

# What is the future of the Australian cotton industry?

By Bruce Finney

In 2009 leaders in the Australian cotton industry recognised the potential for improving industry performance, organisational collaboration and capacity through development of a shared view of the future. This shared vision would facilitate greater awareness of possible future challenges and opportunities for the cotton industry and most importantly enable alignment of thinking, planning and progress.

A 20-year timeframe was chosen in order to stretch thinking beyond the short-medium term and ensure a longer-term strategic focus. Cotton Australia Chair Joanne Grainger summarised our goal as “To develop a shared vision that inspires and unifies the Australian cotton industry”.

In August 2009 CRDC engaged the consulting group Emergent Futures to facilitate a project, titled *Cotton Industry Vision 2029*. The project started in September 2009 and finished in March.

The Vision 2029 project was a collaboration between CRDC, Cotton Australia and the Australian Cotton Industry Council (ACIC), with representatives from member organisations forming a Reference Group. The project scope covered the whole of the Australian cotton industry from input suppliers through to marketers.

In order to develop a shared vision, a scenario-based foresight approach was taken to help the industry first explore the range of possible futures it may face before identifying a preferred future for the industry. A series of workshops, stakeholder surveys and scanning activities were undertaken to identify trends, assumptions and driving forces that would influence the industry future. Opportunity to contribute to surveys was broadly available to industry and provided very useful criticisms and suggestions.

Four scenarios were developed which identified the range of possible futures that the Australian cotton industry might face: Boom, Bust, Food Replaces Fibre, and Present Day Projection. These were based on critical challenges and uncertainties identified at the beginning of the project. From these scenarios the draft Preferred Future and vision for the Australian cotton industry was developed.

What is the preferred industry future, representing the vision of how the industry might look in 20 years, having overcome challenges from its present situation?

## The Journey

In years leading up to 2009, the industry experienced particularly hard conditions. Drought plagued many regions and government reforms ensured water security was at an all time low. The cotton labour force was being ‘mined’, while climate change and the carbon pollution reduction scheme were big challenges knocking on the door.

Industry rationalisation, public and political perceptions towards farming had all taken a toll. Industry confidence, profitability and resilience were waning. Some people felt the industry was in dire straits while others were cautiously optimistic that it would again rebound when conditions improved.

The industry needed to find a way past the current major challenges to create a preferred future. The leaders identified that the challenges could be overcome through a combination of repositioning the industry in the global marketplace and achieving superior industry performance underpinned by science, technology and the passion and innovative nature of people within the industry. Clearly this would involve every link in the industry from seed and chemical distributors, growers, consultants, researchers, pickers, truckers, ginners, classers, merchants, spinners and brand owners.

**Key elements of the envisaged Preferred Future for 2029 are:**

**Vision:** “Australian cotton, carefully grown, naturally world’s best”

By 2029 the Australian cotton industry will be:

- **Differentiated** - world leading supplier of an elite quality cotton that is highly sought in premium market segments
- **Responsible** - producer and supplier of the most environmentally and socially responsible cotton on the globe
- **Tough** - resilient and equipped for future challenges
- **Successful** - exciting new levels of performance that transform productivity and profitability of every sector of the industry
- **Respected** - an industry recognised and valued by the wider community for its contribution to fibre and food needs of the world
- **Capable** - an industry that retains, attracts and develops highly capable people

In achieving these elements, the industry would be well positioned to deal with foreseeable emerging challenges such as peak oil, competitiveness with food crops, bio-identical cotton substitutes and additional issues yet to be identified.

To have impact the vision will need to be owned by all participants in the industry. Peter Graham, Chair of ACIC, noted that “The Australian cotton industry is defined by the strength of its connections through input and service providers to the production, ginning, classing and marketing of Australian cotton to overseas customers”.

Further activities are planned to engage and consult industry more broadly to seek agreement on the final vision and work on strategies for achieving the vision.

ACIC will be responsible for managing, monitoring and reporting on progress of the vision and strategy. Options for strategy development and monitoring scenarios and emerging issues are to be considered by ACIC in 2010.

Early responses to the vision so far appear to be very positive. Organisations have indicated they are already starting to consider how their plans align with this vision for the future. The vision is informing the development of industry marketing initiatives with Australian and international brand owners. This signifies an excellent start to adoption of the vision which is the ultimate milestone for the success of this initiative. The Cotton Conference will be a great chance to report on further development of the vision and for people throughout the industry to discuss and share their thoughts about the future for the Australian cotton industry.



