



COTTON
AUSTRALIA

Cotton Australia

Annual Report 2006/2007





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CEO Report



There is no denying 2006/07 has been an especially hard year for the Australian cotton industry, with the drought continuing, and the flow on effects meaning belt-tightening and planning have taken precedence over normal growing activities.

Taking the helm of Cotton Australia in January 2007, one key area of work has been, and will continue to be, water and cotton and their image together.

In relation to this, we have taken some big steps forward to counter claims in the media against the cotton industry. Gavin Anderson & Company, a public affairs firm, were engaged in a whole of industry project to work closely with Cotton Australia’s communicators and lobbyists to counter negative press and publicise the facts and figures about cotton and water, plus help with strategising a continued approach to this issue. Results have already started turning the tide of public perception.

As well as this cotton and water work, Cotton Australia has represented growers on other key water issues with government. Influencing the ongoing development of the National Plan for Water Security is seen as an opportunity to hopefully secure federal funds for implementing water saving initiatives both on and off farm. Water pricing and security of entitlements have also been important issues that Cotton Australia has lobbied for on behalf of the industry.

Cotton Australia has changed how it will be delivering services in the future, moving from a valley by valley approach to centralising operations into two main hubs – Toowoomba in Queensland and Narrabri in NSW. This rationalisation means that no field officer will be working in isolation, but rather, teams of Cotton Australia staff will be working across cotton regions servicing all growers more effectively. The days of having a person in each region have passed, and in keeping with the business changes being adopted by cotton growers around the country, Cotton Australia has continued to take the necessary steps to rationalise and focus our business.

We also believe engaging the industry’s extension team will bring about greater efficiency in the delivery of services to growers, and means that Cotton Australia will have an even stronger understanding of on-farm issues.

The past year has also seen the Best Management Practices (BMP) program become more focused. The decision to appoint a General Manager for BMP (between the Cotton Catchment Communities Cooperative Research Centre and the Cotton Research Development Corporation), who will come on board in August 2007, builds on the work done in the past year and highlights what we consider to be the future importance and relevance of the program. The more growers who sign up and become involved in the BMP system, the more secure and stable the industry in the future.

Cotton Australia has been pleased to initiate and run the Future Cotton Leaders Program, with generous assistance from the Department of Agriculture, Fisheries and Forestry and CRDC. We have been able to run a program for 20 people from within the industry which will contribute to our succession planning and capacity building. This will be vital for the ongoing representation and promotion of our industry. Cotton Australia also ran, with funding support from the Department of Education, Science and Training, the Cotton Industry Skills Development Pilot Project, which proved a great success.

The year has seen some staff changes at Cotton Australia. I would like to thank those staff who have left us for their efforts over the years and wish them all the best in their new endeavours. To our current staff, thank you for your ongoing enthusiasm, efforts and support in such tough seasonal circumstances.

Overall the industry has struggled this past year, but when the clouds break, we will be ready to capitalise on this time of planning and I fully expect a stronger, more strategic industry to grow from this.

Adam Kay
CEO, Cotton Australia

Chairman's Report

In reflecting on the past twelve months activity for Cotton Australia, it is apparent that the challenges identified last season have only intensified. In light of these circumstances, the Board has planned and implemented changes to the business to ensure that we continue to represent and advance the interests of the Australian cotton growing industry. Similar adjustments are being put in place by all sections of the industry: growers, ginners, merchants, and suppliers of inputs and services alike.

As the drought has deepened, it is fair to say that the water supply crisis has now touched all Australians, both in regional and urban communities. In rural economies, the lack of decent rainfall and the subsequent water shortage has meant a "tightening of the belt" and a real need for strategic planning and implementation. The industry has responded to these challenging times with measured rationalisation and an optimistic view that whatever we do, growers and the industry need to be prepared to respond quickly and ramp into full production when the seasons allow.

In my last report I identified five key areas that presented immediate challenges for the industry; business fundamentals, agriculture in society, natural resources, government regulation and self-governance. Cotton Australia has continued to work to influence these areas of concern.

The business fundamentals of cotton growing have not improved and profitability in the current season remains elusive for most growers and industry participants. Current available water supplies for new crop are at levels which would indicate a 2007/08 production well below the 1.2 million bales estimated for the current crop. All this of course can change very quickly with a return to the drenching rain patterns we have all seen before. New York Cotton Exchange futures have shown some signs of life but the strengthened Aussie dollar has not assisted growers. All up, marketing cotton into this environment is pretty unexciting.

The drought has unfortunately also led to a tendency by some commentators in the broader community to apportion blame for the predicament towards irrigated agriculture and to cotton. In a calculated initiative, the whole cotton industry has in the latter part of the season, funded and implemented a campaign to improve the public and political perception of the cotton industry in the water debate. I acknowledge and thank all those in the industry who have guided, participated and financed the campaign. It has been a true "all of industry" effort and I believe it has been effective. We will however, need to maintain vigilance and every effort on the advocacy front. We must continue to champion our industry.

In the area of natural resources management the Howard Government rolled out the National Plan for Water Security. The plan provides some opportunity and some additional challenge to our industry. The opportunity lies in the single basin wide management of the Murray Darling system by the Commonwealth and in the substantial funding potentially available to irrigators to improve water use efficiency both on farms and in basin supply systems, and to have strengthened water markets.

Over the past season the Cotton Australia organisation itself has undergone substantial change. The industry has welcomed on board our new CEO, Mr Adam Kay, who has quickly and effectively established himself at the helm of the company. We have also recognised and thanked our retired CEO, Mr Philip Russell, for his achievements and efforts over the past seven years.

Cotton Australia has reorganised its business to best respond to the industry outlook we face. Field staff has been concentrated in two regional hubs, Toowoomba and Narrabri, and the Mascot office has been adjusted. Some staff members have left the organisation and on behalf of the cotton industry, I thank all staff for their past and continued contributions. The Board will continue to monitor closely and assess the industry outlook and make adjustments where necessary to ensure that the organisation is best placed to represent the cotton growing industry effectively into the future.

As I was twelve months ago, I remain optimistic for the future but a year older.

We look forward to prosperous times.

Bernie George
Chairman, Cotton Australia



Cotton Australia

Cotton Australia is the peak representative body for Australia's cotton growers.

Cotton Australia represents and advances the interests of cotton growers and the Australian cotton industry, supports levy paying growers in cotton production and marketing, and promotes the Australian cotton industry to the community.

