COTTON
AUSTRALIA

THE AUSTRALIAN COTTON INDUSTRY

COTTON: AN AUSTRALIAN INDUSTRY PROFILE

Cotton production is highly mechanised, capital-intensive, technologically sophisticated and requires a high degree of management skill.

The cotton industry is very important to Australia's rural communities. A snapshot of Australia's cotton industry shows:

- Cotton is grown in over 150 regional communities across NSW and Queensland (but expanding into Victoria)
- Cotton represents between 30% and 60% of the gross value of the agricultural production in regions where it is grown
- Around 1200 farms grow cotton: 60% in NSW, 40% in Queensland
- In a normal year, the industry provides work for over 10,000 employees

AUSTRALIA'S COTTON INDUSTRY LEADS THE WORLD

Cotton is one of Australia's agricultural success stories. The modern cotton industry emerged in this country in the 1960s, and has evolved into the world's leading cotton industry – by yield, quality and water efficiency.

The industry's success has been driven by:

- A culture of innovation partnered with access to research, development & extension
- A commitment to a best management practices program which fosters a spirit of continuous improvement

Australian cotton growers are the most sophisticated in the world:

- 70% of growers use soil moisture probes, the highest rate amongst all Australian agricultural industries
- 93% use integrated pest management (IPM) strategies and farm practices
- 90% use satellite navigation systems in tractors
- 82% of growers use new round module pickers

AUSTRALIAN COTTON GROWERS ARE SUSTAINABLE FARMERS

Cotton growers are dedicated to their land – they improve soil health, fence off remnant vegetation, save water, practice no-till farming and Integrated Pest Management. All this is done with a combination of cutting edge science and technology, local experience, common sense and significant personal investments of time and money.

On the average cotton farm, approximately 40% of the land is dedicated to native vegetation. More than 42,000 birds representing 45 species were found on farm water storages in the Gwydir Valley, 153 bird species were found in natural vegetation in the Namoi Valley, and 450 species of invertebrates were recorded in one cotton field during the summer period.

INSECT PEST CONTROL

92%

Comparing five year averages for the periods 2010-15 and 1998-2003, the Australian cotton industry has achieved an 92 percent reduction in insecticide use.

AUSTRALIA'S COTTON INDUSTRY IN THE GLOBAL MARKET

Cotton is the most widely produced natural fibre in the world, and represents about 31% of the world textile market.

Australia is the world's fourth-largest exporter of cotton, behind the USA, India and Brazil.

Australian raw cotton is exported to mills overseas to be spun into yarn and fabrics, predominantly for garment and homewares manufacturing.

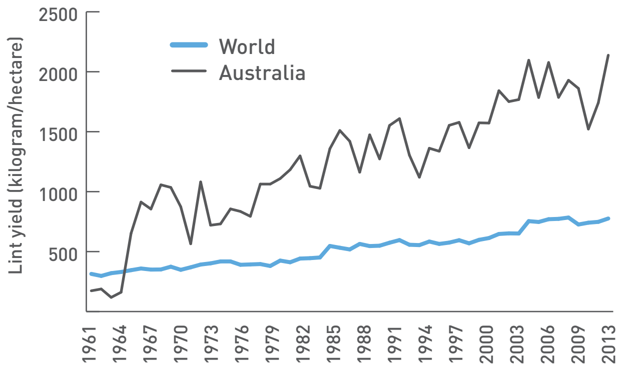
The bulk of mills using Australian cotton are located in South-east Asia.

AUSTRALIA'S PLACE IN THE WORLD COTTON MARKET

99%

OF AUSTRALIA'S RAW COTTON IS EXPORTED

AUSTRALIA'S COTTON YIELD



WATER USE EFFICIENCY IMPROVEMENTS

40%

The Australian cotton industry has achieved a 40% increase in water productivity since 2003. In other words, 40% less water is now needed to grow one tonne of cotton lint, compared to 2003.

X2

Australian cotton growers have almost doubled their irrigation water use index from 1.1 bales/megalitre in 2000-01 to 1.9 bales/megalitre in 2009-10.

Australian Cotton Water Story 2012 ABS 2014

FARM GATE VALUE (SEED & LINT)

THE 2013/14 AUSTRALIAN COTTON CROP WAS WORTH

$1.3 BILLION

- Cotton lint value: $1.1 billion
- Cottonseed value: $200 million

WHERE IS AUSTRALIAN COTTON GROWN?

