

survey of Australian sugar cane growers

- » In 2005-06, there were 4824 sugar cane growers in Australia. On average, those growers produced 8250 tonnes of sugar cane per farm.
- » Farm cash income for sugar cane growers averaged \$66 600 in 2005-06. However, an estimated 27 per cent of producers reported negative farm cash incomes. Most of the farms reporting negative farm cash incomes were smaller sugar cane growers – that is, those producing less than 7500 tonnes.
- » The survey results indicate that, in every region, growers' financial performance improved as the scale of sugar cane production increased.
- » There was some evidence of economies of size in 2005-06 – average cash costs of production per tonne declined as farms expanded sugar cane production.

survey of growers

- » In March 2007, ABARE held face to face interviews with 291 sugar cane growers across Australia. The sample included farms with an estimated value of agricultural operations greater than \$5000. The survey was commissioned by the Sugar Industry Oversight Group, in collaboration with CANEGROWERS and funded by the Australian Government Department of Agriculture, Fisheries and Forestry.
- » Information on the physical and financial characteristics of farms in 2005-06 was collected as was information on growers' management practices, production intentions and impediments to expanding sugar cane production.

production

- » In 2005-06, Australia harvested 415 000 hectares and produced almost 38.2 million tonnes of sugar cane.
- » Nearly two-thirds of growers produced less than 7500 tonnes of sugar cane and accounted for around a quarter of Australia's sugar cane production in 2005-06. In comparison, an estimated 3 per cent of growers produced more than 30 000 tonnes and accounted for around 22 per cent of national sugar cane production.

economies of size

- » The survey results suggest that there may be some economies of size in the Australian sugar cane growing industry. The average cash cost of production for the smallest sugar cane growers (producing less than 7500 tonnes) is estimated to have been around \$21 a tonne in 2005-06. For the largest sugar cane growers (producing more than 50 000 tonnes), the average cash cost of production in 2005-06 is estimated to have been around \$18 a tonne.

financial performance estimates, by scale of sugar cane production, 2005-06

average per farm

		quantity of sugar cane produced						average
		under 7.5 kt	7.5-15 kt	15-22.5 kt	22.5-30 kt	30-50 kt	over 50 kt	
area operated	ha	88	283	352	385	720	1 293	184
sugar cane production	t	3 166	10 504	18 324	25 544	38 453	93 091	8 251
total farm cash receipts	\$	121 714	345 678	600 633	790 945	1 153 407	3 307 690	281 143
total cash costs	\$	100 547	254 080	435 330	621 710	821 976	2 473 042	214 565
farm cash income	\$	21 168	91 597	165 303	169 235	331 432	834 649	66 579
farm business profit	\$	-17 064	18 263	69 886	63 330	191 045	584 927	10 099
rate of return ^a	%	-0.5	1.6	3.2	2.6	4.6	4.8	1.4
average sugar cane price received	\$/t	28	27	28	29	28	29	28
average unit cash costs of sugar cane production	\$/t	21	20	19	19	17	18	19
sugar cane gross margin	\$/t	6.0	7.2	7.8	10.0	10.8	10.6	8.1

^a Excluding capital appreciation.

gross margin

- » In 2005-06 the average gross margin of sugar cane production (the difference between the sugar price and cash costs of production per tonne of cane) is estimated to have been around \$8 a tonne. Sugar cane production was most profitable for growers in the Ord River and Herbert, and least profitable for growers in New South Wales and Far North Queensland.

growers' intentions

- » Around half of all cane growers indicated that they expect to maintain or increase sugar cane production over the next three years, compared with 16 per cent of growers who expected to reduce the area plant to sugar.

farm plans

- » In 2005-06, an estimated 33 per cent of sugar cane growers had a written farm management plan, with nearly all producers' plans containing information on production activities, natural resource management, and business activities. Of the farms with management plans, only 47 per cent contained information on people management and succession planning. The survey results indicate that the proportion of farm plans including people management and succession planning increased significantly with the scale of sugar cane production, reflecting the greater reliance of larger producers on hired labour.