Members of Cotton Australia include 15 Cotton Grower Associations, who are in turn part-funded by Cotton Australia, and 10 cotton ginning companies. Policy and overall strategic direction is set by a Board of nine elected Directors, nominated by members.

Cotton Australia is funded through a voluntary grower levy.

The Cotton Australia team, based at offices in Sydney, Brisbane and now two regional hubs in Toowoomba and Narrabri, focus on the following priority areas set by the Cotton Australia Board:

- Industry Advocacy
- Grower Services
- Best Management Practices (BMP)
- Industry Representation
- Organisational Health and Stability

Cotton Australia's vision for the Australian cotton industry is:

- To grow as a mature, profitable and sustainable industry, and be recognised as the benchmark for cotton production throughout the world
- To be a strong and united industry that values contribution, maximises research, manages its environmental footprint by operating at best practise levels in all that it does
- To be a commercially driven industry that seeks appropriate rewards and benefits for its investors, workers, service providers and regional communities
- To be accepted and recognised as a valued contributor, environmentally, economically, socially and culturally by the community.

Cotton Australia's vision for the organisation is:

- To be a good corporate citizen and operate under best corporate and sustainable practices
- To engender a strong team orientated organisational culture with strong Board and staff development and support
- To be industry leading and outcomes focused.



Australian Cotton Industry Overview



The Australian Cotton Industry Council (ACIC) forecasts the 2006/07 season will produce over 1.2 million bales of cotton from 142,000 hectares. In addition, 370,000 tonnes of cottonseed will be produced. The total value of the Australian cotton crop including fibre and seed is forecast to be \$504 million, with world cotton prices still depressed due to higher production levels in China and the USA, the world's largest producers.

Most Australian cotton farms are owned and operated by family farmers. These farmers grow other crops and often graze sheep and cattle as well. The average Australian cotton farm is medium sized, growing 362ha of cotton.

Around 800 small, medium and large sized enterprises grow cotton, and more than 4,000 businesses are directly dependent on cotton production, employing around 10,000 people on a sustainable and successful footing.

The extensive system of production, harvesting and ginning provides countless jobs for mechanics, distributors of farm machinery, consultants, crop processors and other support services workers. Industries such as banking, transportation, warehousing and merchandising also benefit from a viable Australian cotton industry.

The average yield for irrigated Australian cotton is easily the highest in the world and can be attributed to improved cotton breeding and better crop management systems, which have been achieved with a reduced impact on the environment.

Approximately two-thirds of Australia's cotton is grown in New South Wales with the remainder produced in Queensland. The major production area in New South Wales stretches south from the Macintyre River on the Queensland border and covers the Gwydir, Namoi and Macquarie valleys. New South Wales cotton is also grown along the Barwon and Darling Rivers in the west and the Lachlan and Murrumbidgee rivers in the south.

In Queensland, cotton is grown mostly in the south in the Darling Downs, St George, Dirranbandi and Macintyre Valley regions. The remainder is grown near Emerald, Theodore and Biloela in Central Queensland.

Transgenic varieties of cotton made up over 90 per cent of the Australian cotton crop in 2006/07 whilst 85 per cent of the crop was grown under irrigation. The Australian cotton crop is processed (ginned) in Australia, and almost all is exported, mainly to Asia.

The outlook for the 2007/08 season is for further declines in production. Based on water availability and world price (at time of publishing), early indications suggest an 800,000 bale crop.

Financial Summary

INCOME

Year	Levy	Other Income
2002/2003	\$4,755,532	\$330,865
2003/2004	\$2,321,334	\$501,131
2004/2005	\$2,320,247	\$318,283
2005/2006	\$3,866,199	\$338,220
2006/2007	\$3,888,766	\$251,101

OPERATING VS CAPITAL

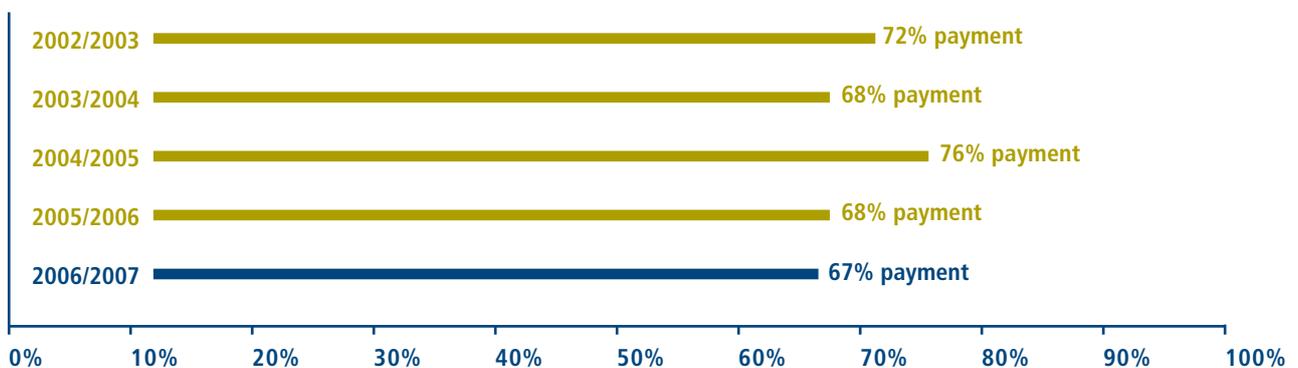
Year	Operating	Capital
2002/2003	\$4,555,698	(\$21,193)
2003/2004	\$3,372,539	(\$19,547)
2004/2005	\$3,343,383	\$144,974
2005/2006	\$3,551,831	\$139,888
2006/2007	\$3,212,645	\$237,193

OPERATING EXPENDITURE

By Program	2006/2007	2005/2006
Board and Executive	\$602,408	\$472,727
Policy and Advocacy	\$541,457	\$705,860
Affiliations	\$118,790	\$138,686
Public Affairs	\$241,632	\$347,058
Industry Funding/Leadership/Education	\$22,388	\$207,627
Grower Services/BMP	\$762,468	\$670,279
Office Overheads	\$632,650	\$708,700
Administration	\$290,852	\$300,894