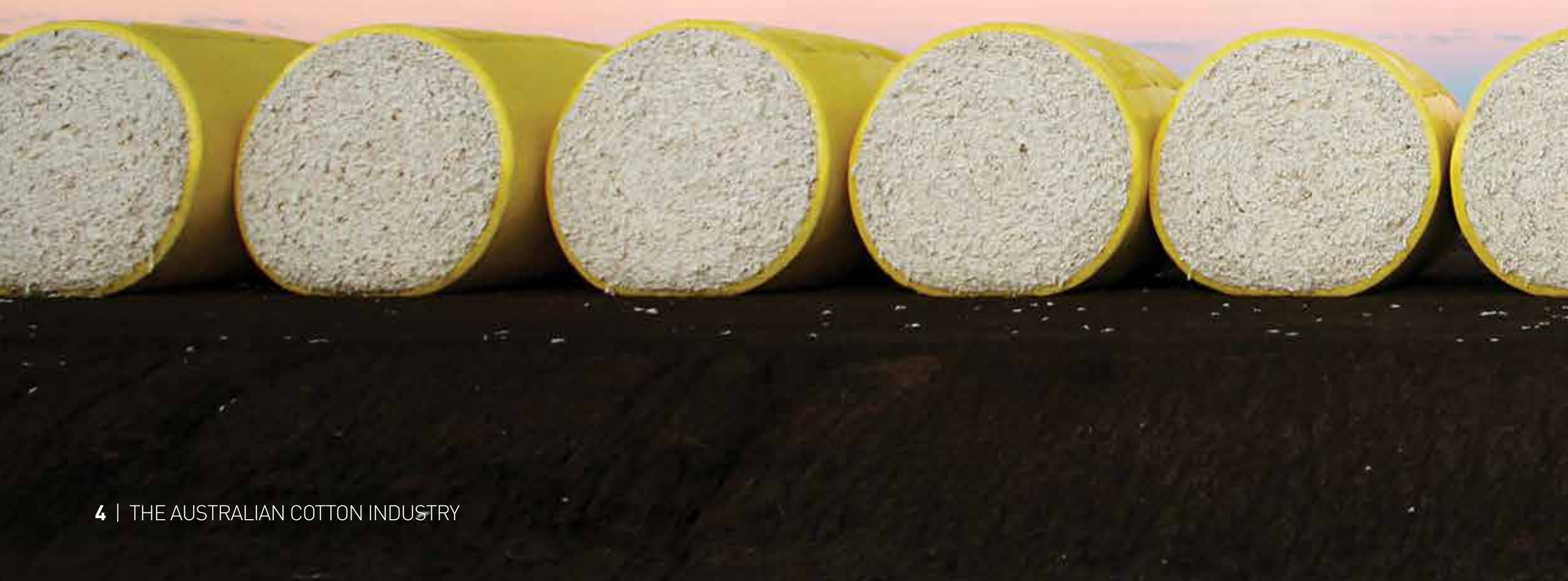
FAST FACTS

The average Australian cotton farm:

- Has around 500 hectares of cotton, but also produces other crops
- Produces an average 11.5 bales per hectare – more than three times the global average
- Is family owned and operated, and provides jobs for around 7 people
- Is irrigated

RAIN-GROWN (OR DRYLAND) COTTON

- Typically grown in the Northern and Central regions
- Opportunity crop planted based on stored soil moisture, forecast summer rain and cotton prices



COTTON AUSTRALIA

NORTHERN

- Higher temperatures allow growers to plant and harvest much earlier and later than the central valleys
- Season typically runs from August/September to February/March or from November/December to May/June
- Summer dominant rainfall

CENTRAL

- Season typically runs from October/November to April/May
- Mainly summer dominant rainfall to non-seasonal rainfall in the more southern areas

SOUTHERN

- Longer season is required to allow cotton to develop and grow due to cooler temperatures
- Season typically runs from October to May
- Winter dominant rainfall

The above map is for illustrative purposes only.
Exact geographical locations and landmarks may not be 100% accurate.

COTTON AUSTRALIA'S ROLE IN THE INDUSTRY

Cotton Australia is the key representative body for the Australian cotton growing industry. It is managed by a ten-member board, the majority of which are cotton growers.

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 within a well-structured industry framework with clear operating arrangements for each of the key industry bodies including the Cotton Research and Development Corporation (CRDC), Cotton Seed Distributors (CSD), Australian Cotton Shippers Association (ACSA), and the Australian Cotton Industry Forum.

