

# INDUSTRY DIRECTIONS

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My presentation is entitled “Industry Directions”. I would like to share with you my thoughts and key areas of concern as identified by The Australian Cotton Industry Council. In my presentation I will also discuss a brief Industry SWOT and identify some gaps in Risk Management - how we are affected and are we properly prepared?

### **At its recent annual planning session the Australian Cotton Industry Council identified:**

What does the Australian Cotton Industry need to do to continue to enjoy a price premium in international markets? Leading edge science and agronomy has placed our product amongst the elite products of the world’s fibre markets but we must continue to produce an above average quality fibre if we are to defray our above average cost structures. A second key challenge for the industry is the challenge of costs of production. Costs across our entire production base have risen substantially in recent years. The challenge therefore is for the industry to continue to drive productivity improvements and to invest in technologies that will promote our efficiency. To this end, the tight economic situation confronting all participants in the supply chain are currently an impediment to the investments in such technology. In discussing productivity we cannot avoid a discussion on Research and Development as it applies to agronomy. It is critical to the industry’s future that our science capability is developed with respect to agronomy and primary production. The outstanding performance of our plant breeding industry has delivered yield improvements that have been our most potent weapon against escalation in costs. On the assumption that our costs are going to continue to increase on a unit-of-input basis it is critical that our scientific contribution to yield improvements is maintained without any compromise on fibre quality. The ongoing support of governments of all levels is also considered to be an important contributor to our industry’s sustainability. We will only maintain government support if we are able to demonstrate responsible stewardship of all the resources necessary to produce our cotton. Over the past 10 years it is estimated that the Australian Cotton Industry has doubled its cotton productivity as measured by water input. This has been a wonderful achievement and reflects not just improved varietal performance in delivering higher yields but also emerged as a result of improved cultural practices and water management by cotton growers. The challenge for all participants in the industry be they researchers, agronomists, farmers and water service providers is to continue to make gains in water use efficiency. We also need to recognize the currency of the climate change debate and we commit to understanding the potential impact of climate change together with the implications of our industry’s overall green house gas emissions performance. The first step in this challenge is to understand the science surrounding these two important topics. A

diminishing human resource base is a real challenge for the industry. There was a time in the not too distant past when the Australian Cotton Industry was the employer of choice for skilled and unskilled people looking for rural industry employment. It is fundamental to our survival that we are once again able to attract the best and most willing people to provide human capital for our industry. Finally, a priority for the cotton industry is to rejuvenate enthusiasm for BMP. BMP is not just about managing farm gate risk. It is also about building external perceptions about our product. Those external stakeholders could be our customers, they could be our governors, they could be our employees and they could be our capital providers. By becoming synonymous with sustainable resource management and processing, sales and distribution systems of the highest integrity, BMP could become the badge that secures our industry's future.