Total	\$3,212,645	\$3,551,831
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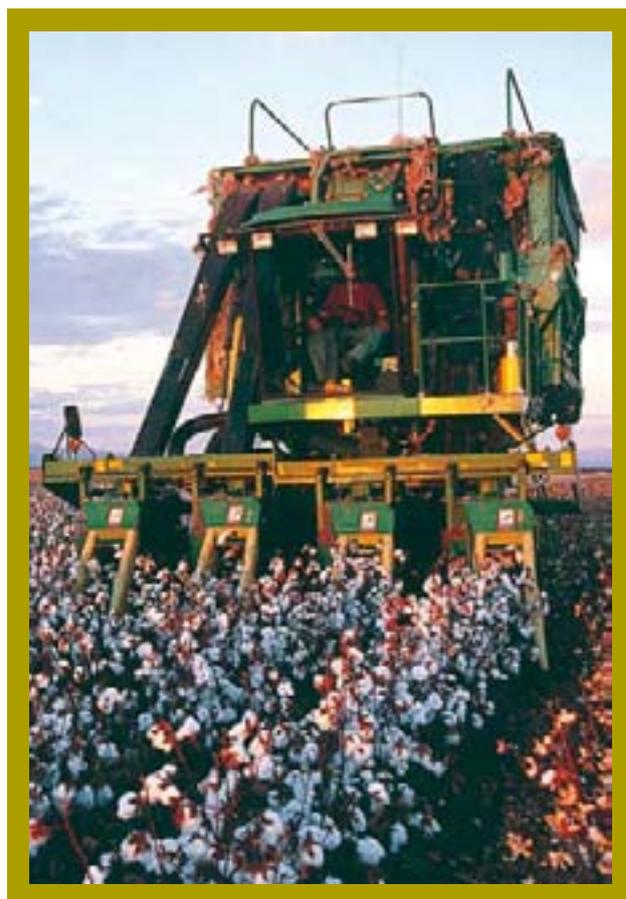
GROWER CONTRIBUTION RATE



Cotton Australia Members

Cotton Australia's members include the following Cotton Grower Associations and cotton ginners:

- ▣ Auscott
- ▣ Biloela Cotton Growers' Association
- ▣ Bourke Cotton Growers' Association
- ▣ Caroll Cotton Company
- ▣ Central Highlands Cotton Growers' and Irrigators' Association
- ▣ Darling Downs Cotton Growers' Inc
- ▣ Darling River Cotton
- ▣ Dawson Valley Cotton Growers' Association
- ▣ Dirranbandi Cotton Growers' Association
- ▣ Dunavant Enterprises
- ▣ Gwydir Valley Cotton Growers' Association
- ▣ Lachlan and Murrumbidgee Cotton Growers' Association
- ▣ Lower Namoi Cotton Growers' Association
- ▣ Macintyre Valley Cotton Growers' Association
- ▣ Macquarie Cotton Growers' Association
- ▣ Mungindi Water Users' and Cotton Growers' Association
- ▣ Namoi Cotton
- ▣ North Bourke Ginning
- ▣ North West Ginning
- ▣ Queensland Cotton
- ▣ St George Cotton Growers' Association
- ▣ Tandou
- ▣ Twynam Cotton
- ▣ Upper Namoi Cotton Growers' Association
- ▣ Walgett Cotton Growers' Association



Feature Stories

GETTING THE FACTS STRAIGHT

As the drought has continued around the country, and water issues have dominated the news, inevitably there have been many questions and unflattering remarks made about the cotton industry.

Lobbying and communications consultancy Gavin Anderson & Company were engaged in the latter part of the financial year to work with Cotton Australia to expand their high-level communications work, targeting specifically top-line media, politicians and decision makers to change attitudes about cotton and water.

Working with in-house communications agency Step Communication, Gavin Anderson & Company conducted market research including a Desktop Audit, a Perceptions Audit and Focus Groups. These all showed the need to educate and influence high level media and decision makers to determine their level of understanding about the cotton industry.

Based on this data a targeted plan was developed for reaching decision makers and changing perceptions. The plan focused on a series of engagement meetings to disseminate accurate information and this process continues.



Feature Stories

BEST MANAGEMENT PRACTICES CONTINUES TO GROW

The Best Management Practices (BMP) Program continues to grow and in the coming years will continue to be a major focus of Cotton Australia's work. The decision to create two central BMP hubs in Toowoomba in Queensland and Narrabri in NSW is being complemented by the appointment of a General Manager for BMP in cooperation with the Cotton Research Development Corporation (CRDC) and the Cotton Catchment Communities Cooperative Research Centre (CRC). Future plans will also focus on closer working relationships with the cotton extension team in the delivery of best practice and research to growers, starting with the joint preparation of regional extension plans that include all extension staff and activities.

Field staff have continued to work with growers at a Pre-Certification Assessment level to assist them to reach certification standard. The considerable time and resources spent in this area is considered an excellent investment in the industry, increasing environmental standards and reducing cotton's footprint.



Cotton Australia GSM, Gus Macrae, at a BMP Land and Water Workshop

Listening to Growers

Cotton Australia conducted a significant grower survey in 2006 in an effort to garner feedback on the organisation, its service to growers and the BMP Program. An independent consultant conducted telephone surveys of both levy paying and non-levy paying growers. At the completion of the research, a workshop was held with grower representatives from across the industry to discuss the results and actions moving forward.

In addition to this grower survey, Cotton Australia partnered with the CRDC to facilitate a BMP workshop in Sydney in June 2006, specifically designed to look at BMP into the future – what it needs to offer growers, how it should be delivered – and to integrate BMP with similar programs being developed by other commodity groups/catchment groups.

Key messages and findings taken from these activities included that:

- BMP is vital to the industry's future and it has done a remarkable job of assisting in solving the issues associated with pesticide management – its original objective.
- BMP has always been seen as an industry tool that growers implement but it needs to evolve to become a greater tool for the farmer so that it delivers an outcome on the farm as well as off the farm.

During 2006, Cotton Australia undertook the following actions and changes in response to grower feedback on the BMP Program and Cotton Australia's management of BMP on behalf of the industry:

1. A dedicated BMP Program Manager was appointed to coordinate Cotton Australia's implementation and auditing activities
2. Removal of the requirement that meant growers who had undertaken a PCA also needed to participate in a certification audit within 12 months
3. A BMP training day at Goondiwindi was held with Cotton Australia GSMs and the national cotton extension team, to foster collaboration as well as to develop a greater understanding of the BMP Program and how both groups can participate in its delivery
4. Database re-design to better track grower's progress and status with BMP, and work undertaken in order to be in a position to report on practice changes on the farm, due to the adoption of BMP
5. The establishment of a database and the capacity to capture PCA and audit rankings and action plans, to track change over time for key issues and to allow better focus of resources to meet grower's needs
6. Agreement with CRDC and CRC to commit to the engagement of a cross-industry BMP General Manager to oversee all aspects of the redevelopment of the BMP Program.

