

25 May 2018

Committee Secretary
Rural and Regional Affairs and Transport Legislative Committee
Parliament House
Canberra ACT 2600
Email: rrat.sen@aph.gov.au

Dear Secretariat,

Cotton Australia is the key industry body for the Australian cotton industry and is pleased to provide a submission to the Rural and Regional Affairs and Transport Legislative Committee on the topic of the recently tabled Water Amendment Bill 2018 ('the Bill').

Cotton Australia is an active member of the National Irrigators Council, the National Farmers Federation, New South Wales Irrigators Council and the Queensland Farmers Federation and endorses any submissions they may have made to this Committee.

The vast majority of cotton production in Australia is reliant on the Murray-Darling Basin, as are the communities which rely on the success of the cotton industry such as Trangie, Warren, Wee Waa, Narrabi, Moree, Collarenebri, Mungindi, Goodiwindi, Dirranbandi and St George to name a few. The Murray-Darling Basin Plan ('the Plan') was created as a compromise between the varying interests of stakeholders with the view to achieving balanced positive outcomes across three objectives; environmental, social and economic.

The tabling of the Bill by Minister Little-Proud in Federal Parliament on the 10th May 2018, which received bipartisan support is an extremely encouraging sign of implementing the Plan in full.

It was disheartening to see the Senate in February sideline a key part of the Basin Plan which, until that time had received strong bipartisan support. The 70GL provision that was removed through a disallowance motion failed to appropriately recognize the Plans objectives and the impacts it would have on industries and communities through the Northern Basin. It appeared that the disallowance motion was being used a political pawn in the South Australian election. Cotton Australia, actively advocated to State and Federal Ministers and Senators to illustrate the true impacts of supporting Senator Hanson-Youngs motion.

The Northern Basin Review clearly outlined that by better targeting water acquisition, which is part of the amended plan, greater environmental outcomes could be achieved through the 320GL adjustment rather than the original 390GL. Cotton Australia has been vocal that the amendment which was removed needed to be re-introduced into parliament for the Plan to be successfully implemented and achieve 'enhanced environmental outcomes while balancing the social and economic objectives. This Bill does that.

Cotton Australia, along with other irrigator and farming groups collectively advocated that the water recovery in the Northern Basin should have stopped at 278Gl. Cotton Australia believes that the money saved from additional water recovery could have been invested in complementary measures, which would have leveraged greater environmental gains from the release of environmental water. However, we accept as one of the many stakeholders in the Basin there needs to be compromise and a target recovery of 320Gl, is one that is manageable. Cotton Australia does submit that the focus should now be focused on looking to introduce more complimentary measures to achieve that 320Gl target.

Cotton Australia has provided a number of detailed submissions around the Northern Basin review, attached is Cotton Australia's submission to the Murray-Darling Basin Authority relating to the Proposed Basin Plan Amendments.

Cotton Australia has been actively involved in the majority of public debates and consultations relating to reforms, regulation, policy and investment in the Murray-Darling Basin. As an industry body we have a clear interest in supporting the implementation of the Basin in full. It is in the interest of our industry, as is the case with other Basin reliant industries that the Plan deliver balanced positively correlated environmental, economic and social outcomes.

This Bill provides a mechanism to allow the previously disallowed regulation that would provide a 70Gl reduction in the northern basin environmental allocation to be implemented by ministerial order. The Bill provides certainty to the communities that the Plan can continue to be implemented in a measured manner consistent with the intent of the Act. Cotton Australia supports the passage of the Bill and commends the Federal Government and Opposition for providing bipartisan support. It is imperative that it is continually recognised that the Plan is focused on delivering balanced outcomes to improve the environmental outcomes while stimulating and supporting industries and communities who rely on the Basin. This requires the support of the Federal Government, Opposition party, Basin Authority, Basin States, Basin Communities and industry.

