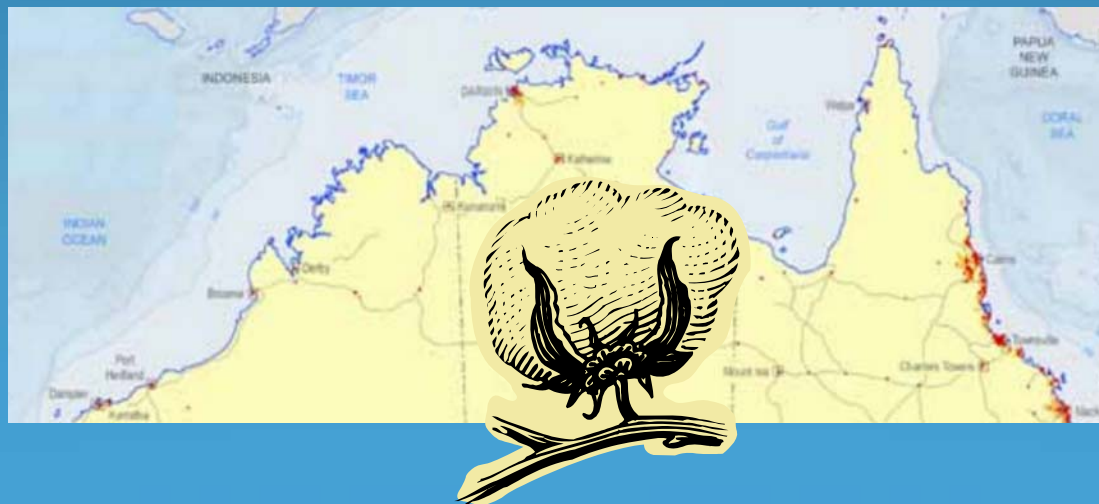
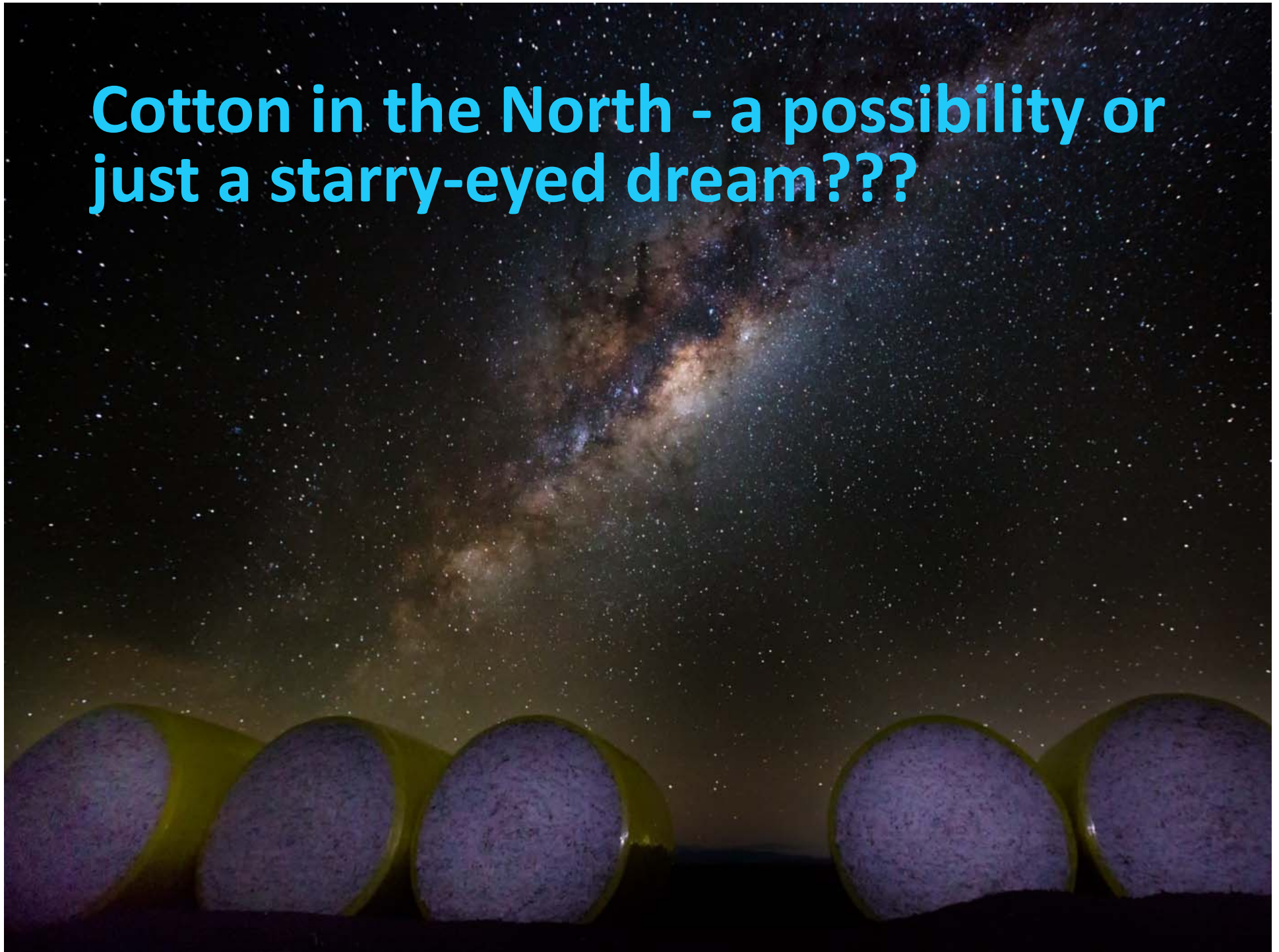


