



Submission to the Queensland Floods Commission of Inquiry

April, 2011

COTTON AUSTRALIA LIMITED - A.B.N. 24 054 122 879
HEAD OFFICE - SUITE 4.01, 247 COWARD ST, MASCOT NSW 2020 AUSTRALIA
P: (02) 9669 5222 F: (02) 9669 5511

BRISBANE – LEVEL 6, 183 QUAY ST, BRISBANE QLD 4000A QLD 4350
NARRABRI – LEVEL 2, 2 LLOYD ST, NARRABRI NSW 2390



Cotton Australia

Cotton Australia is the key representative body for the Australian cotton growing industry. It helps the industry work together to be world competitive, sustainable, and also tell the good news about the industry's achievements. Cotton Australia determines and drives the industry's strategic direction, retaining its strong focus on R&D, promoting the value of the industry, reporting on its environmental credibility, and implementing policy objectives in consultation with its stakeholders.

Cotton Australia works to ensure an environment conducive to efficient and sustainable cotton production. It has a key role in Best Management Practices (MyBMP), an environmental management program for growers. This work has seen a significant improvement in the environmental performance of the industry, with huge improvements in water use efficiency, significant reductions in pesticide use, and millions of dollars invested into R&D.

Cotton Australia welcomes the opportunity to provide this submission to the Queensland Floods Commission of Inquiry.

Cotton Australia is also a member of the Queensland Farmers Federation and provides a general endorsement of its submission. However, if the submissions of the two organisations should differ in any substantial manner, Cotton Australia stands by the view outlined in this submission.

Cotton Australia requests the opportunity to further elaborate on this submission at one of the Inquiries regional hearings.



Impact of the Floods on the Queensland Cotton Industry

The 2010/11 floods have had a significant impact on the Queensland cotton industry, and a devastating impact on a number of individual cotton growing families and businesses.

While the greatest impact was felt in the Darling Downs and Central Queensland regions, particularly in the production areas around communities such as Dalby, Emerald and Theodore, individual operators also suffered significant losses along the Border Rivers, and in the St George and Dirranbandi districts.

While the full cost of the floods is still being calculated, it has been estimated that across the Darling Downs the floods have wiped out approximately 30% of the originally estimated production of 645,000 bales, with the current estimated production being 440,000 bales. The 205,000 bale reduction represents a \$106,600,000 loss.

In Central Queensland losses in the Central Highlands and Dawson Valley have been estimated as 45% of the pre-flood predictions. The region was expected to yield 296,750 bales, and is now expected to yield 165,050 bales. In dollar terms the production losses are in the order of \$68 million. In some cases Central Queensland growers have suffered significant flood losses in two out of the past three seasons.

Individual farmers, who have forward sold part or all of their crops, are also facing significant extra losses as a consequence of having to “wash-out” contracts in an environment where the global price of cotton has risen significantly since the original contracts were entered into.

On top of these production losses, on-farm infrastructure losses have been significant, amounting to over \$26 million in the Emerald district alone.

As members of their respective communities cotton growers are also bearing their share of losses associated with destroyed and damaged infrastructure including road, rail and telecommunications.

In addition to the financial toll, it is known that the floods have placed a great deal of emotional stress on cotton growers across the industry.

In the immediate aftermath of the floods Cotton Australia developed a 30 point action plan to guide its response. A copy of that plan as been attached to this submission.



Specific Response to the Terms of Reference

C – Government Response to the 2011/11 Floods

In general Cotton Australia believes the Queensland and Australian Governments should be congratulated for their response during what can only be described as an extremely demanding period.

In the immediate aftermath of the floods Cotton Australia worked closely with the Department of Employment, Economic Development and Innovation (DEEDI) to try and estimate losses, and to develop the Cotton Industry Supply Chain Recovery Plan.

It was clear very early on that the industry had suffered considerable losses. It is therefore somewhat disappointing that it took so long (well into March 2011) before issues surrounding QRAA “Category D” assistance were resolved, and eligibility for cotton producers was announced. By comparison, “Category D” assistance was announced for farmers impacted by Cyclone Yasi in a matter of weeks.

Likewise, there has been an inordinate delay in rolling-out dedicated flood recovery officers to assist farmers impacted by the floods to access the assistance that they are eligible for. As of April 4, Cotton Australia is still awaiting confirmation that people are in place.

Cotton Australia believes that there is capacity for the Government to improve its response time to disasters as it moves into the recovery phase.