Feature Stories

BEST MANAGEMENT PRACTICES CONTINUES TO GROW (CONTINUED)

Recognition of Certified BMP Growers

Significant work continued during 2006 in the pursuit of recognition for certified growers from the Queensland Department of Natural Resources and Water (NRW) against statutory Land and Water Management Plans. Once received, growers will have a choice as to how they can meet legislation, either by completing a statutory LWMP or by being involved in BMP.

BMP Resources Boosted in the Namoi

Cotton Australia was pleased to welcome Kate Lightfoot to the new role of Namoi BMP officer employed by the Cotton Catchment Communities Cotton Research Centre. Kate is working on a project developed between the Cotton CRC, Namoi CMA and Cotton Australia designed to assist growers in completing BMP action plans developed once a BMP Pre-Certification Assessment has been conducted.

New System for the Future

Cotton Australia Grower Services Manager, Dan Hickey, developed an electronic recording system for BMP that will allow better analysis and tracking of BMP implementation data. The system allows BMP audit and worksheet data to be entered into a central system and then analysed by Cotton Australia staff to identify gaps and areas where growers require extra assistance to achieve certification standards. For example, it identifies the number of growers requiring signage for petrochemical storage in a particular valley. Another major benefit is that the system measures and tracks practice changes on farm over time. This data will be used to show positive change in the industry, and used to advance the cotton industry's advocacy efforts with politicians and the community.

Branding BMP Cotton

In conjunction with the Australian Cotton Shippers Association (ASCA) in 2006 Cotton Australia jointly funded some investigatory work into the establishment of a BMP brand.

Cotton Australia CEO, Adam Kay, and ASCA's Hilton Lobb worked closely with a number of leading Japanese business houses at test marketing BMP cotton. To date several million dollars worth of garments have been sold, and these figures are expected to double next season.

Classers Certification

Six classing houses were certified as part of the Cotton Classers Association of Australia (CCAA) BMP Program in 2006/07. The awarding of these certificates is part of the industry wide initiative to ensure the highest standards across the whole cotton supply chain.

Classers BMP certificates were awarded to:

Auscott Limited (Sydney)

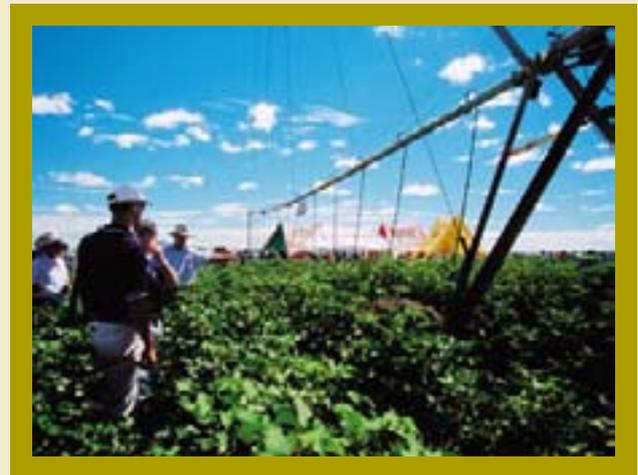
Australian Classing Services (Wee Waa)

Paul Reinhart (Australia) Pty. Ltd (Toowoomba)

Queensland Cotton Corporation Limited (Brisbane)

Weil Brothers Cotton (Aust.) Pty. Ltd (Toowoomba)

ProClass Pty. Ltd (Goondiwindi)



Hilton Lobb from ASCA, Japanese retailer Mr Nakamura and Adam Kay

Feature Stories

PRIME MINISTER'S WATER PLAN STARTS TO TAKE SHAPE

Cotton growers can be assured that almost 10 years of hard work will not be wasted, following the Prime Minister's assurances this year that the current NSW Water Sharing Plan and the Queensland Resource Operating Plans will be recognised under his National Plan for Water Security.

Following intense lobbying by Cotton Australia and other agricultural groups in Canberra, the Prime Minister's announcement in March 2007 gave cotton growers some confidence that the plans they are currently operating under will continue.

Cotton Australia sees opportunities lying in single basin wide management of the Murray Darling system by the Commonwealth and in the substantial funding potentially available to irrigators to improve water use efficiency both on farms and in basin supply systems, and to have strengthened water markets.

The additional challenge lies in:

- The necessity to construct essential detail around the proposal so that meaningful works programs can be implemented on farm and at supply system level in order to deliver real gains in more efficient water use. Cotton Australia and water user groups have been working together to put to government a comprehensive schedule of Water Use Efficiency measures for implementation across the industry rather than wait for government departments to figure out the details.
- Ensuring that the industry is not subjected to yet another reform process when, in both States, the experiences of the past water sharing processes have not been forgotten nor have the measures put in place been given an opportunity to work. Cotton Australia objects to further removal of water entitlements.

Cotton Australia's official response to the PM's Water Plan was personally delivered to the offices of Ministers Turnbull, Vaile and Cobb and Opposition Spokespeople Garrett and Albanese. The response drew on the National Farmers' Federation's position, and received input from Cotton Grower Associations and the Cotton Australia Board.

Key points in the response were:

- Water Sharing Plans (NSW) and Water Resource Plans (QLD) should be recognised in the PM's Water Plan
- The full implementation of the National Water Initiative must be maintained
- The property right should be fully recognised
- Industry should be fully engaged.

There was much emphasis on the fact Australia has the most water efficient cotton growers in the world, and the industry invests millions of dollars in water research and infrastructure. It was made clear that 70% of irrigators have made changes to improve irrigation practices over the past five years, and cotton growers already spend more than any other agricultural industry on natural resource management, an average \$244,000 per farm per annum.

Cotton Australia also welcomed any measure to upgrade state-owned water infrastructure in the Murray-Darling system that will help reduce inefficiencies in storing and delivering water.

At the time of writing this report, negotiations were still continuing in regard to the draft legislation for the Water Act 2007.



