

Office of the Chief Executive

TRIM Ref: D19/13794

Committee Secretary
Senate Standing Committee on Rural and Regional Affairs
PO Box 6100 Parliament House
Canberra ACT 2600

Dear Ms Allen

Please accept this as the Murray-Darling Basin Authority's submission on the Export Control Amendment (Banning Cotton Exports to Ensure Water Security) Bill 2019.

The *Export Control Act 1982* allows the making of regulations relating to "prescribed goods". These regulations may include the prohibiting of exporting prescribed goods from Australia. The *Export Control Amendment (Banning Cotton Exports to Ensure Water Security) Bill 2019* seeks to insert a new section (7AA) declaring that cotton grown in Australia is a prescribed good, prohibited for export (in force, three years after that section commences). It is our understanding that the legislative change has been proposed as a way of providing more water for the environment and greater water security for non-agricultural users.

The water management arrangements in the Murray Darling Basin (MDB) are based upon a cap and trade system. That is, water sharing arrangements include a cap on the proportion of available water that may be taken for consumptive use. Entitlement holders are then free to choose how they use the water to which they are entitled, or they may trade it to another user.

Through the implementation of the Murray-Darling Basin Plan (the Plan), the proportion of available water that can be taken and used for irrigation has been substantially reduced. At the end of 2018, water entitlements had been acquired for environmental use that will provide around 2,100 gigalitres (GL) of extra water for the environment, on average, each year. That is, the cap on allowable take has been reduced.

This extra environmental water has been used to inundate wetlands and forests; provide fish spawning flows; and protect and restore riverine habitats. There are early signs that this water is helping return the valuable water-dependent ecosystems of the Basin to healthy, more sustainable conditions.

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The water entitlement system that sits beneath the Plan still provides licenced water users with the freedom to choose how they use the water allocated to them. Should cotton exports be prohibited, then users are likely to explore the next best alternative for using, or trading their water. The business decisions will remain with the entitlement holder.

It is our view that the proposed legislative change will not affect how much water is taken from the rivers in the MDB, but it will deny entitlement holders the opportunity to use their water to produce a highly valuable irrigated crop. This is likely to have implications for farm profitability, as well as flow on consequences for businesses established to support cotton production, and irrigation dependent communities.

A healthy and resilient environment in the MDB is just as important to MDB stakeholders and the nation as a strong and sustainable irrigated agricultural sector. The Plan is the primary policy lever that governments have chosen to use to rebalance water use to deliver these outcomes.

I call on stakeholders from all sides of the debate to continue to support this important reform.

Yours sincerely



Phillip Glyde

5 April 2019