Cotton Australia would welcome the opportunity to address Rural and Regional Affairs and Transport Legislative Committee on the importance of this Bill or other related matters. For further information please contact Michael Murray, General Manager – 0427 707 868 or michaelm@cotton.org.au .

Yours sincerely,



Michael Murray,
General Manager,
Cotton Australia

Attachment A: *Cotton Australia Submission – Plan Amendments 2017*

24/2/2016

The CEO,
Murray-Darling Basin Authority,
Level 4, 51 Allara St,
Canberra City, ACT 2601

Proposed Basin Plan Amendments

Dear Mr Glyde,

Enough is Enough - #MoreThanFlow

Executive Summary

The key issues facing cotton growers are:

- Access to productive water not only underpins the Australian cotton industry, but underpins the social and economic health of the communities that it operates within.
- The “Just Add Water” approach that has largely prevailed to date with the Basin Plan is, and has always been, critically flawed, and it is imperative that a more holistic approach is taken to Basin management which delivers real outcomes for the environment, and the social and economic lives of the communities.
- The proposed amendments show some acceptance by the Authority of the need to do more than just acquire water.

Cotton Australia recommends:

- That the acquisition of surface water across the Northern Basin ceases at the current level of recovery.
- That the savings from reduced water recovery targets be invested in complementary measures which will leverage existing water holdings, and deliver real environmental benefits.
- That pathways be developed that will return water to productive use in catchments where there is overt and covert over-recovery, and this be achieved in a way that does not negatively impact on other valleys.

Introduction

Cotton Australia is the key representative body for Australia’s cotton growing industry. The majority of our 1000+ growers live and operate in the Murray-Darling Basin, with their footprint extending from Swan Hill to the very headwaters of the Basin in Queensland.

Across the northern part of the Basin (from the Macquarie Valley north) cotton is the predominant irrigated crop, and is the lifeblood of numerous communities including Trangie, Warren, Wee Waa, Narrabri, Moree Collarenebri, Mungindi, Boomi, Goondiwindi, Dirranbandi, St George, Chinchilla and Dalby, to name just a few.

While production does vary significantly from year to year, primarily due to moisture and water availability, this season (2016/17) it is expected that Murray-Darling Basin production will exceed 4.2 million bales, generating a farmgate return in excess of \$2.4 billion.

It is estimated that the cotton industry within the Basin employs close to 10,000 people. Whether they are growers, farm workers or industry support people, they are very integral members of their towns and regional communities.

For Cotton Australia and its growers there is no more important issue than the management of our most precious natural resource – water.

We are vitally aware that water underpins our industry, but also our long-term access to it depends on managing it and its associated environment in a sustainable manner.

As an industry, we are constantly seeking to improve our water use efficiency; to put it simply we are very much focused on “more crop per drop”.

We can demonstrate a 40% improvement in water use efficiency over the decade to 2012¹, and our efforts have continued since then.

We believe all users of water, including the environment, should be equally focused on leveraging the greatest gains possible out of every megalitre of water.

Cotton Australia has been deeply immersed in the debate around the Murray-Darling Basin Plan since the proposal was launch by the then-Government of Prime Minister John Howard in January 2007.

It has examined the proposed amendments, with a particular focus on the recommendations arising from the Northern Basin Review.

Cotton Australia is an active member of the National Irrigators Council (NIC), the National Farmers Federation (NFF), New South Wales Irrigators Council (NSWIC) and Queensland Farmers Federation (QFF) and endorses their submissions.

Cotton Australia also has very strong linkages with numerous valley based groups that represent irrigation entitlement holders including Barwon-Darling Water, SmartRivers, Border Rivers Food and Fibre, Gwydir Valley Irrigators Association, Namoi Water and Macquarie River Food and Fibre. Cotton Australia respectively requests that the Authority pays particular attention to the submissions from these organisations, and other community based organisations, as the will provide exceptional insight into the impact of the implementation of the Plan on the communities they represent. They are the people and the communities most affected by the implementation of this plan.