Former Cotton Australia CEO, Philip Russell, visits the Macquarie Marshes

REORGANISATION OF COTTON AUSTRALIA'S BUSINESS

Due to the downturn across the cotton industry brought on by the drought, Cotton Australia, along with growers, has had to adjust its business to cope.

By making the Board of Directors smaller – from 11 to nine - as well as further focusing activities on advocacy and BMP, Cotton Australia ensured a targeted approach to future business.

Many of the changes have been outlined in the CEO and Chairman's report, but the establishment of two central hubs – Toowoomba and Narrabri – are major internal structural changes, which it is hoped will lead to better management of regions and a more cohesive team at Cotton Australia.

Key Highlights and Achievements

COTTON AUSTRALIA'S NEW CEO

In January this year, Cotton Australia employed Adam Kay to replace Philip Russell as CEO, who after seven years heading the organisation, retired at the end of 2006.

Having spent over two decades in the cotton industry, Adam has brought extensive knowledge and specialist skills to grower relations, advocacy and business management.

After seven years as the General Manager of Cotton Seed Distributors and a long career in agriculture – including time as an agronomist, a Director with the CRDC and various other high level positions across the cotton industry, his affinity with growers and in-depth understanding of the issues facing the industry today have put him in a good position to lead Cotton Australia.



Cotton Australia CEO, Adam Kay, in Canberra

BOARD DIRECTOR ELECTED AS QFF VICE-PRESIDENT

Cotton Australia would like to congratulate Deputy Chair Joanne Grainger for her election to the position of Vice President of the Queensland Farmers Federation (QFF). Joanne also represents Cotton Australia on numerous other training and farm business committees, including the Farm Business and Economic Committee for the QFF.

Other Cotton Australia Board changes included the departure of Chairman Geoff Hewitt and Greg Jensen. Cotton Australia wishes both Geoff and Greg well for the future. Ian Walton also joined the Board in 2006, replacing Geoff Hewitt.

RESULTS ON CHAIN BED TRAILERS

In response to NSW Roads and Traffic Authority (RTA) warnings, Cotton Australia has worked to address the issue of over dimension cotton chain bed trailers and the protrusion of cotton modules outside the dimensions of flat bed trailers.

The two issues were addressed separately with the flat-bed trailer matter simply being addressed by the development of an industry code of practice aimed at producing a better quality and more consistent size and shape of module for transport. The chain bed matter is more complex and involved a number of meetings with senior RTA officers to concisely identify their concerns with respect to chain bed dimensions.

Cotton Australia has committed to addressing this issue into the longer term and engaged the services of a consultant – Australian Transport Compliance Centre - to prepare a detailed engineering report and performance analysis of chain bed trailers for submission to the RTA.

It is anticipated that the outcomes of this exercise will enable the continued use of chain bed trailers with minimal need for major dimensional modifications. It is further anticipated that the analysis of data collected will assist chain bed operators to progress down the path of accreditation which will yield advantages such as increased maximum weights of modules transported.

Once the specific dimensions are agreed to by the RTA, chain bed operators with non complying trailers will have 12 months in which to make modifications if required.

Key Highlights and Achievements

INFLUENTIAL SUPPORT FOR COTTON INDUSTRY

In the past year the cotton industry came under some heavy media fire in relation to water use, but in a proactive effort to turn the tide of public opinion, high level media relations and third-party support helped generate excellent positive media coverage.

Minister for Agriculture, Fisheries and Forestry, Peter McGauran, authored an article in the Sydney Morning Herald titled "Rice, cotton, shouldn't be fall guys", which came out in defence of the cotton industry, making a final statement that "vilification of irrigation in general, and the cotton and rice industries in particular, is a knee-jerk response to be rejected."

Federal MP John Anderson, the member for Gwydir, has had a long association with the cotton industry and again defended cotton this year, with an editorial piece he wrote for *The Australian* newspaper submitted in response to negative publicity towards cotton and putting into perspective the drought and its impact on regional communities.

This kind of high level support of cotton is helping turn the tide of bad press, and change perceptions in the community. Though it is hard to monitor any major public opinion changes, the way cotton has been represented in the media has improved since the whole of industry project began engaging key decision makers (both political and media).



On-farm judging for the two grower categories



Dr Greg Constable- CSD ACGRA Researcher of the Year

COTTON INDUSTRY AWARDS

Winners for the 2006 Australian Cotton Industry Awards were announced in August at a special ceremony and dinner on the Gold Coast.

The Cotton Awards, jointly supported by Cotton Australia and Australian Cotton Growers Research Association (ACGRA), were held as a culmination of the successful Cotton Conference, with close to 900 guests gathering to celebrate and pay tribute to the industry's leaders.

The winners were:

- "Auscott", Namoi Valley - Monsanto Grower of the Year
- "Bullamon Plains", St George - AgriRisk High Achiever of the Year
- Sarah Hood, St George - Elders Young Achiever of the Year
- Dr Greg Constable, Narrabri - CSD ACGRA Researcher of the Year
- John Grellman, Wee Waa - Twynam Service to Industry

The Awards were sponsored by AgriRisk, Cotton Seed Distributors, Elders, Monsanto and Twynam.

DEVELOPING INDUSTRY SKILLS

Cotton Australia finalised a very successful project aimed at attracting new workers and retaining skilled people in the industry. The *Cotton Industry Skills Development Pilot Project* was an initiative of Cotton Australia with funding support from the Australian Government Department of Education, Science and Training.

The purpose of the project was to trial a range of vocational training delivery and assessment strategies which included a Skills Recognition, Training and Career Pathway, industry agreed skills sets and accreditations linked to nationally recognised qualifications. Cotton Australia established a Project Steering Group comprising a wider representation of stakeholders. The Group agreed that if the cotton industry was to become "an employer of choice" the industry needed to present a point of difference between cotton and other agricultural sectors.

These strategies became the focus of the project in order to attract new starters to the industry. As a regionally based project, the Gwydir/ Namoi region was selected as it was well serviced by the industry and by specialists like tertiary and school-based training providers.

