Australian Government

NAIF
Northern Australia Infrastructure Facility

Case Study

KIMBERLEY COTTON COMPANY

Kimberley Cotton Gin Project

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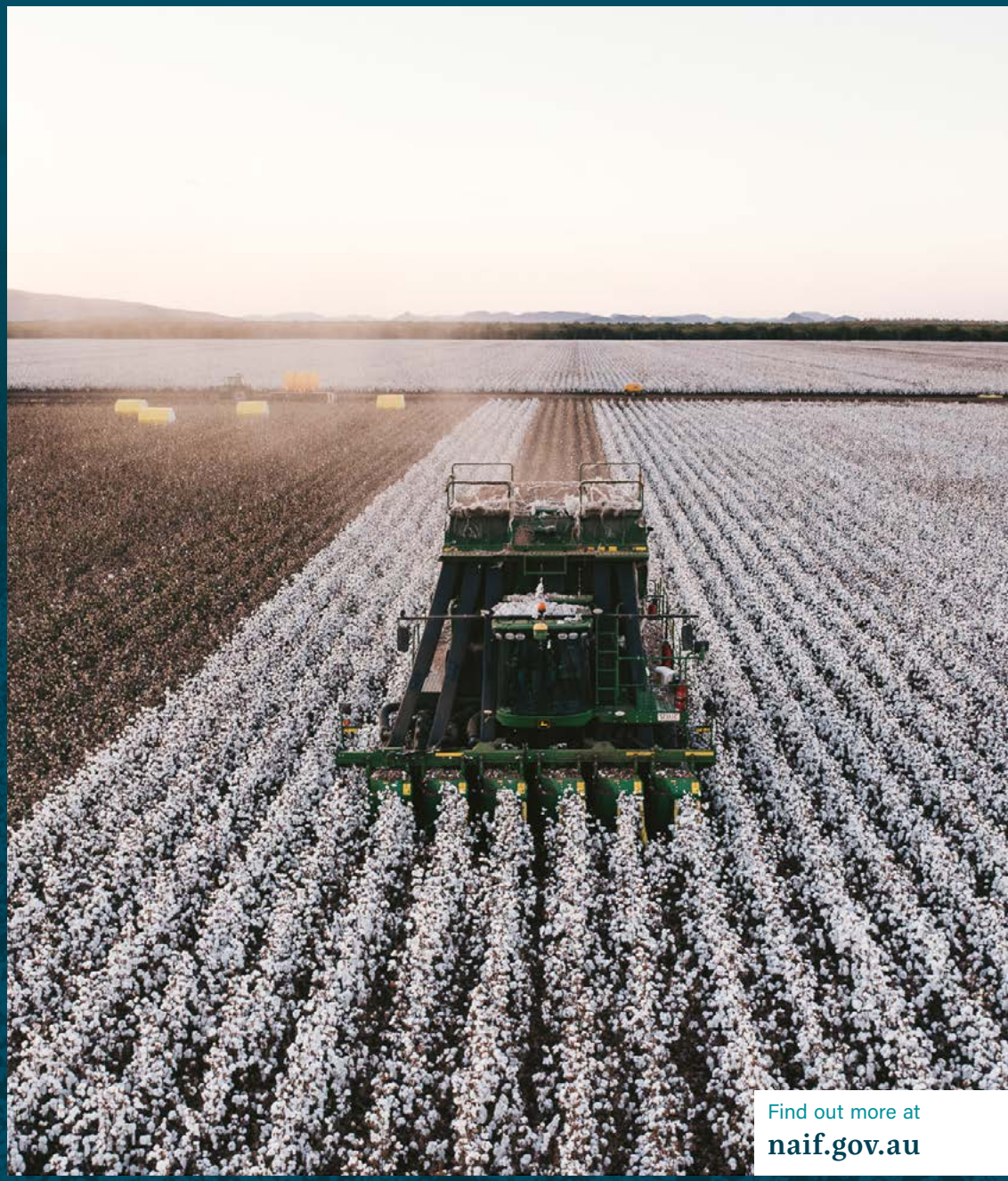
KUNUNURRA, WA