Further, Cotton Australia is also a strong supporter of the #MoreThanFlow campaign, which represents a united position from a dozen organisations that are actively engaged in the management of the water resources of the Murray-Darling Basin.

While Cotton Australia is very confident that this submission will be consistent with submissions made by the above organisations, if there is any divergence between the views expressed here and in other submissions, then Cotton Australia’s position is the one expressed here.

Cotton Australia welcomes this opportunity to speak on behalf of cotton growers on this issue.

¹ The Australia Cotton Water Story, 2012 p8

General Comments

Cotton Australia acknowledges that the proposed amendments are wider in scope than just the Northern Basin Review, but Cotton Australia's response will focus on the Review.

In regards to the other amendments, Cotton Australia endorses the NFF submission.

Cotton Australia's long-held primary criticism of the Murray-Darling Basin Plan is that it has almost solely focused on hydrology to improve the health of the river: "Add more water and everything will be alright".

The response of the Authority to the Northern Basin Review shows a commendable move away from this very rigid approach, and the Authority deserves congratulations for that.

The recommendations open the door to a more holistic management of the Basin environment, which in the view of Cotton Australia offers the capacity for not only much greater environmental improvement, but at a reduced level of social and economic pain.

The Review, for virtually the first time by the Authority, quite starkly acknowledges the economic and social pain that the implementation of the Basin Plan is imposing on the communities of the Northern Basin. The following Table outlines the estimated job losses directly associated with the implementation of the Plan.

Table 1. Employment Outcomes from Water Recovery Scenarios

Town	390 GL employment effects	320 GL employment effects	278 GL employment effects
Boggabri	<5	<5	0
Bourke	25	28	28
Collarenebri	54	54	54
Dirranbandi	64	49	33
Goondiwindi	17	24	+21
Gunnedah	18	12	<5
Moree	152	96	116
Mungindi	<10	<10	+3
Narrabri	17	<10	0
Narromine	55	41	55
St George	137	83	49
Trangie	17	13	17
Walgett	<5	<5	0
Warren	114	89	114
Wee Waa	32	23	8
Total	Approx. 710	Approx. 530	Approx. 450

Source: MDBA

Cotton Australia, while acknowledging the considerable effort the Authority made during the review to document the social and economic outcomes, strongly suspects that the above figures (horrific as they are) underestimate the impacts that have been seen or will be seen.

However, accepting them for now, the plan shows that even the reduced recovery figure of 320GL will still lead to job losses of approximately 530. This number is made worse when it is fully appreciated that the impact of these job losses are focused on a relatively small number of communities that have a high dependence on irrigation. 530 jobs probably means in excess of 1000 family members being forced to relocate from their communities.

Even at the current level of recovery, the MDBA's own figures showed that 450 jobs have been lost.

To put that into further perspective, if we accept that the cotton industry employs in total around 10,000 people, and given nearly all the irrigation water in the northern basin is used on cotton, then it is not too long a bow to draw to suggest that implementation to date has slashed 4.5% of jobs out of the industry, and full implementation of the plan would wipe out 7.1% of the jobs.

These impacts are the result of direct government policy, and such impacts if they were happening to a city based industry would never be accepted. The front page headlines of all newspapers would be damning.

Cotton Australia does believe there is a better way, and strongly urges the Authority and the government of Australia to cease water acquisition at the current levels, implement ways to allow the return of water to productive use in catchments that are either overtly or covertly over-recovered, and invest the money that was to be spent on water acquisition on complementary measures that will leverage real environmental improvements.

The government has consistently stated that the full implementation of the Plan has been fully budgeted for. With current water recovery at 278GL, and full implementation in the northern basin currently requiring 390GL, there is a 112GL deficit. Based on average cost recovery levels (with a leaning towards efficiency programs) Cotton Australia estimates that acquisition of the full 390GL would require a further \$300-\$500 million of expenditure.

