



27 March, 2019

Senate Standing Committees on Rural and Regional Affairs and Transport

PO Box 6100

Parliament House

Canberra ACT 2600

**Export Control Amendment (Banning Cotton Exports to Ensure Water Security) Bill 2019  
Submission Response**

Dear Sir/Madam,

I write to express deep concern and opposition to the *Export Control Amendment (Banning Cotton Exports to Ensure Water Security) Bill 2019* put by Senator Rex Patrick.

I run an agricultural consultancy business based in Toowoomba assisting growers in the Namoi, Gwydir, Macintyre, Condamine and Balonne river valleys – tributary to the Murray Darling – to market their crops. We charge a fee to our grower clients per unit of their production – with the same price charged per bale of cotton as we charge per MT of grain, pulses or oilseeds. On my numbers, when irrigation water is available, cotton represents the most valuable crop to my business by a factor of at least 150% (on a hectare basis), and about 130% (on a megalitre basis), for the reasons outlined over the page. These ratios would hold true for most volume-based ag industry service providers in our region.

**Market Background**

In years where my clients receive irrigation allocations, they typically choose to use that irrigation water on cotton – for the simple reason that it returns more \$/ML than other crops climatically and logistically suitable in these areas. The notion that a ban on cotton lint exports would ensure water security is ill conceived, as clearly if cotton were not grown, the allocated water would simply be used on the next most valuable annual crop.

When selecting crops for the Upper Murray Darling, apart from the immediate \$/ML return cotton generates, other key benefits are that once harvested, cotton does not spoil – and has large, well-established and ‘destination diverse’ export markets for whatever volume we produce. The same cannot be said for alternative annual crops, where over-production (in the event cotton production was banned and irrigated area switched to alternates) would either ‘flood’ a domestic market and lead to unwieldy stocks, or potentially leave perishable crops with challenging logistical paths to either domestic or export markets to literally rot on the vine.

Meanwhile, the domestic market for cotton lint is virtually non-existent, with minimal spinning capacity within this country – and any investment to rectify that situation highly risky and highly unlikely. This makes export essential – and thankfully, the world cotton market is eager to use whatever we produce. For the 20 something years I have been

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involved in the cotton industry in Australia, there has been virtually no domestic carry out of Australian cotton from one season into the next.

Cottonseed, additionally, is a valuable commodity in its own right, with both export and domestic markets. It has become an increasingly important feed ingredient for domestic animal industries – and as a result irrigated cotton production has been essential for keeping stock alive over the recent drought period on the East Coast.

**The numbers for my business:**

From my businesses' own perspective, cotton also represents the most profitable crop for me to market – as it generates the highest number of 'chargeable units' per hectare and per megalitre of production. For example, on my numbers, an irrigator at Moree might conservatively produce:

**Per Hectare:**

- 12 bales/ha of cotton lint plus 3MT/ha of cotton seed = 15 'chargeable units';
- 6 MT/ha of sorghum = 6 'chargeable units'
- 10 MT/ha of maize = 10 'chargeable units'
- 2 MT /ha of mungbeans = 2.5 'chargeable units'.

Thus, my business' revenue from my client's irrigated cotton production from a hectare basis is circa 150% over what would be achievable from maize production, 250% over sorghum production and 600% of mungbeans.

**Per Megalitre:**

- 1.71 bales/ML cotton lint + .42 MT/ML cotton seed = 2.13 'chargeable units' (working on 7ML/ha)
- 1.57 MT/ML of sorghum = 1.57 'chargeable units' (working on 3.8ML/ha)
- 1.62 MT/ML of maize = 1.62 'chargeable units' (6.15 ML/ha)
- 1.33 MT/ML of mungbeans = 1.66 'chargeable units' (1.5 ML/ha)
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From a per megalitre basis cotton generates returns for me of 131% over maize, 135% over sorghum and 128% over mungbeans. The same ratios would hold true for all volume based service providers in the supply chain.

This is money that flows through our communities from car dealerships, to real estate agents, to corner stores.....and to tax receipts.

I hope this information is useful for your deliberations.

Kind Regards,

Pete Johnson  
Principal  
Left Field Solutions Pty Ltd

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