Valley Reports

CENTRAL HIGHLANDS, QLD

Cotton Australia Grower Services Manager	Rachel McDowall
Cotton Growers Association	Central Highlands
CGA President (CGA)	Wayne Reeves
Number of growers	22
Hectares sown to cotton	3,800
Number of bales produced	34,000
Average yield (bales per hectare)	9
Production value	\$17 million



RACHEL MCDOWELL
Grower Services Manager

“Like all parts of rural Australia, the Dawson Valley and Central Highlands have been affected by the drought. Besides the lack of water, the 2006/07 season was an exceptional growing season. Unfortunately the Dawson Valley did not receive substantial rain in the later part of the season, unlike the Central Highlands, which impacted their yields.

Local water issues continue to impact on growers’ ability to effectively manage and use water and as long as the drought continues, growers will need to become even more efficient with the limited water available.

The Dawson Valley CGA continued their support of local community activities with a major donation going towards the lighting of the Theodore airstrip to enable medical evacuations to be made at night.

Central Highlands CGA and a number of industry support staff held various educational activities to promote the benefits of cotton and agriculture in general, to local teachers and students. *The Go Agro!* Program aims to entice and excite grade 10 students to consider a career in agriculture. With staff shortages, this program has become a critical component to the long term strategy to sustain staff in the Highlands.”

DAWSON VALLEY, QLD

Cotton Australia Grower Services Manager	Rachel McDowall
Cotton Growers Association	Dawson Valley
CGA President (CGA)	Errol Conachan
Number of growers	18
Hectares sown to cotton	4,390
Number of bales produced	26,000
Average yield (bales per hectare)	6
Production value	\$13 million

Please note figures quoted are for the 2006/07 season. All hectares and bale numbers are the best estimates that could be obtained at the time of publication. Production value is based on \$490 per 227kg bale of cotton including seed, during the 2006/07 season.



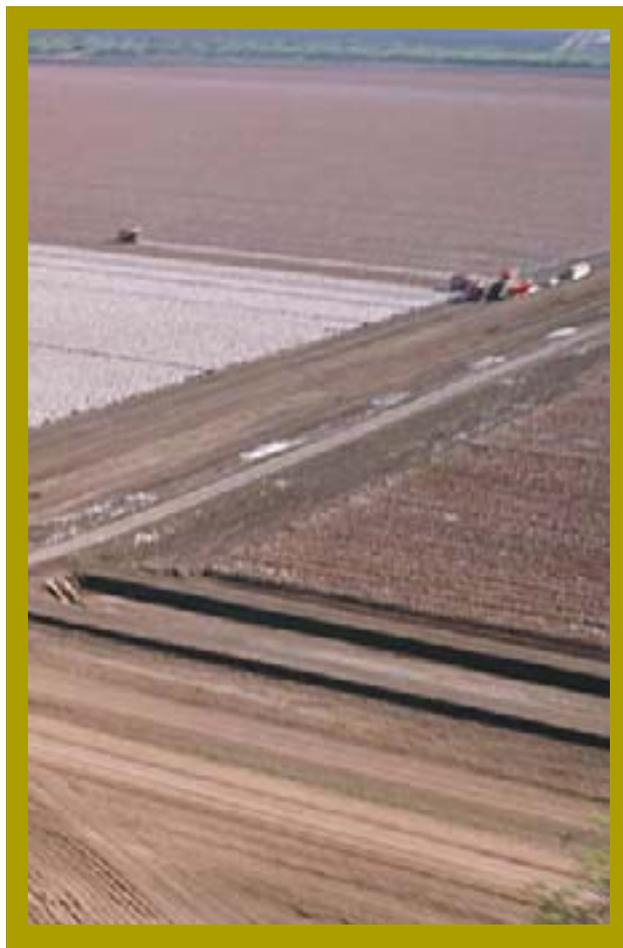
Teach the Teacher, Central Queensland

Valley Reports

DARLING DOWNS, QLD

Cotton Australia Grower Services Manager BMP Implementation Officer	Dan Hickey Kelly Chapman
Cotton Growers Association (CGA)	Darling Downs
CGA President	John Cameron
Number of growers	175
Hectares sown to cotton	13,200
Number of bales produced	75,000
Average yield (bales per hectare)	2.7 (dryland) 7.5 (irrigated)
Production value	\$37 million

Please note figures quoted are for the 2006/07 season. All hectares and bale numbers are the best estimates that could be obtained at the time of publication. Production value is based on \$490 per 227kg bale of cotton including seed, during the 2006/07 season.



DAN HICKEY

Grower Services Manager

"The 2006/07 season enabled Darling Downs cotton growers to demonstrate why they are some of the best farmers in the world. This season provided record low rainfall, very little irrigation water in most areas, poor planting conditions and few planting opportunities for most. Despite these challenges, Darling Downs cotton growers still managed to plant a cotton crop and produce about an 80,000 bale crop from just 13,200 hectares.

Events throughout the year included *The Australian Cotton Week Festival*, which incorporated the Family Fun Day and the Cocktail Ball. Special mention needs to be made about the great support from community, and all sponsors of the event, which helped to make it such a success.

BMP continued to be a focus for Cotton Australia on the Downs with more integrated support from Qld DPI, Cotton CRC, Qld Dept of Natural Resources & Mines, Darling Downs Cotton Growers Inc and CRDC. This has helped increase the uptake of BMP on the Downs."

Valley Reports

ST GEORGE, QLD

Cotton Australia Grower Services Manager	Tyson Hosie
Cotton Growers Association	St George
CGA President (CGA)	Craig Saunders
Number of growers	37
Hectares sown to cotton	3,700
Number of bales produced:	26,920
Average yield (bales per hectare)	7.3
Production value	\$13 million

DIRRANBANDI, QLD

Cotton Australia Grower Services Manager	Tyson Hosie
Cotton Growers Association	Dirranbandi
CGA President (CGA)	Greg Nicol
Number of growers	19
Hectares sown to cotton	600
Number of bales produced	4,365
Average yield	7.3
Production value	\$2 million

Please note figures quoted are for the 2006/07 season. All hectares and bale numbers are the best estimates that could be obtained at the time of publication. Production value is based on \$490 per 227kg bale of cotton including seed, during the 2006/07 season.



TYSON HOSIE
Grower Services Manager

“The St George and Dirranbandi districts’ cotton growing season has been a hard one for all involved. With initial prospects for the season looking less than impressive, the two grower groups decided to alter their planting dates in hope of a late rain or river flow to improve planting conditions, to no avail. Although growing conditions during the season were quite favourable in these areas, the severe lack of water heavily restricted plantings, with approximately 3,700 hectares and 600 hectares being planted in St George and Dirranbandi respectively.