We submit that all of this funding should be redirected to a broad range of complementary measures, such as, but not limited to:

- Control of feral fish populations, in particular carp.
- Mitigation of cold water pollution impacts from headwater storage releases.
- Opening river systems to fish passage.
- Riparian zone vegetation management.
- Re-snagging for fish habitat.
- Dedicated management of significant wetlands.
- Appropriate acquisition of wetland properties.

Cotton Australia submits that while the above measures are supported in principle, implementation must be done in manner that allows for genuine consultation with stakeholders, and prevents negative third party impacts.

As a case study to help highlight the benefits of complementary measures Cotton Australia submits the following information on the Macquarie Marshes.

The Macquarie Marshes

The Macquarie Marshes are series of iconic wetlands located on the western edge of the Macquarie River. The Marshes have been a focal point of many claims concerning the health of the Northern Basin and there has been much misinformation.

In the 1980's the Marshes had an allocation of 40,000ML this has gradually been increased over the years to the current levels (over 330,000ML), and yet there is very little evidence of an improvement in environmental health.

Cotton Australia submits that the key reason for lack of environmental improvement is the lack of holistic management.

The Macquarie Marshes are some 200,000Ha and yet only 40,000Ha (20%) is held by the government as the nature reserve. The other 80% is privately held and managed land.

Heavy grazing pressures, and the re-direction of water flows, has undermined environmental improvement across the Marshes.

What can be achieved through holistic management has been demonstrated by the work of the Macquarie Marshes Environmental Trust.

Over 10 years ago the Trust purchased a small, run-down block in the Marshes (adjoining the Northern Nature Reserve). When properly managed for the wetland (ie. destocked) the block regenerated even through the 2006-8 drought. Today, the block is a shining example of wetland health. It is a clear example that the "just add water" strategy is not the right approach.

Cotton Australia supports the purchase and appropriate management of wetland properties to produce an effective complementary measure.

Cotton Australia acknowledges the work of the Northern Basin Advisory Committee and in particular its development of the "Toolkit Measures".

These measures should in no way be considered a definitive list, and Cotton Australia is very concerned that some of the specific measures are likely to cause unacceptable third party impacts.

Response to Specific Recommendations

- 1. The Authority recommends the water recovery target for northern Basin catchments be amended to 320 GL on the basis that the Australian, Queensland and New South Wales governments agree to implement a number of so-called 'toolkit measures' designed to improve water management.**

As detailed above, Cotton Australia is completely opposed to any water recovery in excess of the current level of recovery. Further, it requires the Authority and Government to ensure that mechanisms are put in place to allow the water from overtly or covertly over-recovered catchments to be returned in a manner that allows access for productive extractive use.

Covertly over-recovered catchments are those catchments that can demonstrate that their revised Local Recovery Targets are far in excess of their previous targets, and where recovery has exceeded those previous targets.

Overtly over-recovered catchments are those catchments where current recovery exceeds the revised targets.

Cotton Australia refers the Authority to submissions made by catchment-based irrigation organisations for further details.

We support the call for the Australian, New South Wales and Queensland governments to implement complementary measures, and refer to our comments earlier that distinguish between "toolkit measures" and complementary measures.

However, Cotton Australia cannot support any toolkit or complementary measure that has a negative third-party impact on other entitlement holders.

We are particularly opposed to any measures that changes the nature of an entitlement held by the environment by the way of a rules change.

We also caution that before any measures are agreed upon there needs to be full and genuine consultation with entitlement holders.

- 2. The Authority recommends the targeted recovery of water, both in terms of geographic location and the class of entitlement, to improve environmental benefits.**

Cotton Australia re-iterates that is it completely opposed to additional recovery.

However, if the Government rejects this position, Cotton Australia provides limited support to this recommendation.

Firstly, if further recovery must occur, then it should be done in a manner that absolutely minimises negative impacts (but it can never completely negate social and economic impacts).