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KIMBERLEY COTTON COMPANY

Kimberley Cotton Gin Project

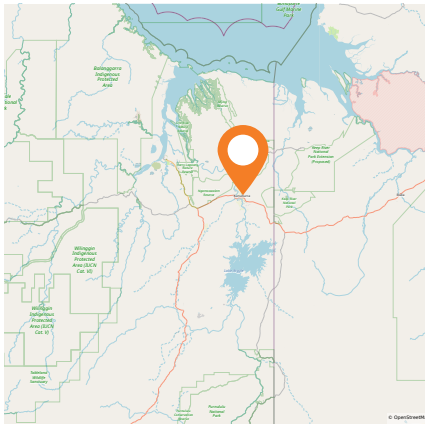
The Ord Valley, roughly 800 kilometres north-east of Broome, Western Australia (WA), contains thousands of acres of available land with immense potential to produce cotton.

Despite this, the region's remoteness has proven to be a significant barrier in developing a local cotton industry and material harvested in northern WA is transported over 3,500 kilometres to the nearest processing facility in Queensland, adding significant costs to production.

To rectify this, three organisations - the Ord River District Cooperative (ORDCO), Kimberley Agricultural Investment (KAI), and the Miriuwung Gajerrong Corporation (MG Corporation) – formed the Kimberley Cotton Company (KCC) to construct and manage a new cotton processing facility or 'gin.'

The opening of the Kimberley Cotton Gin in August 2025 marked the foundation of a new industry for the region. The facility has the potential to transform cotton production across the Kimberley and into parts of the Northern Territory by enabling the cotton to be processed and prepared locally, reducing transport costs and associated emissions.

NAIF was an early supporter of the project and provided a loan of up to $34 million to support the development of this infrastructure, which is expected to deliver lasting public benefit and marks a key step in establishing a sustainable cotton industry in northern Australia.



OpenStreetMap

The Cotton Opportunity

Australia is one of the world's largest cotton exporters, with producers recognised internationally for the quality and reliability of their crops. This reputation means Australian cotton often attracts strong demand and competitive prices in global markets.

Most production takes place in New South Wales and Queensland, where access to irrigation supports large-scale farming. The Ord Valley in Western Australia also has significant potential, supported by its seasonal rainfall and irrigation infrastructure.

The establishment of a new cotton gin in the Kimberley will allow local growers to process their crops closer to home, removing the need to transport cotton thousands of kilometers for processing.

The Kimberley Cotton Gin has an initial processing capacity of up to 110,000 bales of cotton per year with the potential to expand and scale up production in future. Product will be transported through the Port of Wyndham, which will benefit businesses and communities, particularly in the East Kimberley region, providing jobs and improving the resilience of supply chains.

Powered by renewable hydroelectricity from Lake Argyle, the gin will also stand apart as one of the few in Australia able to deliver cotton lint produced with clean energy. This not only reduces costs and emissions but also aligns with increasing demand for low-emissions fibre, while supporting regional jobs — with approximately 30 permanent and seasonal roles expected once operational and thousands of indirect opportunities anticipated over the project's first decade.

How we helped

NAIF was well placed to support this project given our clear and unique mandate to support the development of infrastructure in northern Australia.

We provided KCC with a loan of up to $34 million to assist in the construction of the $60m cotton processing facility, with the balance of the funding sourced by KCC predominantly through additional shareholder equity with some investment from the State Government of Western Australia.

Our unique financing solution was tailored to address and overcome barriers to investment that exist across the East Kimberley region, including extreme climate conditions, remoteness and limited access to labour. Our role in the project went beyond the provision of capital, with the tailored structure ensuring economic impact, public benefit and community benefits to the region over the long-term. The Kimberley Cotton Gin will generate public benefits of up to $248 million over a 20-year period. The development of a new cotton growing industry is forecast to contribute an estimated $925 million to the northern Australia economy.