E – Adequacy of Forecasts

Cotton Australia believes that the floods should prompt a timely review of the State’s River Gauging stations which play a crucial role in helping to predict the scale and timing of floods.

Any review should clearly recognise the many varied users of gauging information, and ensure the cost of any expanded network does not disproportionately fall on irrigators.

Recent advances in the telemetry should provide opportunities to modernise the network in a manner that can provide valuable real-time information.

However, while accurate gauging is important, it should also be recognised by the Inquiry that in many instance by the time flows are picked up by the gauging network, it is actually too late to respond.



There would be value in expanding the State's Rainfall Intensity Modelling capacity to allow early, accurate prediction of flow events.

F – Dam Operation Plans

Cotton Australia believes any review of operation plans should fully recognise any impact on irrigation allocations or reliability, and in the event of changes being warranted, irrigators must be fully compensated.

Submission ends



Cotton Australia Flood Relief Action Plan

Update 31/1/2011

- 1. Road Infrastructure Repairs**, the key here is ensuring that funding provided for road repairs will be allocated to quality repairs and not simply patching up the potholes, along with the potential for farmers with suitable equipment to carry out road repairs at contract rates.. Cotton Australia (along with almost all other ag industries have repeatedly raised this issue with the Qld Government at the Agriculture Flood Control Meetings with Minister Mulherin and we will continue to progress the issue with local government. In the Banana Shire farmers have been able to do road repairs and be paid at contract rates.
- 2. Mental Health Counseling** will be a service in high demand for both short term assistance and as part of the longer term recovery. Cotton Australia recently hosted a BBQ lunch in Theodore for Australian of the Year, Professor Patrick McGorry and the head of QLD Mental Health, Dr Aaron Groves. Qld Health & Cotton Australia are now planning an ongoing series of “Shed Talk” meetings with mental health workers in flood affected areas.
- 3. Gradual Weight Limit Increase on Roads** - The current five tonne limits could present real challenges for the recovery effort if these emergency restrictions are allowed to remain in force for a prolonged period. This matter affects a wide range of primary industries and Cotton Australia continues to support the efforts of QFF as they take this matter up directly with QLD Transport and the matter is raised at the Flood Control Meetings.
- 4. Talk to Bankers Association and Bank Officials** – Cotton Australia has met with the ABA on Thursday 3 February. We have agreed to do some joint media to growers highlighting some of the relief packages the different banks have developed. We also highlighted the need for bank support for the potential \$500k interest free loans to refinance existing debt.
- 5. Cut Red Tape on Recovery Assistance** – Disaster Recovery Officers were particularly effective after Cyclone Larry and Cotton Australia has been working closely with QFF to ensure

COTTON AUSTRALIA LIMITED - A.B.N. 24 054 122 879
HEAD OFFICE - SUITE 4.01, 247 COWARD ST, MASCOT NSW 2020 AUSTRALIA
P: (02) 9669 5222 F: (02) 9669 5511

BRISBANE – LEVEL 6, 183 QUAY ST, BRISBANE QLD 4000A QLD 4350
NARRABRI – LEVEL 2, 2 LLOYD ST, NARRABRI NSW 2390



this service will again be provided in flood affected areas. We have pushed this hard in conjunction with QFF and are awaiting a decision from Government.

6. Lobby for Interest Rate Subsidies – This was a key area of assistance being sought by many affected farmers and businesses. A co-ordinated approach here is likely to have the most success and Cotton Australia has agreed to join forces with both the QFF and NFF to secure a speedy response on this issue from government. This joint approach is also looking at the provision of Category ‘D’ assistance, which is a joint state/Federal responsibility. To date any suggestion of interest rate subsidies like the old drought EC have been rejected. We recently floated the concept of \$500k loans with the first 2 years interest free and a 4% rate after that (similar to what was provided after cyclone Larry). We continue to make the case for this assistance.

7. Meet with major service providers. - Cotton Australia continues to be in discussion with major cotton industry service providers.

8. Brief Cotton Seed Distributors - Cotton Australia will maintain close contact with CSD about the impact of flooding and potential assistance. The CA Chair and CEO hope to meet with CSD latter this week.

9. Stamp Duty Relief on Insurance – Cotton growers traditionally pay a significant amount of stamp duty on all insurances and Cotton Australia will now press the government to provide some relief in this area. This area has also been highlighted by our fellow agri-lobby groups and a joint approach with the support of the NFF is now being considered.

10. Council Rate Relief – Cotton Australia will now be looking at approaching local councils in affected areas to examine the potential for some rate relief.

