

Inquiry into water management in the Coorong and Lower lakes by the Senate Rural and Regional Affairs and Transport Committee.



Submission by Cotton Australia Ltd

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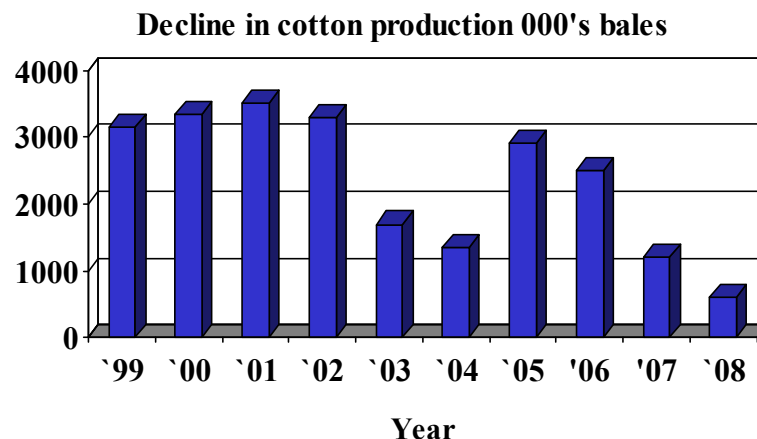
CEO

INTRODUCTION

Cotton Australia is the peak body for Australia's 900 cotton growers that can produce up to 400,000 hectares of cotton in Australia. Over 85% of Australia's cotton crop is produced in the Murray Darling Basin almost exclusively in the Northern Section of the Basin on the Condamine, Macintyre, Balonne, Gwydir, Namoi, Lachlan and Darling River systems. Obviously with the geographical footprint of the industry, this inquiry into the potential mechanisms that can be employed to alleviate the significant environmental problems in the Coorong and the Lower lakes is of significant interest to the industry. In making a submission to this inquiry, Cotton Australia wishes to also support our peak representative bodies, the Queensland Farmers Federation (QFF), NSW Irrigators Council (NSWIC) and the National Farmers Federation (NFF) in their submissions on this issue. Rather than re-iterating positions put forward by these organisation, Cotton Australia as an organisation intent on representing cotton growers in their interests in developing progressive, proactive policies, wishes to make the following additional points in response to the terms of reference.

- Australian cotton growers are internationally recognised as world leaders at producing very high quality, high yielding, cotton in the most water efficient ways, when benchmarked against other cotton producing nations.
- Cotton growers have improved efficiency by 238% since the 1970s, where cotton farmers now produce 7.84 bales/ hectare, as compared to 3.3 bales/hectare
- Even though starting from a high base, the industry has recently committed to doubling the water use efficiency of the industry again within the next 10years

- For over 10 years the Australian cotton industry has lead the field in Australian agriculture by investing growers dollars and industry resources to the development, implementation and auditing of the Australian Cotton BMP program, an environmental management system designed to mitigate the risks of cotton production in the Australian landscape. In 2005 the Australian Government assisted the industry in developing a Land and Water Management Module for the cotton BMP program, this allowed the industry to synthesise years of leading edge irrigation research into an on-farm, auditable adaptive management program.
- Although many farmers in Australia identify themselves as cotton growers, no farmer relies entirely on cotton production for their income. Every farmer chooses to grow the crop on their farm that can return the best result for their business for the minimum amount of water usage. This decision often results in fluctuations in crop size and crop mixes across irrigation regions. While cotton may be the predominant crop one year, in other years other crops may be more attractive choices based on balancing water availability and commodity prices. A perfect example of this was seen in the most recent summer (2007/08) season where many farmers turned to dryland grains and oilseeds production in lieu of irrigated cropping, as a result of the prolonged and severe drought conditions.



