

SNAPSHOTS OF OUR DAIRY AUSTRALIA LEVY AT WORK: WATER AND THE AUSTRALIAN DAIRY INDUSTRY, SITUATION AND OUTLOOK

Maurice Incerti
Dairy Australia, Murray Dairy, Kyabram

Take home messages

- **Australia's irrigated dairy industry is one of nations most important agricultural industries. It the largest user of irrigation water and as such is a major contributor to the wealth and prosperity of regional communities that are dependent on irrigated agriculture**
- **Despite the importance of irrigated dairying the Australian dairy industry does not have access to comprehensive data on how the industry uses water, the benefits it delivers to regional communities and the issues facing the industry in the regions. Understanding what will drive the irrigated dairy industry's competitive and sustainable position is vital if the industry is to effectively position itself nationally and guide industry and government investment in collective action**
- **The dairy industry, with the support of CSIRO, will develop a comprehensive analysis of the irrigated dairying regions across Australia - *Dairy Water 2006 Situation and Outlook.***

With \$3.2B in the value of farm production, over \$9B in total value of production and \$2.5B in annual exports, the dairy industry contributes substantially to Australia's economy. The outlook for international trade in dairy products is positive, and opportunities to expand production in Australia are growing.

Overall, the dairy industry uses about 25% of the surface irrigation water in Australia. It is also a major user of ground water in all areas in which it is located. The industry is acutely aware of the importance of water and is actively pursuing strategies that assist dairy farmers to making better decisions about the use of their water resource as well as reduce negative externalities associated with that use.

In December 2005 the dairy industry commenced discussion with the CSIRO's Water for a Healthy Country program to discuss how the CSIRO could assist the industry strategically position itself nationally to:

- Improve the value that it realise from the efficient use of water resources;
- Enhance industry growth and the viability of the rural communities that are so intrinsically dependent on it;
- Complement wider considerations about the community's desires for sustainability of economic, social and environmental values in a national context;
- Improve Australia's international image as a source of high quality, sustainably produced agricultural commodities and products.

While the use of irrigation in dairy farming occurs in all of the dairying regions in Australia, there are enormous differences within regions and across regions as to the

issues facing the industry. Having a sound knowledge base as to how the industry uses irrigation water, the benefits it delivers regional communities and an understanding of the key issues and their drivers in each region is vital if the industry is to effectively position itself and invest industry funds in collective action.

This knowledge base will guide future investment in R,D&E around water and hence drive the industry's competitive and sustainable position. It will also underpin policy development ensuring that future water reforms do not focus into narrow sub-areas such as the nominal efficiency of usage by different production systems, or the primacy of environmental considerations independent of other factors. While these aspects can be important in particular contexts, they must be addressed within the broader framework of a sustainable nation.

In recent years Dairy Australia has produced the *Situation and Outlook* reports (2004 and 2005) to help the industry strategically position itself and focus collective action. These reports, while acknowledging the importance of irrigation to the industry, do not provide sufficient detail at a regional scale due to the complexity and diversity of issues and the ability to source independent and reliable data.

The Australian Dairy Farmers (ADF) and Dairy Australia (DA) have identified that overcoming this gap through the development of an industry blueprint for irrigation is a high priority for the Australian dairy industry. The ADF and DA welcomes the opportunity for the industry to work with CSIRO to develop a blueprint for irrigated dairy that will provide this knowledge base and a clear dairy perspective for any national irrigation strategy.

CSIRO's Water for a Healthy Country program is currently working with commodity groups to better position Australia's irrigation industries in process of national water reforms. The development of an industry blueprint for irrigation provides an opportunity for dairy to position this work in an Australia-wide context for sustainable development of Australia's irrigation industries as part of CSIRO's Australia wide reporting in 2008.

The overall objective of the project is to consult with the industry across Australia and to develop an irrigation blueprint (*Dairy Water 2006 Situation and Outlook*). Specifically this report will consist of an overview of the irrigated dairy industry across Australia that includes details at a regional level of:

- Water usage,
- Value of production (farm gate, value added)
- Contribution to regional economies,
- Key issues and water reform drivers (eg natural resource management),
- Opportunities to expand production.

The *Dairy Water 2006 Situation and Outlook* will also provide industry context, input and support in the development of the CSIRO's Australia wide reporting in 2008 on the sustainable development of Australia's irrigation industries and other irrigation related research programs.



Maurice Incerti commenced working in the dairy industry in 1996 when he was appointed as Chief Executive Officer of the Murray Dairy Regional Development Program. Prior to that Maurice worked as an agronomist with the Department of Agriculture for 11 years managing a range of research and extension programs.

In 2004 Maurice moved to working part time for both Murray Dairy and Dairy Australia. In his role with Dairy Australia, he has been assisting all of the Regional Development Programs across Australia as well as managing the industry's farm sector priority setting process.

In 2006, following the creation of Dairy Australia's new Farm Productivity and Delivery portfolio, Maurice was appointed to manage the Regional Development Programs within Dairy Australia. He does this on a part time basis as well as continuing to manage the Murray Dairy Regional Development Program.