# Understanding Industry Development – the Cotton Experience & The North

Dave Anthony – Auscott Limited



**Cotton in the North - a possibility or just a starry-eyed dream???**





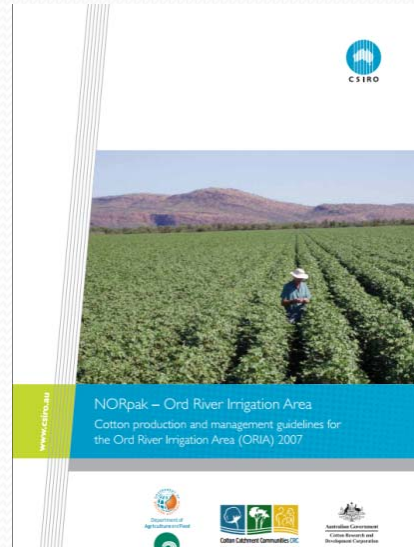
# Cotton in the North - a possibility or just a starry-eyed dream???

- Pioneering in Australian cotton industry in eastern states.
- Factors in developing a successful cotton industry in the North – lessons from the South.
  - Positives
  - Issues to address
  - How might development occur





# Cotton can be grown in areas of the North



## Burdekin Cotton Research Summary 2004-2006

Report prepared for  
Cotton Catchment Communities CRC  
Qld Dept of Primary Industries and Fisheries  
CSIRO  
Paul Grundy (QDPI&F) & Stephen Yeates (CSIRO)  
May 2006



CRC 1.1.14

# NORpak





# Northern opportunities with cotton.

- Available land opportunities – increased production
- Significant agronomic research already done
- Water supplies – greater reliability of supply
- Close to some traditional markets
- Off-season production – winter / spring



# Northern opportunities with cotton.

- New rotation systems with greater income
- Cotton – intensive crop which creates employment, service industries & investment opportunities
- Governments to get resource security right.
- **No easy journey to set up an industry .....**





# Starting from a green-field site Auscott site prior May 1963.

A vision for the future  
Vertically integrated operation



# Cotton industry in early years

- State government encouraged development; Fed Gov't introduced cotton bounty
- Californian farmers Kahl and Hadley started in 1961 in NSW, Alan Brimblecombe in Qld (1959 & 1960).





# Cotton industry in early years

- Combination of private growers (many were wheat growers) & corporate farmers – sharing knowledge, risk management, investment in ginning capacity
- Collaboration in interests of industry (Auscott, Namoi Cotton Cooperative, Queensland Cotton Marketing Board).

# Snapshot of a pioneering corporate cotton farmer



- Auscott: Moree, Narrabri, Warren & Hay (2014) - cotton, grain, oilseeds
- Vertically integrated cotton operation (field to mill)





# Ginning operations

- 6 high capacity gins (> million bales per season)
- 1st gin built in first season (1963-64)
- Built eleven gins (closed 5 small ones)





# Cotton gin (Upland saw gin)



Cleaning equipment in gin

Gin  
stands



- Separates fibre from seed & trash, then cleans & packages cotton (227 kg bale)
- Approx. 38 – 42% fibre, 50-55% seed, 5-10% trash



Cotton gin & seed shed at  
Warren



# Warehousing, shipping & marketing infrastructure

- 2 major warehouse complexes, classing office to support ginning & marketing
- Containerising bales (40 ft.) & cottonseed (20 ft.)





# Australian cotton growers

- Most cotton growers are irrigators
- Irrigation farmers use their water rights supplemented by rainfall, to create wealth & employment through crop production.
- Need economic access to ginning facilities





# Gin investment requires committed cotton production

- Regular versus opportunistic growers





# Cotton ginning facilities require significant capital & technical investment.

> 40% costs not transferable



The greenfield site at Auscott's Hay cotton gin.  
Construction started in June 2014.



# What capacity cotton gin

## Example using 100,000 bales

- 2 stand cotton gin
  - > \$25 Million
  - 125 – 160 days
  - High ginning fee
- 3 stand cotton gin
  - > \$28 – 30 Million
  - 85 days +
- Approx. 10,000 ha of cotton production annually minimum.