While Cotton Australia generally believes that all entitlement holders, no matter where they are located, should have the opportunity to participate, it does concede that in some limited situations a more targeted approach may be justified.

Cotton Australia suggests that if the Authority/Australian Government believes there is justification for a more targeted approach, an extra effort be made to ensure that entitlement holders are aware of the opportunity. This would not prevent participation from other areas.

Cotton Australia hopes that the work of the Federal Taskforce on Water Recovery actively consults with Basin Communities and takes close notice of suggestions and proposals that they have to reduce impacts.

Cotton Australia submits that these communities may well have innovative ideas, and these deserve recognition, provided the implementation of those ideas does not have negative impacts on other communities.

3. The Authority recommends improvements to state water management arrangements to safeguard low flows across the north (particularly in the Condamine–Balonne and Barwon–Darling).

Cotton Australia strongly opposes any action in this regard that would change current water sharing plan rules or the nature of entitlements or access conditions.

While Cotton Australia is not aware of the specific details, it is aware that there have been discussions between entitlement holders, the NSW Government, Commonwealth Environmental Water Holder, and the Queensland Government aimed at developing commercial arrangements which would deliver the same or better outcome as envisaged by this recommendation.

Cotton Australia believes the development of commercial arrangements, which does not involve rule changes etc, is the appropriate course of action.

4. The Authority recommends the proposed infrastructure measure at the Gwydir wetlands be implemented.

Cotton Australia refers the Authority to the Gwydir Valley Irrigators Associations submission on this recommendation.

5. The Authority recommends works to promote native fish health through improving their ability to move through the river system and access habitat in the northern Basin.

Cotton Australia is generally supportive of this recommendation as it is in line with its preferred list of complementary measures. However, it reiterates that specific proposals must not be developed without extensive consultation with entitlement holders, and they will be unacceptable if they are going to create negative third party impacts for entitlement holders.

6. The Authority recommends there be a preference for water recovery based on irrigation infrastructure improvements rather than through water entitlement purchasing.

Cotton Australia re-iterates its outright opposition to further recovery beyond the current levels. However, if the government ignores this position, and embarks on further acquisition it should be done in accordance with this recommendation, unless local communities can demonstrate a clear case where entitlement purchase would have a lesser social and economic impact than entitlement acquisition through irrigation efficiency programs.

7. The Authority recommends that governments consider support for the following measures, to address the concerns of Aboriginal people in the northern Basin:
 - **ensuring Aboriginal access to waterways**
 - **replacing or refurbishing weir pools at certain locations, such as Wilcannia and Cunnamulla**
 - **continuing to improve the capacity of Aboriginal people to engage in water planning and decision-making, in order to factor in their social and cultural imperatives.**

Cotton Australia does not seek to speak on behalf of the aboriginal people of Australia.

Cotton Australia does direct the Authority to the National Irrigators Council's policy position on Cultural Flows -

http://www.irrigators.org.au/assets/uploads/Position%20Statements/Position%20Statement_Cultural%20Flows_March%202015_FINAL.pdf

The Authority recommends that governments consider further support, particularly for Dirranbandi and Warren.

Cotton Australia is acutely aware of the social and economic pain inflicted by the Plan on a wide number of northern basin communities.

It is these communities that can justifiably claim that they have been largely forgotten and ignored to date.

It is completely inadequate that the total money dedicated to community adjustment is only approximately \$100 million, or one per cent of the total implementation cost of the plan.

Cotton Australia contends that the Murray-Darling Basin Regional Economic Diversification Programme (MDBREDP) is completely inadequate and that many of the specific projects funded have been poorly conceived, and have failed to deliver real outcomes to the most seriously impacted communities.

Cotton Australia calls for all jurisdictions to co-operate, and provide genuine opportunities for communities to diversify and broaden their economic base.

There must be a significant increase in spending in this area, but there should be a full investigation of options to relocate specific government functions to these communities as a way of diversification.

