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Senate Standing Committees on Rural and Regional Affairs and Transport
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RESPONSE

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

Southern Cotton is an independently-owned cotton ginning facility located in Whitton, in the Murrumbidgee Irrigation Area (MIA), southern NSW.

Over the past seven years, our business has **employed over 700 people** and returned approximately **\$690 million** to local communities and downstream suppliers.

Writing on behalf of our 72 growers in the Southern Valleys, we put forward the case that banning cotton exports will have **no impact** on addressing water and food security in the Murray-Darling Basin, making this Bill an **ineffective and inappropriate response**.

However, the consequence is clear: it will shut down the cotton industry in Australia. The irrigation areas rely on good incomes in plentiful rainfall years – and the Cotton Industry was credited with the resurgence of the small MIA towns in 2012 after the last drought. Taking away the option of a profitable and sustainable crop will have devastating effects on the farmers who grow cotton, the whole service industry and communities supporting them.

Importantly, our submission will demonstrate that imposing a ban on cotton exports **will not result** in the desired outcome of this Bill, as stated in the *Explanatory Memorandum*:

“Overall, it could be anticipated that termination of the cotton export market would result in significant reduction in demand for Murray-Darling Basin water resource.”

Please consider our case to reject the Bill:

1. Irrigators choose what they will grow with their water allocation

Irrigators own a water license, and licence holders use that water to grow a crop that will provide the best return per megalitre. Many irrigators choose to grow cotton because it provides the best return per megalitre. If growers didn't grow cotton, they would use their water allocation to grow another annual crop. The result? No water savings.



Therefore, the *Explanatory Memorandum* is factually incorrect: “This [Bill] would provide an opportunity to return significant volumes of water to the environment”. [p.3]

2. Our growers do the right thing

Water is our growers’ most valuable resource. Every drop counts. Irrigators and industry researchers are continually looking at new ways to further increase water efficiency. Cotton is not a thirsty crop, as is often incorrectly reported. In fact, the Australian cotton industry has achieved a 40 per cent increase in water productivity over the last decade.

In the Southern Valleys, growers have converted to cotton at a rapid rate over the last decade because it presents the most efficient use of water, when compared with other crops. For example, cotton uses approximately 8-10 megalitres per hectare while rice and corn use approximately 12 – 20 megalitres per hectare.

3. Cotton is a food product

Cotton is both a food and fibre product.

Cottonseed is a by-product of the ginning process, which is an important food supplement, especially in times of drought.

In 2018, cottonseed sales returned an average \$420 per tonne to our client growers (\$26 million into the regional economy). Cottonseed is an essential component of the rations of both feedlots and dairy’s’. Its high protein percentage and oil content contributes to the stock growth and high milk quality of our locally produced meat and milk. The oil is also extracted and is used in some food products, as well as many manufacturing processes.

Therefore, the *Explanatory Memorandum* highlights a lack of understanding about cotton production and the cotton industry: “Export cotton production should not be given the same priority as food production. “ [p.2]

4. No water, no crop

We are in the grips of a devastating drought. In the Southern Valleys, the current cotton crop is mainly being fed by bore water and carryover stored water – **not by excessive water allocation**. If the situation remains the same, there will simply be no crop, of any kind, in 2020 because there will be no allocation and no carryover from this year. The advantage of



an annual crop like cotton is that in a dry year, there is none grown but it allows the producer to recover with a profitable alternative when it does rain.

In summary, banning cotton exports is not the magic bullet that will: “protect and restore the environmental health of Australia’s biggest and most vital river system”.

Our cotton growers are environmentally-sensible irrigators, who are doing everything they can to help maintain a healthy river system, now and in the future. We are not opposed to being involved in educated discussions about ways to improve water efficiencies. In fact, we welcome sensible national debate around this important issue.