Growers who were fortunate enough to be able to stretch out their water schedule without heavy penalties, or who received the odd shower should be able to achieve reasonable yields and quality to match. But for everyone else in the region, it’s fingers crossed for rain.

Both the Dirranbandi and St George Cotton Growers’ Associations were involved in local community events throughout the season, with the highlights being the Golf Days and Children’s Education Days. The support of the Executive Committees of the CGAs and all the growers and industry partners involved in the year’s activities, both on and off farm, has been extraordinary this year and the coming year will no doubt see the same level of enthusiasm and support.”

Valley Reports

MACINTYRE VALLEY, QLD

Cotton Australia Grower Services Manager	Michael Beeston
Cotton Growers Association	MacIntyre Valley
CGA President (CGA)	Ben Coulton
Number of growers	54
Hectares sown to cotton	18,000
Number of bales produced	171,000
Average yield (bales per hectare)	9.5
Production value	\$84 million

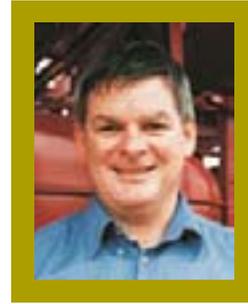
MUNGINDI, QLD/NSW

Cotton Australia Grower Services Manager	Michael Beeston
Cotton Growers Association	Mungindi
CGA President (CGA)	Glen Price
Number of growers	22
Hectares sown to cotton	11,000
Number of bales produced	104,500
Average yield (bales per hectare)	9.5
Production value	\$51 million

Please note figures quoted are for the 2006/07 season. All hectares and bale numbers are the best estimates that could be obtained at the time of publication. Production value is based on \$490 per 227kg bale of cotton including seed, during the 2006/07 season.



Mike Beeston at PCA workshop: Telleraga, Mallawa



MICHAEL BEESTON

Grower Services Manager

"The MacIntyre started the season with a little optimism, hoping for some helpful early rain, which sadly never arrived. By Christmas the crop was reduced from approximately 25,000ha to 18,000 hectares. In the end, a mild summer with bright sunny days ensured what turned out to be an excellent crop. A reasonable dryland crop was also planted, and as in line with the irrigated crop, no rain during the growing season meant a very average crop resulted. Of considerable concern is the ongoing dry and with continued lack of rainfall each season, crops are becoming more and more difficult to maintain.

Mungindi growers planted an area which could be managed even with reduced water availability and therefore reduced irrigations. This appeared to have paid dividends with few crops being lost in the past year. Like other areas, the lack of rain meant clear sunny days, along with light insect pressure resulting in good quality cotton, with good yields.

A trial for the Central Queensland IAWM Program was also conducted with great success. All 22 growers participated to some extent, with mapping and water quality testing being the highlights. This program is now set to continue in its own right with management being taken over by Border Rivers Food and Fibre.

In the community, the MacIntyre CGA again sponsored a very successful *Pushing the Boundaries* program, showing year 10 and 11 students career paths in the cotton industry. A highlight this year was being joined by four students from Mungindi. For some it was the first time visiting Brisbane. Other Mungindi CGA programs included the annual crop competition and the local charity golf day.

In addition, the MacIntyre CGA ran a successful crop competition and the annual golf day again raised \$5,000 towards the Goondiwindi State High School Bursary.

Valley Reports

GWYDIR, NSW

Cotton Australia Grower Services Manager	Polly Gibbons
Cotton Growers Association	Gwydir Valley
CGA President (CGA)	Will Kirkby
Number of growers	70
Hectares sown to cotton	37,100
Number of bales produced	275,110
Average yield (bales per hectare)	8.9 (irrigated) 0.8 (dryland)
Production value	\$135 million



POLLY GIBBONS Grower Services Manager

"Lack of water was the topic of the season for the Gwydir and Walgett. Both began the season with 0 percent allocation on general security licences, limited supplementary flows, and no pumping opportunities on the Barwon Darling. There was an average 22 percent carry over in the Gwydir and 20 percent in the Namoi. Some growers had water stored on farm. Unfortunately, catchments did not receive significant inflows and cotton was ploughed in throughout the season due to lack of summer storms. Many growers were short 1-2 irrigations and some were fortunate enough to receive patchy storms in early 2007 allowing them to finish off their crops.

This season also saw a variety of row configurations as a means to better manage water. Despite the weather, growers' good management across the year is being rewarded with relatively high yields, despite some parts of the Gwydir receiving hail damage in late February. Besides this, growing conditions for the 2006/07 season were ideal with relatively mild temperatures and low insect pressure.

In the field, there have been a number of BMP activities, including Land and Water workshops and PCA workshops. *Croc Fest* was held in Moree in September and saw a large number of kids from all over NSW learn about cotton at the Cotton Australia stand.

The Gwydir Valley CGA has again supported programs including the Westpac Rescue Helicopter, the Cotton Industry Medical Undergraduate Scholarship and other local charities.

Walgett CGA has continued to collaborate with Barwon CWA on the Medical Scholarship. They will also maintain support for local hospitals including Walgett and Collarenebri, plus the 2007 ICPA conference to be held in Walgett. The region is crossing its fingers for widespread rain and higher prices."

WALGETT, NSW

Cotton Australia Grower Services Manager	Polly Gibbons
Cotton Growers Association	Walgett
CGA President (CGA)	Wal Friend
Number of growers	3
Hectares sown to cotton	770
Number of bales produced	6,930
Average yield (bales per hectare)	9
Production value	\$3 million

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Cotton Australia GSM, Polly Gibbons, with local grower, Paul Slack

Valley Reports

LOWER NAMOI, NSW

Cotton Australia Grower Services Manager	Gus Macrae
Cotton Growers Association (CGA)	Lower Namoi
CGA President	Rob Eveleigh
Number of growers	76
Hectares sown to cotton	21,050
Number of bales produced	172,000
Average yield (bales per hectare)	9.2 (irrigated)
Production value	\$84 million

UPPER NAMOI, NSW

Cotton Australia Grower Services Manager	Gus Macrae
Cotton Growers Association	Upper Namoi
CGA President (CGA)	John Hamparsum
Number of growers	42
Hectares sown to cotton	10,750
Number of bales produced:	90,000
Average yield (bales per hectare)	9.3 (irrigated)
Production value	\$44 million

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GUS MACRAE
Grower Services Manager

“The 2006/07 season commenced with planting around Merah North at the end of September despite Keepit and Split Rock dams at 13 and 19 percent capacity respectively. Very low in-season rain fell across the majority of the valley, meaning growers were tightening their belts very early on, knowing only carryover water was available to river irrigators on the Namoi. The growing season was quite mild compared to 2005/06 despite six days where the maximum temperature exceeded 38°C by the end of November and 15 days recorded over 38°C by March 31.