Video Stories from the Basin

As part of Cotton Australia's contribution to the **#MoreThanFlow** campaign the organisation interviewed a large number of Northern Basin Community members, their short video stories are publicly available through the following links:

- + Dirranbandi business owner Greg Nicol: <https://www.youtube.com/watch?v=4ut0NkzX3U4>
- + St George ginner Ben Suttor: <https://www.youtube.com/watch?v=CjjwLsdXyXk>
- + AES Moree manager Cathy Duncan: https://www.youtube.com/watch?v=clidLxyj_oI
- + CGS Warren manager Alex Brooker: <https://www.youtube.com/watch?v=TlIf0K8wLE>
- + St George grape and wine producer David Blacket: <https://www.youtube.com/watch?v=O9RI2q8aDQY>
- + Moree farmer Mark Winter: <https://www.youtube.com/watch?v=HfA55ZJv6R0>
- + Goondiwindi business owner Clive Quartermaine: <https://www.youtube.com/watch?v=MNHBwvqpa9Q>
- + Dirranbandi business owner Peter McCosker: <https://www.youtube.com/watch?v=QMxGMWRBWPw>
- + Bourke farmer Tony Thompson: <https://www.youtube.com/watch?v=kd8Cv8eXFQQ>
- + Auscott Warren General Manager Bill Tyrwhitt: <https://www.youtube.com/watch?v=GdMOxdCS8aU>
- + Goondiwindi local councillor David Turner: <https://www.youtube.com/watch?v=ANiSD70g6uA>
- + Dirranbandi farmer Frank Deshon: <https://www.youtube.com/watch?v=r113vRKqEYw>
- + Walgett farmer James Moore: <https://www.youtube.com/watch?v=-c9WJ1rMQ60>
- + Narrabri farmer Matt Norrie: <https://www.youtube.com/watch?v=HbWH05hkB2M>
- + Moree Mayor Katrina Humphries: <https://www.youtube.com/watch?v=P1a5FWvUHcg>
- + Warren farmer Tony Wass: <https://www.youtube.com/watch?v=OZO5CHwsxyY>
- + Narrabri Shire Councillor Ron Campbell: <https://www.youtube.com/watch?v=9P67vUNhGVU>
- + Warren business owner Jack Ryan: https://www.youtube.com/watch?v=G5E_Dr4mdHE
- + Bourke Shire Councillor Ian Cole: <https://www.youtube.com/watch?v=c-2CkP1xa6o>
- + Warren Shire Council Mayor Rex Wilson: <https://www.youtube.com/watch?v=sns19A9bG1Q>
- + Balonne Shire Council Deputy Mayor Fiona Gaske: <https://www.youtube.com/watch?v=tJjtuqIOHEs>
- + Walgett farmer Jack Harris: <https://www.youtube.com/watch?v=ArzNh7ukyTc>
- + St George business owner and councillor Samantha O'Toole:
<https://www.youtube.com/watch?v=HT1PZc0FcOk>
- + Moree farmer and founder of the AES Dick Estens: <https://www.youtube.com/watch?v=DgVMq3W-vEU>
- + Goondiwindi business owner Julia Telford: <https://www.youtube.com/watch?v=J2mJLKc7mOs>
- + State Member for Barwon Kevin Humphries: <https://www.youtube.com/watch?v=yjhPIRgoNxc>

Cotton Australia also interviewed representatives from organisations representing farmers and irrigators:

- + GIVA's Zara Lowien: <https://www.youtube.com/watch?v=0QWWMQj3CNnc>
- + Namoi Water's Jon-Maree Baker: <https://www.youtube.com/watch?v=P6VvE06YI6o>
- + MRFF's Grant Buckley: <https://www.youtube.com/watch?v=D9HBSYuxRDk>

For further information on this submission please contact Michael Murray, General Manager, Cotton Australia -0427707868.

Yours sincerely



Michael Murray,
General Manager