STRATEGIC PLAN (2013–18)

Cotton Australia's purpose is to advance the interests of the Australian cotton growing industry, and it does so through focusing on the following key areas:

- Policy and advocacy: addressing key issues affecting cotton growing including electricity pricing and energy policy, water allocation, R&D funding and support, transport and international trade
- Research Direction: Cotton Australia is the gazetted 'representative organisation' under the PIRD Act with responsibility for guiding the CRDC research spending by advising on cotton grower R&D priorities
- Stewardship: biosecurity preparedness in conjunction with Plant Health Australia, management of chemical and biotechnology inputs to cotton production through the industry Transgenic and Insect Management Strategies Committee (TIMS committee) and improving the environmental stewardship of the industry
- Continual improvement and adoption of myBMP, the Australian cotton industry's voluntary farm and environmental management system for growers
- Community and capacity: support of local growers and wider community initiatives through Cotton Australia's network of Regional Managers, development of school education resources, involvement of industry personnel in leadership programs, and the promotion of industry excellence through the Australian Cotton Industry Awards
- Promotion of Australian Cotton under the Cotton to Market Strategy, which promotes and encourages responsible and sustainable cotton production around the world, and ensures access to global markets

COTTON AUSTRALIA MEMBERSHIP

Organisations rather than individuals are members of Cotton Australia. Member organisations include:

- Cotton Grower Associations: all CGA's are members of Cotton Australia
- Gins: all companies who own gins in Australia are members
- Service and industry organisations: currently Cotton Seed Distributors and Crop Consultants Association are members.

Cotton growers pay a voluntary levy of $1.50 per bale to Cotton Australia Limited which is collected at the point of ginning.

Growers elect to be a member of their CGA and virtually all of Australia's cotton growers are members of their CGA.

KEY CHALLENGES FACING AUSTRALIA'S COTTON INDUSTRY

Cotton Australia represents the interests of growers across significant challenges that face the industry, including:

WATER

As with any cropping industry, access to water is vital for cotton production. The industry has delivered a 40% improvement in water use efficiency over the past decade, utilising significant investment in water-efficient irrigation infrastructure and practices. Further efficiency improvements continue to be a key focus for the industry.

Cotton Australia works with both Federal and State Governments to ensure the reliability and security of water property rights are not undermined and water access remains affordable.

ENERGY

Cotton growers and other irrigators have been subject to sustained electricity price rises, in some cases up to 300% since the year 2000 (with inflation at less than 50% over the same period). The primary causes are network tariff increases.

Cotton Australia works with governments, regulators, networks and retailers to ensure affordable access to electricity.

The industry also relies very heavily on diesel for its production and is a very strong advocate for maintaining the Diesel Fuel Rebate. The industry also recognises that it must strive for energy efficiency and has invested heavily in energy efficiency research and extension.

TRANSPORT

Agriculture is high-tech but seasonal, requiring the movement of specialised equipment at time-critical points in order to avoid losses and guarantee efficiency. Cotton Australia advocates for a regulatory regime that allows for the cost effective movement of equipment and produce.

LABOUR

Appropriately skilled workers can be in short supply in many regional areas, creating inefficiencies, cost to businesses and stifling productivity. Cotton Australia focuses on ensuring that there is a skilled workforce available to meet all the demands of the industry.

MINING / CSG

Cotton Australia works with federal and state legislators and regulators to take strong steps to protect water and land resources and the land access rights of our growers. This includes ensuring that there is an appropriate regulatory framework, transparency within the approvals process and support for the enforcement of conditions of consent through adequate resourcing of compliance staff and funding of prosecutions.

COST OF PRODUCTION

One of the biggest challenges facing any farmer is managing the costs of production, and the cotton industry is no exception. On top of expensive energy, growers must manage high input costs such as biotechnology, diesel fuel, additional irrigation water (if required, and available), on top of high-value machinery required to sow and pick the harvest.

Cotton Australia works with suppliers and regulators to ensure input costs remain affordable and do not threaten the viability of Australia's cotton industry.

AUSTRALIAN COTTON'S VISION FOR THE FUTURE

The Cotton Industry operates under a collective strategy: '2029 vision – Australian cotton, carefully grown, naturally world's best'. This strategy states that by 2029, the industry will be:

- **Differentiated** – a world leading supplier of elite quality cotton that is highly sought in premium market segments
- **Responsible** – a producer and supplier of the most environmentally and socially responsible cotton in the world
- **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

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