11. Soil and Leaf Testing – Incitec Pivot Fertilisers has come up with a 'good will' offer to cotton growers in flood affected regions to assist them in managing their crops, by providing discounted leaf testing as the flood waters now recede.

12. Energy Company Meter Reading/Billing – Cotton Australia has been in discussions with Ergon Energy as part of the Cotton Australia Flood Relief Action Plan. Ergon have asked that any growers who are suffering financial hardship as a direct result of flooding should contact them on 13 10 46. Ergon has offered to develop a personalised instalment payment plan to suit the individual circumstances of flood affected cotton growers. (Gordon can provide further details)

13. Detailed case study development for some impacted areas to assist lobbying

Financial agronomist Chris McCormack has already started this work, recently visiting Theodore to meet with growers and assess the flood’s impact on their operations.



14. **Seek relief from SunWater part A charges** – Cotton Australia and QFF will be approaching SunWater to seek some relief for affected growers. We have had a good hearing to date and hope we can negotiate a Part A rebate for affected growers

15. **Facilitate Regional Movement of Machinery on Roads** – This is another issue receiving joint support from farm groups including the NFF, QFF and Cotton Australia.

16. **Improve Tax Breaks/Incentives for Preventative flood measures** – This is clearly a longer term issue and Cotton Australia will be looking at this in the future, along with support from the NFF.

17. **Refund 12 month GST** – Cotton Australia and the NFF are now actively considering this proposal.

18. **World Wide Sponsorship of affected Australia Growers**

Cotton Australia will investigate any opportunities that might exist to obtain support from Cotton Farmers in other countries.

19. **Ensure Media remain fully updated** – Media management remains a critical area for all farmer groups. Cotton Australia has been working hard in positioning cotton growing communities as supportive and focused on long term recovery.

20. **Suggest Co-funding models of town and farm flood protection** - This has been identified as a job for Cotton Australia to see if a model can be developed for assisting more affected areas in the future.

21. **Community Development Officers** – This program is designed to assist with longer term recovery and will be of most benefit from the appointment of CDO's for periods greater than 6 months. Community Development Officers play a vital part in cutting and reducing red tape at a local level. These are being lobbied for but there has been no decision as yet

22. **Concessional Loans Review of Maximum Levels** – Cotton Australia will consider this issue, with the current \$250K limit considered too low given the size and range of modern cotton farming operations. This could tie into the proposed \$500k loans (Point 6)

23. **Criteria for low interest loans** – In most areas growers felt the criteria too restrictive and have asked Cotton attempt to secure any possible changes. We are working to get the larger (2 year interest free loans) and then we can work on the terms and conditions

24. **Crop Relief Program** – This was suggested and Cotton Australia will investigate to examine the potential for progressing replanting grants. Cotton Australia is exploring the potential for assistance with seed supplies along with fertilizer and other chemicals for next season.

25. **Develop a possible mechanism for contract flexibility** - This is an issue that Cotton



Australia is now actively discussing with ACSA. Cotton Australia has already met with the major merchants and while this area is a commercial arrangement between growers and merchants, the major merchants have all committed not to profit take from the current situation and where possible, extend terms over a number of years.

26. Use of Army for Road Repairs – The army was heavily engaged in the actual emergency response and remains heavily involved with the ongoing flood recovery effort.

27. Use of Singaporean Army Equipment at Rockhampton – This proposal was raised during the emergency response and would now appear to have limited potential.

28. Industry levy relief – Cotton Australia will explore the potential for this form of relief.

29. Arrange for Researchers to Visit Crops – Cotton Australia's Greg Kauter spent two days in the central highlands inspecting flood damaged cotton crops and conducted a field walk with QDEEDI Burdekin cotton researcher from Ayr, Dr Paul Grundy. There are a wide range of flood damage impacts on crops around Emerald from totally destroyed fields through to fields where the tail drain is flooded but the head ditch end is not affected. Many growers are now faced with challenging management of crops in flood recovery as well as repairing on-farm infrastructure.

Cotton Australia and the Cotton CRC will continue to coordinate flood and waterlogging recovery field walks where required for the rest of this season.

Researcher visits were also arranged for the Downs last week. CA Chair Andrew Watson attended a number of these. We will continue to make sure that growers have the best possible information to maximize the yield of the remaining crop.

30. myBMP Extensions – some affected growers may need extensions to my BMP certification and Cotton Australia is working with them to achieve this within our DERM accreditation agreement. Early indications are that this will be possible.