- Crop choice does not influence the total quantum of water usage. Water usage is regulated by State issued water licences and a grower will deploy the resources associated with this licence to the most efficient return to the irrigation business. So while cotton may not be grown in any given year, this would not change the total amount of water used for irrigation, this water would simply be used on other commodities for eg. irrigated cereals or legumes.
- Being an annual crop, cotton is highly suited to a variable climate as farmers decide to plant cotton based on resource (particularly water) availability, this means that if water is scarce they simply do not grow the crop and avoid the need to source any water all.
- Water scarcity was the predominate reason that Australia witnessed its' lowest cotton plantings in over 30years last production year (2007/08).

SPECIFIC COMMENTS IN RELATION TO TERMS OF REFERENCE ITEM 1:

The on-farm management of water in the Northern Sections of the MDB:

- The Northern Basin is characterised by ephemeral stream flows and as such irrigation development and licences have been managed in such a way as to capture water on farm in privately built storages.
- While not all irrigation in the Northern basin is solely done in this way, this ability to capture flood water when water is plentiful is critical to the ability of farmers in the northern basin to manage against the risks of low water years.
- Climate change modelling indicates that Australian agriculture should be prepared for a climate where total average annual rainfall may decrease along with a slight reduction in the total number of rain events; however the severity/strength of each event may increase. In light of this, the construction of on farm water storages to capture large flows of water from heavy rain systems, in conjunction with a flexible production system that utilises annual cropping choices, appears to becoming even more important to the future sustainability and growth of the farming sector.

A history of engagement in water planning reform:

- Australian cotton growers and irrigators in general, have always been proactive in taking a scientific approach to planning for a sustainable management of the Murray Darling Basin's water resources.
- While calling for the recognition of existing rights and investments, along with the assessment and management of the impact on regional communities, the cotton industry has always taken the attitude that where the science indicates that adjustments in the name of sustainability are required, then we should ensure best practice planning arrangements are deployed to manage the resource for future environmental and economic sustainability
- In previous elements of the reform of water planning processes cotton growers have supported, and heavily resourced State Government legislated, catchment scale implementation of water planning tools (Water Sharing Plans in NSW, Resource Operations Plans in Qld).
- The existing state based water plans have been developed over many years and although adjustments to these plans has not always been easy, and agreements have required compromise, cotton growers believe that further reform should be built on these as a credible and stable starting point.
- Cotton Australia believes that ignoring these grass roots building blocks in future planning decisions will significantly erode the investment confidence in irrigated farming.

Future engagement in planning reforms:

- The inherent limitations of the state based systems have been recognised by cotton growers and in recent times they have supported the moves by the Australian Government to oversee the management of the basin.
- Although the development of a basin plan will see the planning reforms add yet another layer to the asset insecurity for cotton growers, the industry is fully supportive of the concepts agreed to in the Water Act 2007.
- Cotton Australia believes that under no circumstances would it be justifiable to circumvent the development of a comprehensive basin wide plan as outlined in the Water Act 2007 in order to deal with the emergency contingency measures in the Coorong.

Water management options for the Coorong:

- Cotton Australia believes that it is up to the scientific community to assess the most cost efficient and environmentally effective method of protecting the future ecological assets of the Coorong.
- Cotton growers in the Murray Darling Basin have participated and supported Government measures to enter the market place to acquire water where environmental objectives and targets can be articulated. The way in which this process should be managed is well outlined by the NFF, and QFF submissions and Cotton Australia supports these views.
- Cotton Australia observes that it appears the only resolution to the issues affecting the Coorong appears to be by increasing the volume of water available to the lakes. Evidence already presented to the inquiry appears to assert that accessing more water from the Northern Basin would be economically inefficient and environmentally wasteful by having significant economic impact on Northern Basin communities and businesses only to see less than twenty percent of the water reaches its target. Further, it is apparent that in reality there is vastly insufficient water held in private storage in the Northern Basin to allow for any significant contribution to this emergency situation.

SPECIFIC COMMENTS IN RELATION TO TERMS OF REFERENCE ITEM 2:

The items outlined by TOR 2 require significant analysis in order to provide the inquiry with a considered response. In light of this and the fact that the committee will not be reporting on these issues until the 4 of December, Cotton Australia offers the comments outlined below as only interim responses and we reserve the right to provide a more comprehensive submission on these matters to the inquiry at a later date.