The Kimberley Cotton Gin project demonstrates how new common-user infrastructure can support and encourage broader regional development, creating synergies with the wider agricultural sector. Cotton seed by-products could provide a valuable input for cattle feed, helping to strengthen cattle herds in the Kimberley and neighbouring regions. Additional benefits include upgrades to shared power infrastructure and reduced reliance on interstate transport, which in turn enhances the biosecurity of the region.

"Development in northern Australia is difficult" said KCC Chair Jim Engelke, "there are always significant challenges due to the remote location. Remaining flexible and focussed was necessary to keep the project progressing.

> **NAIF had to be an integral part of that process to ensure the whole project would reach completion on time and on budget."**
>
> **Jim Engelke, Chair, Kimberley Cotton**

Strategies For Successful Investment

Delivering infrastructure projects in northern Australia requires strong leadership, robust financial planning, and a clear understanding of the risks. Success is more likely when projects are guided by capable management with the right expertise, supported by contracting strategies that balance performance expectations with risk allocation.

For KCC, the construction schedule and project management have been managed by lead contractor Namoi Cotton and supported by a Committee of KCC directors and advisors who met weekly throughout the project. Practical Completion was achieved in August 2025, in line with project construction timelines and within budget parameters. Cost over-run and construction delays have been kept to a minimum. Namoi's extensive experience in building cotton gins and supporting infrastructure has been invaluable in the development of the project, especially in the procurement of gin stands and auxiliary plant and equipment which are largely prefabricated.

$34M
NAIF LOAN

$59.9M
TOTAL PROJECT VALUE

$248M
PUBLIC BENEFIT

61
FORECAST JOBS

SECTOR INSIGHTS

Agriculture

Investment in agriculture projects requires a deep understanding of the inherent risks, as production is highly vulnerable to external factors such as high temperatures, variable rainfall, low soil water-holding capacity, heavy insect pressure, disease, and market fluctuations.

Seasonal variations are inevitable, so long-term profitability depends on getting the fundamentals right, including access to skilled labour, sound financial structures, and robust biosecurity measures.

Projects should also account for regulatory and market complexities. Export licences can take longer than anticipated, and a well-considered marketing strategy is vital, while investment in research and development can drive productivity and resilience over time. Together, these considerations form the foundation for sustainable, competitive operations in the sector.

Cotton was grown commercially in the Kimberley region when the Ord River Scheme was first developed in 1963. ORDCO operated two cotton gins and produced up to 17,500 bales of cotton. However, the cotton industry collapsed in the 1970s primarily as a result of two pests, Heliothis armigera and Spodoptera litura which developed resistance to pesticides. Cotton was again grown in the late 1990s utilising a Genetically Modified (GM) variant, Bollgard 2, which provided resistance to Heliothis armigera. However, this practice was also discontinued soon after because the crops had to be planted well after the wet season, which adversely affected the quality of the cotton.

Since 2011 there have been several cotton growing trials in the Ord River Agricultural Area (ORIA) based on a newer GM variant, Bollgard 3 (used widely along the east coast of Australia since 2016), which provides protection against pests and can be grown during the wet season. Following positive initial trials in 2017, through a record wet season, more than 350ha of ORIA was planted with cotton in 2018 which grew to circa 1,000ha currently following continued positive outcomes from the trials. ORIA's key advantage over eastern Australia for cotton production lies in its access to irrigated land with a 95% reliable water supply and consistently low water costs from Lake Argyle. This results in stable yields each season.

SECTOR INSIGHTS

Agriculture

The tropical, dry-season nature of northern Australia differs from temperate systems across NSW and southern QLD. The schedule from soil preparation through to cotton harvest is outlined below.

Growing Region	Preparation	Planting	Growing	Harvest
Northern Australia	Nov - Feb	Jan - Mar	Feb - Jun	Jun - Aug
East Coast Australia	Jul - Sep	Oct - Nov	Nov - Mar	Mar - Jun

Securing reliable energy supply

For projects in remote areas, access to energy is essential but often constrained. In Kununurra, the cotton gin's connection to a high-voltage power source depended heavily on the contractor's ability to deliver on time. Whilst other options where available, KCC's preference was to use renewable energy given the location and availability of hydroelectricity.

