

INQUIRY INTO ASPECTS OF AGRICULTURE IN NSW

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COTTON
AUSTRALIA

Submission on NSW Parliament Standing Committee on State Development Inquiry on Aspects of Agriculture

Standing Committee on State Development
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Cotton Australia Ltd

Cotton Australia supports Australia's cotton farmers and represents and advances the interests of the industry to governments, non-government organizations, and the public. It focuses its efforts in the areas of industry advocacy, implementation of the industry environmental management program (BMP), industry standards, communications and public affairs and the development of educational and promotional programs. The organisation strives to achieve an environment conducive to efficient and sustainable cotton production

Most Australian cotton farmers contribute voluntarily to Cotton Australia's funding by way of a bale levy. There are 27 members of Cotton Australia Ltd. including regional grower associations and cotton processing organizations.

The executive staff of Cotton Australia is located in the head office in Sydney while 4 grower service managers are located in regional offices at Toowoomba in Qld, Narrabri in NSW with a policy advisor based in Brisbane.

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Cotton Australia welcomes the opportunity to make submission to the NSW Standing Committee on State Development inquiry into Aspects of Agriculture Sustainability. The industry is appreciative of the Minister for Agriculture Mr Ian Macdonald for initiating this inquiry through the Parliament and Cotton Australia thanks committee members for the dedication and interest in these issues.

COTTON AUSTRALIA'S SPECIFIC COMMENTS WITH RESPECT TO THE TERMS OF REFERENCE:

Terms of Reference 1

That the Standing Committee on State Development inquire into and report on the agricultural industry in NSW, in particular:

- (a) the contribution of agriculture and agricultural-based products to the NSW economy
- (b) impediments to sustaining appropriate levels of productive capacity and growth in the agricultural industry, and
- (c) initiatives to address impediments to sustaining appropriate levels of productive capacity and growth in the agricultural industry, having regard to the NSW State Plan priority areas of 'Growing Prosperity Across NSW' and 'Environment for Living'.

a) *The contribution the cotton industry makes to the NSW economy.*

The size of the industry in NSW:

Australian cotton is a commodity in demand in international markets. Cotton growers in Australia are renowned for producing a product that is of the highest quality, grown in one of the most environmentally sustainable and resource efficient production systems in the world. Most Australian cotton farms are owned and operated by family farms. The industry is supported by a culture of strong adoption and investment in research with around \$9M (50/50 Fed Govt and Grower Levy) spent on industry research each year. While the majority of the Australian crop is grown in irrigated farming systems (84% - Australian Cotton Industry Council 2006), depending on the season a large dryland crop can also be grown particularly in Northern NSW and Southern Queensland. Around 60 per cent of Australia's cotton is produced in New South Wales, with the major production area stretching south from the Macintyre River and embracing the Gwydir, Namoi and Macquarie valleys, as well as regions along the Barwon and Darling rivers and areas south around Griffith, Hillston, Condobolin and Hay. The remaining Australian crop is grown in southern / south western and central Queensland.

The Performance of the industry in NSW:

Between 1994 and 2004, the Australian cotton industry recorded a 126 per cent increase in production whilst the area devoted to cotton growing only increased by 50 per cent (Source: Cotton Research and Development Corporation, 2004). In 2004/05 Australia yielded a world record 2,038kg/ha (9.2 cotton bales per hectare). This figure was three times the world average (732 kg/ha). The next highest yielding countries were Syria (1,571 kg/ha), Mexico (1,312kg/ha) and Turkey (1,289 kg/ha) (Source: ICAC, 2005). This performance has come at time when farmers have actually reduced their reliance on water resources by increasing their water use efficiency by around 15% over the last 5 years and decreasing the use of chemicals by around 50% over 10 years. Cotton's

average irrigation requirement is 6.5 megalitres per hectare (6.5 ML/ha) compared to rice (12.3 ML/ha), sugar cane (5.0 ML/ha), fruit (4.8 ML/ha), and pasture for grazing (3.5 ML/ha) (Source: ABS, Water Use on Australian Farms, 2007 (Aust))

There are around 400 cotton farmers who grow cotton in NSW. Economically the Australian Bureau of Statistics reports that cotton delivers \$575M in GVP (ABS 2006) to NSW. It should be noted that these statistics are reflective of a time when the industry is suffering from a severe and prolonged period of drought with production falling by 65% nationally since 2003.

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| <p>a) <i>impediments to sustaining appropriate levels of productive capacity and growth in the agricultural industry, and</i></p> <p>b) <i>initiatives to address impediments to sustaining appropriate levels of productive capacity and growth in the agricultural industry, having regard to the NSW State Plan priority areas of 'Growing Prosperity Across NSW' and 'Environment for Living'.</i></p> |
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THE ISSUES:

A lack of services to support rural communities:

Cotton Australia believes that a strong rural community must be built on sustainable economic development underpinned by a support structure that encourages growth. The cotton industry interacts closely with many rural towns in NSW such as Mungindi, Moree, Walgett, Narrabri, Warren, Narromine, Dubbo, Bourke, Gunnedah, Griffith, Hillston and Condobolin. The prosperity in these towns is obvious when seasons are good. Sadly, however, some of the greatest challenges facing the agricultural sector and particularly cotton is not how can we sell our product or when will it rain, but how do we ensure that we have enough people willing to grow or support those that grow the product. Access to good reliable labour requires an integrated community support structure, and at the moment unfortunately these communities are not supported enough to encourage rural people to stay and work in rural communities, let alone encourage people to leave the cities for a life in the bush. Fundamental to these decisions to stay in the bush or leave the city is that people need to know that the health system, the telecommunications system, the transport system and the education system are adequate to service their needs.

