management income (taxable) decreased by \$27,000.
- Sponsorship increased by \$8,500.
- We received a COVID-19 government wage subsidy of \$56,237.

EXPENDITURE

Overall expenditure decreased by \$183,337. Changes in expenditure lines over \$2,000 are set out below.

- Advertising and sponsorship decreased by \$2,063
- Catering decreased by \$10,036
- Computer expenses decreased by \$2,840
- Consultants reduced by \$86,769
- Event management increased from zero to \$101,930 due to the cancelled conference
- Fuel decreased by \$5,380
- General and staff expenses decreased by \$6,208
- Insurance increased by \$3,858
- Licence fees decreased by \$3,277
- Media increased by \$11,391
- Printing and graphics decreased by \$22,142
- Professional development decreased by \$14,665
- Project contributions increased by \$2,587
- Recruitment decreased by \$24,382
- Salaries decreased by \$57,682
- Sponsorship decreased by \$15,000. This was due to the Core Education LEARNZ virtual field trip being held in 2018/19 and not held in 2019/20.
- Staff expenses increased by \$3,674
- Systems support increased by \$6,246. This includes ongoing fees associated with the bucket test app
- Telephone and internet decreased by \$2,344
- Travel and accommodation decreased by \$36,703



- Vehicle leases increased by \$5,140
- Venue hire decreased by \$7,526
- Fringe benefit tax increased by \$3,748



TAXATION

Irrigation NZ 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 trading expenses and are tax deductible.

In some cases, an apportionment needs to be done to split expenses into taxable and non-taxable. For example, systems 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 estimated that 20% of our work is taxable, so where we split expenses we do so on this basis by default.

BALANCE SHEET

At balance date we had cash in the bank of \$206,928, an increase of \$192,285 from last year.

Trade receivables were \$190,481 and trade payables were \$113,190.

Property, plant and equipment decreased by \$29,303.

Total equity decreased by \$42,180.



Balance sheet

	2020	2019
	\$	\$
Current assets		
ANZ bank accounts	206,928	14,643
Accounts receivable	190,481	170,547
Income tax refund due	412	401
Expenditure in advance (projects)	-	5,082
	<u>397,821</u>	<u>190,673</u>
Non-current assets		
Property, plant, and equipment	30,366	59,669
Total assets	428,188	250,342
Current liabilities		
ANZ credit cards	1,557	3,379
Accounts payable	113,190	86,462
GST payable	31,036	19,442
Grants received in advance (projects)	139,024	45,316
Conference funds repayable	90,675	-
Insurance premium funding	13,134	12,681
	<u>388,616</u>	<u>167,280</u>
Non-current liabilities		
Spark interest free plans	2,141	3,452
Total liabilities	390,756	170,732
Net assets	37,431	79,611
Represented by:		
Capital reserves	797	797
Accumulated funds	36,634	78,814
Total capital	<u>37,431</u>	<u>79,611</u>