KCC has executed an Energy Supply Agreement with Horizon Power for power supply to the project. Horizon Power also undertook the connection works from Kununurra power network to the project including power substation upgrades. Horizon Power is the WA State owned entity which generates, distributes and retails electricity in regional and remote WA.

Power is currently supplied to Kununurra via Horizon Power's 30MW Ord Hydro Plant which is located at the nearby Lake Argyle.

Assessing export infrastructure early

Access to ports and export facilities can present significant constraints for remote projects where infrastructure is limited. For the cotton gin, alternative ports from the Port of Wyndham existed but created higher transport costs and longer lead times, reducing viability. Careful assessment of nearby infrastructure and its capabilities should form part of early due diligence to identify risks and secure the most efficient pathways to market.

These insights reflect NAIF's broader experience financing agriculture and water projects across

Challenges impacting cotton production in northern Australia and the Kimberley Cotton Gin project:

- **Water** – In the Kimberley, access to water is a major advantage compared to other regions; however, efficient water use remains critical. The industry continues to invest in strategies that optimise irrigation and reduce waste, ensuring sustainability for large-scale projects like the Kimberley Cotton Gin. Over the past decade, industry experts (Cotton Australia & the Department of Agriculture, Fisheries and Forestry) have worked to improve water efficiency by 40%.
- **Energy and transport** – Cotton ginning in the Kimberley requires reliable power sources. There remains a heavy reliance on access to sustainable sources of power to complete cotton ginning, which comes from renewable hydroelectricity at Lake Argyle. Seasonal transport is also vital: moving cotton to the gin and then to export markets depends on efficient road and port infrastructure, which is why investment in logistics is key to the gin's success.
- **Labour and cost of production** – Aspects of cotton production continue to involve manual labour; this requires a skilled seasonal workforce and an ability to find the right skills within regional areas. Northern Australia's low population density means finding skilled seasonal labour for cotton production and ginning can be difficult. The cost of production remains a challenge for farmers especially with such a competitive international landscape.

Community Outcomes

The Kimberley Cotton Company has committed to ensuring meaningful First Nations participation in the project through employment, training and procurement opportunities.

Targets include 10 per cent First Nations employment during construction and operations, as well as fair access for local First Nations businesses.

From the outset, KCC has committed to an Indigenous Engagement Strategy (IES) focused on real outcomes. This includes building a preferred First Nations supplier list, notifying First Nations businesses of tender opportunities, ensuring fair payment terms, and reporting on contracts awarded. The company is committed to employment outcomes across construction and operations that prioritises local candidates, offering traineeships, and working closely with MG Corporation and service providers to build a skilled, inclusive workforce. Engagement with Traditional Owners is supported through cultural training delivered by Mirima Dawang Woorlab-gerring and culturally appropriate communication of project impacts and benefits.

Progress is reviewed regularly with MG Corporation to ensure transparency and accountability and as a part-owner and key decision-maker on the KCC board, MG Corporation plays a central role in shaping the future of this project.

Building a future for northern Australia

The Kimberley Cotton Gin will support the growth of Western Australia's economy and deliver additional benefits to parts of the Northern Territory.

It will help to strengthen Australia's reputation as a major cotton exporter while creating significant employment opportunities through the country's northernmost regions by making it economically viable for farmers in the region to grow cotton as a broadacre crop.

The project is also expected to generate flow-on industries. Cottonseed, a by-product of ginning, will provide an important source of animal feed and cottonseed meal for the cattle industry, helping to boost herds across the Kimberley and neighbouring regions. In addition, the growth of cotton farming will stimulate a range of service industries, including farm support, transport, equipment supply and maintenance, further embedding economic activity in the region.

Our investment contributed to making this project possible, opening up new opportunities for the cotton industry in Kununurra and the surrounding areas. The project is expected to play an important role in supporting the industry's growth in the years ahead.

As a Commonwealth Government financier dedicated to Australia's north, we apply our experience to address the challenges of financing remote infrastructure projects. This allows us to structure solutions that meet the needs of developers and deliver enduring benefits for northern communities.

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Investing for impact in northern Australia

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