Health: Unfortunately over the years there has been a severe degradation in the services available to rural communities when it comes to specialised services such as obstetricians, physiotherapy and aged care. This does not mean to overlook the very critical issue of a major shortage of general practitioners in rural areas.

Telecommunications: The debate has raged over equitable services being provided to rural communities compared to urban centres. Access to high speed broadband and reliable coverage for mobile networks is no longer a desire of a modern business, but it is in fact crucial to any future development of any business. Farmers rely heavily on mobile networks and with the use of sophisticated on farm telemetry, spatial mapping and farm planning software the provision of excellent high speed

internet capabilities is an issue that would vastly improve a farmer's ability to adopt the very latest techniques, while still having the ability to "virtually" leave the farm and learn from others. This is no longer an issue for debate; this is an issue that must be resolved swiftly.

Transport: A lack of significant investment (beyond National Highways) has meant that rural roads that are relied upon to transport freight to the farm and commodities to port are being dangerously degraded. Incomplete bridge upgrades and a piece meal approach to patching up roads has meant an increase in transport cost due to vehicle maintenance and the search for alternative trucking routes. Further, a lack of suitable public transport is being reported by many communities as the single biggest impediment to the ability of local people to work on farms in the district.

Education: For many years it has been common practice for the majority of farm raised children to be sent to boarding schools in the city for their higher education. This reflects extremely poorly on the level of service that can be provided by the existing local education system. Anecdotally farmers report that this is often necessary because:

- There is no adequate local school transport system,
- The local school does not offer the breadth and depth of options for their child's education experience and
- The continual roll over of teachers in rural schools means that often the youngest most inexperienced teachers are placed there to "do their time" before heading back to town, thereby denying the parents the opportunity to form a relationship with the teachers and the school is left to focus on recruitment rather than education initiatives.

The spiral that forms around a lack of opportunities for our young people is instigating the exodus of the most talented people from our rural communities.

Farmers experience with Government:

The cotton industry believes that the most successful way to deal with problems is to foster partnerships with people who wish to seek solutions. Unfortunately, many farmers see that Government, rather than being a source of representation and community standards is indeed a roadblock to success and sustainability. Regulatory interference in business practices is seen as a major impediment to efficient business and a tremendous cost to the ongoing maintenance of the farming sector. Farmers report that the centralisation of government services has meant that decision makers no longer have any understanding of the systems over which they are asked to preside. This is particularly the case in relation to the management and regulation of natural resources. Farmers see that existing occupational health and safety laws are such a significant risk to their business that the best option is not to attempt to employ staff at all. Ironically the evidence points to the fact that this leads to farmers doing longer hours and specialist jobs that result in an increase in the chances of significant accidents and injury. This overlaying issue of a complex and draconian piece of legislation that has basically no support for proactive education or extension activities and relies solely on compliance enforcement and prosecution as means of communication has lead to an enormous amount of fear associated with farm workers and employment practices. For many cotton farmers this is only exacerbated by a disjointed framework for education and training that suffers from a lack of quality control, a variation in State and Federal

standards and a culture of communication that relies upon terminology that confuses even the experts and denies an employee any clarity in understanding the options available to them.

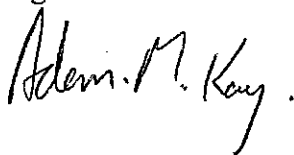
These case studies of government interaction reflect a broader view that agriculture in NSW is seen as an issue of little significance for government compared to the business of running the roads and health system of Sydney. The cynicism exhibited by many farmers in relation to how they believe their industry is viewed by the political system is real and unfortunately built upon by bitter experience of a numerous Government structures that dislocate decisions from those most effected and a perceived culture of a lack of consultation and negotiation around critical policies.

POSSIBLE SOLUTIONS

Cotton Australia does not purport to suggest that the solutions to these problems are simple. However, it is the industry's view that the best way to work towards solving some of these very complex issues is in partnership with Government. Unfortunately while the NSW Governments State Plan outlines some noble principles and objectives, it does little to outline how these objectives will actually be delivered. In that vain Cotton Australia would request that the Committee recommends that the NSW Government should formulate an action plan for delivering a pathway to sustainable agriculture. This process should be informed and lead by a close working relationship with industry bodies under a joint government and industry sustainable agriculture committee. This committee should include high level (Director General) representation by relevant government agencies and industry bodies and should work towards delivering a framework that may deliver a co-ordinate approach to the issues that are denying the agricultural sector the opportunity to grow. Further, this mechanism would provide a valuable access point for industry to raise issues of significance with Government in a proactive and positive way that could deliver a pathway to a more collaborative approach to decision making.

Cotton Australia thanks the Committee for the opportunity to provide input into this inquiry. Representatives of our organisation would welcome the opportunity to supply further information to the Committee.

Regards



Adam Kay
Chief Executive Officer