



**Cotton Seed Distributors Ltd.**

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

Cotton Seed Distributors Ltd. (CSD) strongly opposes the proposed Export Control Amendment (Banning Cotton Exports to Ensure Water Security) Bill 2019 (the Bill) and we offer to appear before the committee to either discuss or clarify any of the points raised in this submission.

### **Impact of the proposed Bill on Cotton Seed Distributors Ltd.**

Cotton Seed Distributors Ltd. (henceforth referred to as CSD) is a member owned, non-profit distributing company that has been supplying quality cotton planting seed to the Australian cotton industry since 1967. CSD's members (cotton growers and active industry participants) receive no financial benefit from their membership. All surpluses are retained in accordance with our corporate structure for investment under our charter into research, development and extension within Australian agriculture.

CSD is a major investor in cotton breeding, research and development, having fostered a long and successful partnership with the Commonwealth Scientific and Industrial Research Organisation (CSIRO). This partnership has produced over 100 cotton varieties, specifically bred and adapted to suit Australian conditions.

CSD is a founding partner of *CottonInfo*, an industry-funded joint extension program between CSD, Cotton Australia and the Cotton Research and Development Corporation which has enabled the Australian cotton industry to be largely self-sufficient following the withdrawal of government support for the Cotton Catchment Communities CRC in 2012.

CSD also operates an international business supplying cotton germplasm and varieties to markets in the Americas, Europe and Africa.

CSD's headquarters and seed production facilities are located at Wee Waa, part of the Narrabri Shire in regional NSW. With a population of less than 2,000 people, Wee Waa is approximately 90% dependant on irrigated agriculture, primarily cotton production<sup>1</sup>.

In 2019, CSD is due to complete construction of a new, specialised cotton seed processing and storage facility, which will facilitate the production of cotton planting seed for up to one million hectares of irrigated and dryland cotton in any one season.

The construction and commissioning of these new facilities has brought a significant boost to the Wee Waa economy, and with an investment of approximately \$90 million, is the shire's largest ever non-mining development. Approximately 100 people were employed by the project at its peak, injecting a significant influx of money into the local economy.

Australian cotton is essentially an export commodity, as our domestic spinning requirement is less than ten thousand bales per year out of an average annual production of 2.8 million bales.<sup>2</sup> It is unlikely that under the ban, Australia's spinning capacity would increase to improve the domestic demand for Australian cotton, as energy and labour costs have proven to be prohibitive.

Consequently, if passed, the Bill would ultimately shut down the Australian cotton industry for both irrigated and dryland (rain fed) farming systems and the plethora of supporting businesses, including CSD. CSD's sole

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<sup>1</sup><http://www.namoiwater.com.au/Home/TabId/3060/ArtMID/11715/ArticleID/1076/Saving-Wee-Waa.aspx>  
Namoi Water News. Namoi Water.

<sup>2</sup><https://cottonaustralia.com.au/cotton-library/fact-sheets/cotton-fact-file-the-australian-cotton-industry>.  
Australian Cotton Industry Overview. Cotton Australia.



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commodity is cotton planting seed and there are no genuine business opportunities for CSD to enter other agricultural seed markets in Australia.

### **Impact of the proposed Bill on CSD's customers**

CSD uses an agency network to professionally supply and service cotton seed to Australian growers. For many of these agents, cotton seed is a key commodity and its withdrawal from the market would drastically impact their capacity to continue operations in the regional communities that they service.

Over the past three cotton seasons, irrigated cotton hectares have comprised approximately 48% of the national cotton crop, with approximately 52% of cotton produced in Australia grown on a dryland (rain fed) production system. The producers of dryland cotton take no more water from the catchment than other non-irrigated crops, however under the proposed Bill, would be unfairly blocked from growing cotton as their crop of choice.

This outcome would do little to improve flows in the Murray Darling system, in part due to the large proponent of dryland cotton production, and cotton produced in irrigated systems outside the Murray Darling catchment.

### **Impact of the proposed Bill on regional communities**

The closure of a business such as CSD would not only make redundant 57 full-time staff, but also a strong casual workforce. With many of these staff holding specialised skill sets, it is unlikely that they would be able to gain further employment in the region, and would likely relocate with their partners and families.

