



21 March 2019

Committee Secretary
Senate Standing Committees on Rural and Regional Affairs and Transport
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Sir or Madam

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

Barwon-Darling Water Inc is writing to express it's members deep concern at any proposal to limit the growing and export of cotton (or any other legal crop) in Australia.

We believe it is the job of government to decide – through various water sharing plans, and the Basin Plan, how much water can be diverted from rivers and lakes for irrigation and other industrial and commerical uses, and how much should stay in the rivers for envonmental, cultural and recreational purposes, and for downstream water security.

The decision on how the diverted water is used, and for which crop, should be at the discretion of the the water licence holders. With an effective trading system, water will then eventually makes find itself being used for to grow crops with the highest value, in the most efficient way.

That is the experience of the cotton industry, and these principles are part of the National Water Initiative (NWI).

Value of the cotton industry in local communties

The value of the cotton industry to Barwon-Darling communties over the years has been enormous.

This economic activity and jobs provided by cotton in non-drought times has seen communities thrive that have been hit by a turn down in the pastoral industry, withdrawal of government services from smaller towns and loss of population.

For example, in 2000 Hasall & Associates carried out a study on the value of the cotton industry in the Bourke area. The study found that, on average, cotton was responsible for 700 full time jobs in Bourke and \$70m of agricultural output.

Through water buybacks, water reform generally and drought, this figure is much lower today, but these facts underline the enormous positive social and economic benefiit of the cotton

industry to small, struggling outback communities. The cotton farms, cotton gins and related industries and commerce have served to strengthen the Bourke community – and this applies to other towns on the Barwon-Darling like Mungindi and Walgett.

The small town of Collarenebri – just east of Walgett – is a good example of what happens when you withdraw the cotton industry from an rural community. When all of the water was purchased from Colly Farms under the Basin plan buybacks, the town's economy and population declined dramatically.

This is all documented in the MDBA Northern Basin Review, which makes sobering reading. The same thing happened at Bourke when the water from Toorale station was purchased. The owners received a payment for the water, but the Bourke community continues to suffer the losses in jobs, contract work and commercial activity. The local council also lost rate revenue.

The cotton industry has come a long way since it began in the northern basin in the early to mid 1960's

Cotton's importance for communities

Cotton is grown in 152 communities in NSW, Queensland, and northern Victoria.

In 2017/18, there were 1,436 cotton farms, mostly operated as small family farms.

Cotton farmers typically run mixed farming enterprises, with crops like sorghum, soybeans, wheat, and they also have cattle and sheep grazing businesses.

In 2016/17, the Australian cotton crop was worth \$2.3 billion. Cotton ranges from 30% to 60% of the gross value of the agricultural production in regions where it is grown (reference: Australian Cotton Sustainability Report 2014).

Cotton growers make a valuable contribution to their communities. The 2017 Cotton Grower Practices survey showed growers significantly contribute to their communities. On average, 79% of grower expenses were spent in their local area, equivalent to \$0.80 in every \$1 of business expenses. Growers also strongly contribute to their communities through donations to local organisations, community causes and charities, and supporting local events.

People from the cotton industry also make up much of the volunteer effort in the local communities, contributing to social organisations, local government, sporting bodies, charities and churches.

If cotton was banned, much of this community input would be lost.

Furthermore, businesses and communities would find themselves with stranded assets worth tens of millions of dollars, such as cotton gins and transport infrastructure, which would not be able to be re-purposed. Commercial infrastructure would also be grossly affected by a drop in business opportunities.

Environmental credentials

The environmental achievements of the cotton industry have included:

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- A 40% increase in water productivity, with continuing improvements;
- Yields 2.5 times the world average, with a high-quality product;
- Australia's cotton industry has one of the most rigorous farm-based environmental management programs in the world called myBMP (best management practice); and
- This myBMP provides for 300 separate standards across 10 categories that farmers must satisfy to be fully certified in the myBMP program. myBMP uses practical tools to ensure growers are implementing world's best practice to produce economically, socially and environmentally sustainable cotton.

Impact of drought

Irrigation water is at the bottom of the priority list in all water sharing plans. During a drought, the amount of water for farmers is significantly restricted, as allocations are reduced.

This reduction reflects the priority of critical human needs and the environment.

When there is no water available, there's no irrigated cotton grown (has carried over water that has been stored in a previous year when there was a high water allocation).

Due to the drought and restricted water volumes for agriculture, the 2018/19 cotton crop is forecast to be at below half of 2017/18 crop.

Barwon-Darling Water

Members of Barwon-Darling Water Inc have been involved in the water reform process, especially in relation to the unregulated Barwon-Darling River, for many years.

Barwon-Darling Water is an independent, apolitical body funded by its members. It was set up to provide advice on the Barwon-Darling River to members and decision-makers, to assist with policy development, and to advocate on behalf of the interests of its members.

Our membership is made up of local water user groups – including local government, irrigators and riparian users. We represent all licence holders and water users on the Barwon-Darling – from Mungindi on the Queensland border to the Menindee Lakes.

Barwon-Darling Water has been deeply involved in water management activities and water reforms on the Barwon-Darling River over the past few decades. This work has included:

1. Co-operating with other stakeholders to create a set of environmental flow rules for the Barwon-Darling (through the first Barwon-Darling River Management Committee)
2. Assisting in development of the Barwon-Darling Cap Management Strategy of 2007;
3. Representation in development of the Barwon-Darling Water Sharing Plan 2012; and
4. Working as part of the Stakeholder Advisory Panel on development of the Barwon-Darling Water Resource Plan 2018.

We have also been involved in discussions regarding the Murray-Darling Basin Plan since the plan was launched in early 2007.

Barwon-Darling Water is a member of NSW Irrigators Council and the National Irrigators Council and has strong connections with other valley and industry groups.

Over many years, and through many reforms, Barwon Darling Water has argued for a balanced outcome to ensure the various flow, cap, river and basin plans are fair and workable for all stakeholders, including the environment. Our members have worked tirelessly with other groups to assist in development and implementation of various plans, including the Basin Plan.

Barwon Darling Water and its members have always sought balance between environmental outcomes and the social & economic health of our communities. We are committed to establishing a viable, productive irrigated agriculture industry that relies on a healthy river.

We have shown a willingness to work with all Governments & stakeholders, to implement the Basin Plan. We were assured at various times that there would be no more negative impacts on our communities. This has not happened on the Barwon Darling where impacts have been much greater than planned.

However, we have continued to engage with NSW & the Commonwealth; assisting with the implementation of the Basin Plan. We have put our case; we have challenged unfairness at times; and we have asked for improvements and argued our case.

If the Senate Standing Committee wishes to discuss these matters further, I am available on

Yours sincerely

Barwon-Darling Water Inc