Capital cost not proportional to number of stands




# Some key points from the Murrumbidgee experience



**Cobran Station, Hay, 2014**



# Some key points from the Murrumbidgee & Southern experience

- 
- First gin in southern NSW at Darlington Point, Murrumbidgee (1964 – later moved to Bourke)
  - 1986-87 first cotton in Lachlan Valley, Hillston gin built 2000.
  - 1999 cotton returns to Murrumbidgee – 6,600 ha



# Some key points from the Murrumbidgee & Southern experience

- 2010-11 23,000 ha in Murrumbidgee & Lachlan
- 2011-12 Southern Gin opens in Murrumbidgee  
– 53,400 ha's in Murrumbidgee & Lachlan
- Access to gins in other valleys in early stages  
was critical for development of industry



# Module transport allowing access to distant gins

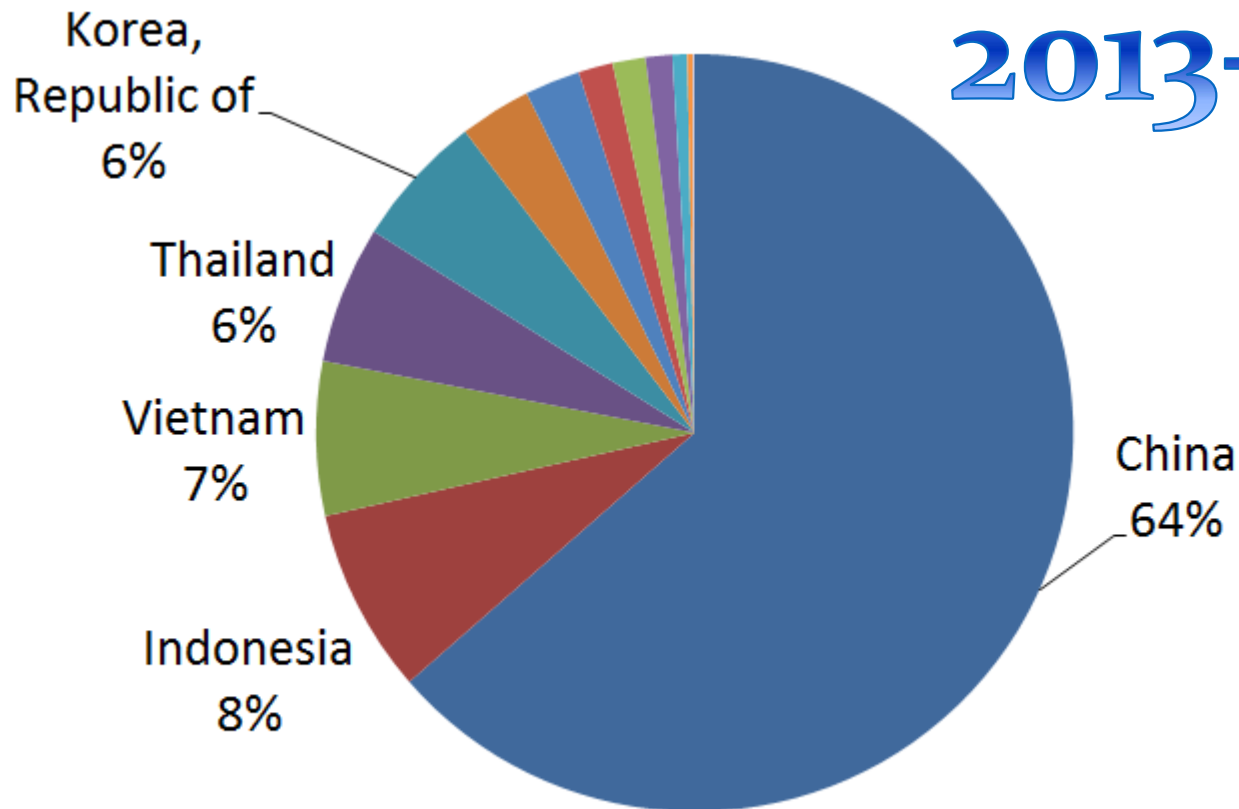
Round modules hold equivalent of 4 to 5 ginned bales.





# Australian Cotton markets

Indicative  
2013-14 crop





# Shipping costs from northern ports – \$ per bale?





# Summary – cotton in the North





# Auscott started from a Vision 1963





# Auscott Narrabri – first gin 1963-64





# Auscott Narrabri today – same site as 1963-64





# Summary key points

- The North has reasonable areas of suitable land but is very diverse; cotton does grow but yields less than current cotton belt in east.
- Irrigation is essential - water supplies may come from underground or on-farm harvesting of summer deluges as well as headwater dams such as the Ord Stages 2 & 3.
- Dry or wet (or combo) season production?



# Summary key points

- Any broad scale cropping industry like cotton needs to invest with confidence:
  - Land clearing & development regulations (Govt.)
  - Security & reliability of water access & rights (Govt.)
  - Community understanding and support (Industry.)
  - Research, development and education support (Govt. & Ind.)



# Summary key points

- Investment in commercial ginning will be critical - distance to existing gins is simply uneconomic for transport.
  - Would there be government support / assistance / encouragement for an individual or organisation wanting to build a gin?
  - Committed growers – 100,000 + bales
  - Corporate; large family farm; overseas investors



# Summary key points

- Proof of concept by potential pioneers can take place utilising mobile Kununurra gin but need some pioneers / drivers.
- Cost of ginning and freight needs to be better understood
- Cottonseed in the north (premium?)



# Questions