A few crops were hail damaged at the start of December, east of Merah North. Insect activity was extremely low with most growers only applying one or two sprays for mirids throughout the season. Yields are expected to be very good on crops that had enough water to take advantage of the season’s favourable growing conditions.

Both regions held community events, with the highlight being the Cotton Field Day in the Lower Namoi, a Golf Day and a charity cricket day which raised money for the local Zonta Club and their plans for a Domestic Violence officer in Gunnedah.”

Valley Reports

BOURKE, NSW

Cotton Australia Grower Services Manager	Peter Hollingworth
Cotton Growers Association	Bourke
CGA President (CGA)	Ian Cole
Number of growers	2
Hectares sown to cotton	80
Number of bales produced	500
Average yield (bales per hectare)	6.3
Production value	< \$1 million

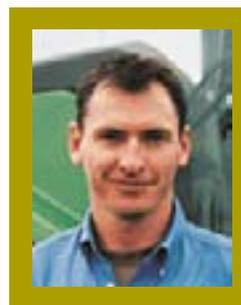
MACQUARIE, NSW

Cotton Australia Grower Services Manager	Peter Hollingworth
Cotton Growers Association	Macquarie
CGA President (CGA)	Geoff McKay
Number of growers	61
Hectares sown to cotton	14,000
Number of bales produced	154,000
Average yield (bales per hectare)	11
Production value (bales per hectare)	\$75 million

LACHLAN, MURRUMBIDGEE AND LOWER DARLING, NSW

Cotton Australia Grower Services Manager	Peter Hollingworth
CGA	Lachlan, Murrumbidgee and Lower Darling
CGA President (CGA)	Mick Storrer
Number of growers	16
Hectares sown to cotton	6,090
Number of bales produced	57,500
Average yield (bales per hectare)	9.6
Production value	\$28 million

Please note figures quoted are for the 2006/07 season. All hectares and bale numbers are the best estimates that could be obtained at the time of publication. Production value is based on \$490 per 227kg bale of cotton including seed, during the 2006/07 season.



PETER HOLLINGWORTH
Grower Services Manager

“Across the three regions, the 2006/07 season again saw reduced hectares to be the norm and water – or the lack of it – has of course been the primary issue. In Bourke minimal planting was only made possible through a tributary flow that was stored on farm before planting season. The drought has affected the whole community, and with the economic downturn and removal of some social services, it was uplifting for the CGA to be involved with the Bourke Show as well as local sponsorship of sporting activities and the Aboriginal Employment Strategy. Tourist bus tours on local farms were especially successful.

With reduced prices and lack of water allocation it was surprising to see seven new growers in the Murrumbidgee area. Many growers had to reduce hectares after some post planting allocation cuts but the crops look good and the outlook for the future of cotton in the southern areas is strong. The CGA continued its community involvement with funds to the local child care centre and by hosting a cotton industry field day which was attended by a good number of growers.

The Macquarie region has led the way with an increase in growers participating in BMP. It has been encouraging to see growers get involved in the program, and set a good example for fellow growers, considering that conditions and water impacts have not been ideal in the past year. Across the region, consistent temperatures bode well for good average yields, despite the reduced hectares. In the community the Macquarie CGA was involved with the shire council and NSW Fisheries in a fish release scheme into the Macquarie River at Narromine, Gin Gin weir and Warren.”

Board



1 Bernie George
Chairman
elected to the Board in 1998

2 Joanne Grainger
Deputy Chair
elected to the Board in 2002

3 Bob Bell
elected to the Board in 2001

4 Mike Carberry
elected to the Board in 2002

5 Geoff Hewitt
elected to the Board in 2001
(now retired)



6 Greg Jensen
elected to the Board in 2003
(now retired)

7 David Robinson
elected to the Board in 2003

8 Tom Siddins
elected to the Board in 2001

9 Phil Sloan
elected to the Board in 2003



10 Ian Walton
replaced Geoff Hewitt in 2007

11 Andrew Watson
elected to the Board in 2003



Board Committees

CORPORATE GOVERNANCE

David Robinson (Chair)
Robert Bell
Ian Walton
Bernard George (ex-officio)

"The Corporate Governance Committee oversees internal systems and processes, finances and organisational performance. During 2006/07 the Committee has been, in consultation with management, monitoring costs and levy income to ensure financial stability during this difficult time for the industry. The Committee also continues to monitor board composition to ensure equitable representation from regions and farm types, while reviewing the size of the Board relative to financial position. This has led to the Board being reduced from 11 to nine in the reporting period."

DAVID ROBINSON
Chair
Corporate Governance Committee

COMMUNICATION

Michael Carberry (Chair)
Joanne Grainger
Phil Sloan
Bernard George (ex-officio)

"The Communication Committee formulates, reviews, monitors and provides advice to the Board on all communication and education matters including grower communication, industry promotion and public affairs. In 2006/07 the organisation focused on delivering its public affairs strategy based on comprehensive market research data, with efforts concentrated on local media and later in the year decision makers and key media players. Other key activities included the Cotton Awards and regular grower communication."

MIKE CARBERRY
Chair
Communication Committee

SUSTAINABILITY

Tom Siddins (Chair)
Joanne Grainger
David Robinson
Andrew Watson
Bernard George (ex-officio)

"The Sustainability Committee focuses on policy development to ensure our industry remains sustainable for the long term. Areas of interest are natural resource management, chemical and biotechnology, staff and staff training for cotton farms, OH&S, BMP, as well as the annual review of the Cotton Australia Policy document."

The biggest issue of the year came in January 2007 with the release of the Federal Government's National Plan for Water Security by the Prime Minister. There has been considerable confusion created across the nation due to the lack of detail in the plan and Cotton Australia has been working with local and national bodies to ensure that growers' entitlements and access are secure.

Other issues include working closely with the NSW RTA to work through module cartage problems and a renewed emphasis on BMP.

TOM SIDDINS
Chair
Sustainability Committee



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Notes



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