## **DIFFERENTIATED**



- In 2010 the Australian cotton industry recognised the need to differentiate its product and build a brand and strong position in the global marketplace to support this. The industry's pre-existing reputation for quality, contaminant free and environmentally responsible production characteristics provided a good basis. A collaborative approach across the chain was developed to better understand future consumer and manufacturing needs and competitive forces. The combined effort and resources have led to the development of a uniquely Australian brand owned and supported by the whole industry.
- Over time unique varieties adapted to Australian conditions have been developed to meet the brand requirements.
- Improved productivity and returns have resulted in a dedicated cotton production sector committed to best management practices. Extensive effort has been put into developing people with the knowledge and skills to achieve quality standards and maintain production levels.
- New traceability technology helps ensure product integrity and has transformed supply chain logistics.
- A small onshore manufacturing capacity has been established, supporting a 100% Australian natural fibre product niche, as growth in local manufacturing became viable based on the emerging interest in 'on-shoring' (return to local manufacturing as transport costs escalate), new manufacturing technology and proper environmental accounting.
- The industry has new partnerships with leading global and Australian brand owners in developing and marketing new textile products.
- Personal success and recognition reignite a sense of belonging, identity and passion for the cotton industry. Community spirit and collaboration have helped the industry pull together to achieve stretching goals and to weather hard times.

## **RESPECTED**



- Industry has gained recognition from government and community for the quality of its products, sustainable practices and contribution to the fibre and food needs of the world.
- As a leading industry in productivity growth through innovation, there are significant spillovers from the knowledge, practices and technology developed through cotton R&D being adapted and applied in the production of food crops.
- Australian consumers can now purchase and are proud to wear Australian cotton garments and textiles, confident in the quality and the story behind the product which supports their values and makes them feel good about supporting their local industry and the people in it.
- International consumers readily recognise the Australian cotton brand which enjoys a favourable reputation of similar standing to Egyptian cotton, Supima, French champagne or Belgian chocolate – elite quality.
- People recognise the long term value of the contribution made by industry to the community and the benefits that industry provides them in terms of social, emotional and financial wellbeing.

## **CAPABLE**



- Industry continues to recognise the importance of people and their capacity to the future success of the industry.
- Cotton is an attractive industry to be a part of as it is progressive, profitable and ethical.
- The values and achievements of the industry and the resources available bring interest from new entrants, researchers and environmentalists.
- The cotton industry's mindset has always been at the forefront of agriculture in terms of forward thinking and nurturing people. This trait has paid off with cotton being a most attractive employer in the rural and research sectors, attracting talent from both Australia and overseas.
- This is reflected in the industry's adoption of best human resources practices and career development programs including scholarships.
- The industry is renowned for its culture of innovation and responsiveness to change.



## RESPONSIBLE

- Once perceived by those outside the industry as an environmental vandal and water waster, Australian cotton is now valued for its credentials as the most environmentally friendly cotton production system on the globe with the lowest water use, carbon footprint and chemical use of any cotton producing region.
- Australian cotton is the world's first cotton producer and first Australian agricultural sector to achieve international recognition for carbon neutrality. It is now the highest rating cotton producer on the international Corporate Social Responsibility Index (CSRI)<sup>1</sup>.
- Environmentally friendly easy care cotton products have been developed and are increasing their share of apparel sales worldwide.
- The industry boasts the best health and safety record of any agricultural industry through its dedication to improved health and safety practices for employees and business owners.
- Working conditions surpass those of all other cotton producing nations.
- Through continuous improved performance on efficiency and responsibility of water use, cotton has a reputation as a valued and responsible water user.



## SUCCESSFUL

- Industry enjoys improved profitability overall through successful positioning in a high value market segment and new levels of industry performance.
- High returns and improved productivity of elite cotton ensure production is competitive with food production.
- Australian cotton was a leader in the advancement of energy and water saving technology, soil bio-enhancement, varietal improvement and supply chain efficiency to create exciting new levels of industry performance.
- While water availability continues to be variable in 2029, innovation and new technology has enabled vastly increased water efficiency. Cotton's previously enviable productivity per litre of water has surpassed all expectations – returns are comparable to, and sometimes greater than, the highest value food crops. Successful advocacy has translated this into improved water access and security.
- Water efficiency improvements have been achieved not only through production and manufacturing practices but also due to new low and no water washing technology contributing to the overall lifecycle efficiency of cotton. Lowest environmental footprint of all fibres, ease of recycling and natural, wearable characteristics of cotton are its key selling points and help maintain its competitiveness with synthetic fibre choices.



## TOUGH

- Industry has a capacity for strategic awareness and is responsive to emerging challenges and opportunities.
- The cotton production sector has developed business and financial management practices that make it resilient to the impacts of water scarcity. Some larger enterprises are spreading risk with operations in multiple growing regions while smaller operators have well established risk management systems, improved financial reserves and improved water security through new management systems and increased efficiency.
- Production risk is accurately measured and is part of financial institutions requirements for funding agricultural activities.
- Plant breeding has continued to deliver varieties of high quality and yield adapted to changing environments.
- Improved farming systems especially those employing the benefits of a range of technologies have allowed much higher water use efficiencies to be achieved as well as increasing the resilience of farming operations to climate volatility.
- The industry continues to invest in improving its productivity and market performance.



<sup>1</sup> Such an index does not exist at this time but we anticipate something of this nature into the future.