- a. *the adequacy of current whole-of-basin governance arrangements under the Intergovernmental Agreement;*
 1. Cotton Australia believes that the recent reforms to the whole of basin governance arrangements should be implemented before any assessment on their adequacy .
 2. Cotton Australia is supportive of the reforms that were outlined in the Intergovernmental Agreement in relation to the formation of a single Basin Authority.
- b. *the adequacy of current arrangements in relation to the implementation of the Basin Plan and water sharing arrangements;*
 1. Cotton Australia supports the core elements of the Water Act 2007 that stipulate that a basin plan is to be developed by 2011.
 2. Cotton Australia cannot see how this complex task could be performed adequately any sooner than this and we reject any suggest to the contrary.
 3. Cotton Australia acknowledges that the basin plan will take affect at the next review of the existing state plans, which for the cotton industry will mean implementation in 2014.
 4. Cotton Australia believes if these arrangements are for some reason hastened in order to provide respite to the existing situation in the Lower Lakes than this would jeopardise the integrity of the State water sharing plans as well as put such an overburdening layer of economic uncertainty on the sector as to potentially risk the very significant base upon which investment in irrigated agriculture exists.
- c. *long-term prospects for the management of Ramsar wetlands including the supply of adequate environmental flows;*
 1. Ramsar listed wetlands should be recognised for their importance to the biodiversity of Australia, and as such, regulatory tools around water and land use planning should ensure that their values are protected.
 2. Cotton Australia acknowledges that under existing water planning regimes, once the needs of the community are catered for, the environment is next in a hierarchy of sharing that ends with irrigators at the bottom.
 3. Cotton Australia would seek to point out that management of Ramsar wetlands is not exclusively about the supply of sufficient water but it should also be about the protection of the assets from other degrading land uses. This means that if the Government intends to use protection of iconic environmental assets as justification for the purchase of water licences than Cotton Australia expects that similar market based

interventions will be investigated to avoid potential impact from other land use practices such as grazing of wetland areas, diversion of natural flows to encourage pasture growth, draining of wetlands for development or mis-management of wetlands that leads to feral animal and weed infestation.

4. Cotton Australia points out that even with the best intentions and the application of best practice planning, if there is not enough water in the system to satisfy environmental needs it is because it has not rained enough and given the hierarchy of water sharing, irrigators have felt the brunt of severe water shortages for a number of years of minimum to zero allocations.

CASE STUDY: COTTON COMMUNITY, WEE WAA, NORTH WEST NSW completed by the CCC CRC

A drought impact study of businesses in Wee Waa in 2007, compared to 2001 found:

- Permanent staff numbers fell 60% between 2004 and 2007
- Casual employment fell 40%
- 2/3 of employees who lost their jobs left the region
- 60% of businesses have downsized as a result of the drought
- 95% of businesses had a 60% or greater reliance on a healthy cotton industry
- Combined Wee Waa Primary and Secondary school numbers declined by a total of 128 students (21%)

d. the risks to the basin posed by unregulated water interception activities and water theft;

1. Cotton Australia believes that all water interception should be regulated and accounted for in appropriate planning regimes.
2. Cotton Australia believes that where people are found to have extracted water illegally they should be held accountable.

e. the ability of the Commonwealth to bind state and territory governments to meet their obligations under the National Water Initiative;

1. Cotton Australia has no comment to make on this jurisdictional issue at this point in time.

f. the adequacy of existing state and territory water and natural resource management legislation and enforcement arrangements; and

1. Cotton Australia has no comment to make on this issue at this point in time.

g. the impacts of climate change on the likely future availability of water

1. Cotton Australia refers to earlier points regarding the predicted impacts of changes to precipitation as a result of climate change.
2. Cotton Australia believes that the best way to assist the agriculture sector to deal with these predicted changes is to ensure that farmers are provided with timely, spatially relevant, resource information to allow them to manage their businesses to cater for change. Making significant, poorly timed snap policy decisions may in the end be of greater risk to the sustainability of Australia's farmers than any actual changes to the climate.
3. Further analysis of this issue will be offered in a subsequent submission.