The impact of the loss of a major employer such as CSD on small communities such as Wee Waa and Narrabri would be devastating; with significant socio-economic disruptions to the level of education in the region.

According to the 2016 Census data, the cotton industry was the third largest employer in the Narrabri region<sup>3</sup>; and in the North West NSW region, the 2016-17 gross value of irrigated cotton production was over \$600 million.<sup>4</sup> These statistics are echoed in the work of Stubbs which concludes; "The importance of irrigated agriculture, and in particular the cotton industry, in smaller communities is difficult to overstate. For smaller and more remote communities, growth in irrigated agriculture appears to be the only avenue available to reverse or slow longer term trends in employment loss associated with growth of regional centres at the expense of smaller centres".

More broadly, the closure of CSD would have a disastrous effect on the capacity and resilience of communities in which CSD directly operates, with staff based in Wee Waa, Narrabri, Griffith, Hay, Narromine, Moree, Goondiwindi and Dalby. In a 2010 report, Guy Roth pointed to the importance of cotton in many regional communities. "The cotton industry is one of the leading employers in most of the places where it is grown."<sup>5</sup>

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<sup>3</sup>[http://quickstats.censusdata.abs.gov.au/census\\_services/getproduct/census/2016/quickstat/LGA15750](http://quickstats.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/LGA15750)  
2016

Census QuickStats. Australian Bureau of Statistics.

<sup>4</sup><http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/4610.0.55.0082016-17>  
Gross Value of Irrigated Agricultural Production, 2016-17. Australian Bureau of Statistics.

<sup>5</sup><https://www.crdc.com.au/sites/default/files/pdf/Economic%2C%20social%20and%20environmental%20indicators%20report.pdf>  
Economic, Environmental and Social Sustainability Indicators of the Australian Cotton Industry. 2010. Guy Roth, Cotton Research & Development Corporation.



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## **Impact of the proposed Bill on Australian agriculture**

If passed, the Bill would also result in the abandonment of CSD's \$7 million investment in agricultural research, development and extension each year; including broader research into optimising farming systems that include cotton as a rotational crop. The outcomes of this research have improved the economic performance of farming systems as a whole, not only cotton crops.

The proposed Bill would also negatively impact CSD's suppliers of cotton germplasm and biotechnology, by reducing royalties and seed service fees. The Australian cotton industry has led the way in the research, development and responsible commercial application of these valuable technologies which have since been deployed in the Australian canola industry. The proposed Bill would likely see the withdrawal of this biotechnology from the Australian market, impacting not only cotton growers, but producers of other genetically modified crops.

The benefits of the use of biotechnology (including GMOs) in Australian agriculture have been widely reported, including in a report from the Australian Government's Department of Agriculture, Fisheries and Forestry, which states: "These benefits often accrue to producers through improved speed to market; reduced environmental damage; healthier and more valuable livestock and crops: and maintenance of or improvements in productivity."<sup>6</sup>

## **Summary**

In summation, it is the view of CSD that the proposed Bill would effectively shut down the Australian cotton industry for both irrigated and dryland (rain fed) farming systems and the plethora of supporting businesses that rely on cotton as a commodity.

The proposed Bill would have catastrophic economic and demographic impacts on the many rural communities that rely on irrigated agriculture, most of which are already struggling with the ongoing and prolonged current drought. It would also compromise Australia's ability to access these benefits of biotechnology to agriculture in the short, medium and long term.

CSD implores the Government to consider these impacts and investigate alternative options to ensure water and food security in the Murray-Darling Basin.

## **Peter Graham**

Managing Director

Cotton Seed Distributors Ltd.

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<sup>6</sup><http://www.agriculture.gov.au/SiteCollectionDocuments/ag-food/biotech/non-gm-report.pdf>

The Value of Biotechnology. The authors of this report are Dr Lyndal Thorburn and Ms Shahana Parbeen of Innovation Dynamics Pty Ltd; and Ms Denise Ironfield of ACIL Tasman; with input from Dr Ian Edwards of Edstar Genetics, and Mr Paul Lloyd and Ms Miranda Bailey of Innovation Dynamics.