



## **Cotton Seed Distributors Ltd.**

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Dear Member,

Welcome to 2017, and what we hope is going to be another good production year for all our members.

Going into the winter period after harvest we saw limited stored water on farms and in irrigation dams. The potential dryland area was also quite modest. Although this outlook was not optimistic, CSD received and delinted enough seed to ensure we could meet a full water crop that included a large dryland plant. This is a CSD policy, and while it can be expensive, it means we can support the livelihood of the industry in years like this one.

While CSD eventually supplied over 6,500t of seed to our growers, due to the very late break more than 4,000t of this was ordered in September. We would like to take this opportunity to thank our growers for their patience and excellent response to our urgent requests to place orders as early as possible. It's a credit to the relationship between our growers, our distribution network and our production team to have met what was a huge challenge to supply. Fresh from the experience we are looking to further refine our seed order and supply processes well ahead of next season.

In spite of a generally cool start to the season, the crop seemed to emerge and establish a stand reasonably well. Growers who have spoken to us have suggested that this relates to the quality of the seed they received this year. We believe there are several potential reasons for this including CSD placing a greater attention to moisture in seed cotton at harvest, last season's excellent growing conditions, changes to the physical delinting process and perhaps the new suite of varieties. While we seem to have enjoyed good seed quality this season, we are continuing to investigate our low density varieties and how to select, manage and process for maximum seedling vigour.

The beneficial weather has enabled the irrigated cotton to catch up and the dryland crop is hanging on well. We continue to experience growth in our industry due to new ideas and practices. This is demonstrated by the trials of early planted cotton in Central Queensland due for picking in early February, and contrasted by late plant in the central regions from seed that was planted on Christmas eve. We particularly welcome new and returning dryland growers this year.

This season further validates our decision to redevelop our existing processing site at 'Shenstone' Wee Waa to accommodate the industry's expectations for at least the next 30 years.

Having received approval for the \$41 million development application from the Narrabri Shire

Council and the Joint Regional Planning Panel late last year, contracts were then signed with Richard Crookes Constructions to commence site works on the 3<sup>rd</sup> of January, 2017. Work is currently underway to finalise the plant and equipment, which will require further sizeable investment by CSD over the next 12 months. Equipment is being sourced locally, as well as from France and the US.

We are planning for the new plant to be fully operational for the 2018 processing season; however we will maintain full operation of the old plant, until we have ensured that it is no longer required. Please find following a media release relating to our site redevelopment that will be circulated after you receive this correspondence.

As indicated, we are currently reviewing our 2017/18 season CSD grower agreement and will have this completed well ahead of the seed ordering period. As part of this review we are also working closely with our distribution network to see how we can even better support a seamless planting seed supply process.

In December, CSD's board reduced to eight directors with the resignation of Paul McVeigh from his elected position. Paul joined the board in May 2002 in a non-executive capacity. With over 40 years of experience in agriculture, Paul came to the board as a graduate of the Australian Rural Leadership program. During his directorship, he was involved in nearly every committee of the CSD board and CSD group of companies. On behalf of the board, I would like to thank Paul for his significant contributions to CSD over the past almost fifteen years. The board continues to consider the balance of skills required from directors especially in light of the redevelopment and changing nature of our business.

Thank you for your support in 2016. We look forward to working with you in 2017, and wish you a successful season.

Sincerely,

A handwritten signature in black ink, appearing to read 'James Kahl', with a stylized flourish at the end.

**James Kahl**  
Chairman  
Cotton Seed Distributors Ltd  
**27 January 2017**



**27th January 2017**

## **Media Release: CSD commences work on \$41m redevelopment**

Cotton Seed Distributors (CSD) has commenced site work on the \$41 million development of its 'Shenstone' cotton seed processing plant and laboratory, near Wee Waa, NSW.

Having received approval for their development application from the Narrabri Shire Council and the Joint Regional Planning Panel late last year, contracts have since been signed with construction company Richard Crookes Constructions, who commenced site works on the 3rd of January, 2017. Richard Crookes Constructions has a regional office in North West NSW, based in Tamworth.

With the cotton industry continuing to expand into new regions, the planting window widening in many areas and interest in dryland cotton increasing each season, CSD are planning for a future of potentially supplying large volumes of planting seed on short notice.

CSD Managing Director, Peter Graham, said while CSD's existing equipment and infrastructure is adequately meeting current demand, there is significant responsibility to expand capacity, in order to meet the requirements of a progressive cotton industry.

"CSD is the only supplier of cotton seed in Australia, so the industry is reliant on us to ensure that we have the capacity to fulfil the increasing demand for seed.

"As with many agricultural inputs, the demand for cotton seed fluctuates from season to season depending on rainfall, water supply and commodity prices. We need to be ready to support the industry through the next 30 years, at least."

Taking into account CSD's long term agreements and partnerships with CSIRO and other key technology providers, as well as the exacting processing requirements of modern cotton cultivars, the redevelopment will include a world class processing plant, new laboratory and office complex.

"In addition to the \$41 million construction investment, work is currently underway to finalise the plant and equipment infrastructure, which will require further sizeable investment by CSD over the next 12 months. This equipment will be sourced locally, as well as from France and the USA." said Peter.

The redevelopment is set to bring a significant economic boost to the Wee Waa community, as the Narrabri shire's largest ever non-mining development. Up to 100 people are expected to be engaged in the work at its peak, injecting a significant influx of money into the local economy.

The redevelopment signals a move into a new era at CSD, with the company set to celebrate its 50<sup>th</sup> anniversary in April. Founded in 1967 at Wee Waa as a member based organisation, CSD has established a long tradition of developing and delivering innovative solutions to Australian cotton growers, through research, development, extension and breeding.

The new plant is expected to be fully operational for the 2018 processing season.

Ends.

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