



ABARES survey reveals financial performance of Australian cane farms

A new survey has looked at the financial performance of Australian cane farms and provided useful information to help guide industry decisions and research and development requirements.

The financial performance of Australia's sugarcane farming businesses has been studied in a new survey conducted by ABARES and commissioned by Sugar Research Australia (SRA) and the Queensland Department of Agriculture and Fisheries (DAF).

It is the first in-depth survey that has studied productivity and profitability of the Australian sugarcane industry since 2008. It has surveyed small, medium and large sized farms in terms of production (tonnes) and area (hectares).

The survey provides a good snapshot of sugarcane farm performance, taking into account a range of factors such as farm location, size, and inputs such as water and electricity.

The survey involved in-depth face-to-face interviews with more than 170 farmers in early 2015, looking at financial performance in 2013/14.

"We know that the survey was conducted in a period of relatively low production due to the environmental impacts

associated with several bad years of floods and cyclones, and the survey report recognises that," SRA Executive Manager for Investor Relations, Leigh Clement, said.

"However, it showed that despite the environmental and economic challenges that the industry faced, the top ranked 25 percent of sugarcane farm businesses had an average rate of return of 4.5 percent in 2013/14, not including capital growth in their land.

The survey also highlighted the challenges faced by the smaller and less profitable farms, with some of these enterprises transitioning away from sugarcane production or to retirement. The bottom 25 percent of farms had a negative 9 percent rate of return, relying on off-farm income to survive.

By comparison, a similar recent survey of horticultural producers by ABARES revealed the top-performing horticultural farmers achieved a 10 percent rate of return and the low-performing farms had a negative 11 percent return.

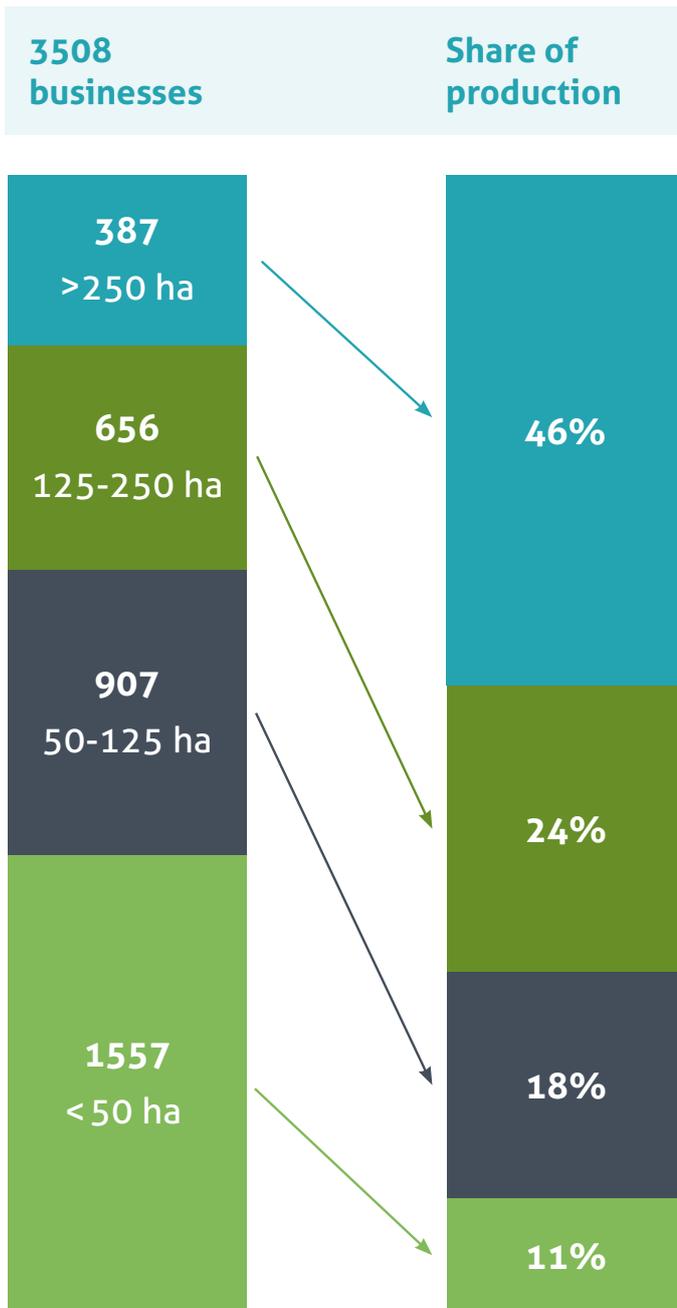
The survey also looked closely at sugarcane farm costs and correlated this information back to costs per tonne and per hectare.

Sugarcane farms greater than 125ha generally had positive returns and farms greater than 250ha had an average return on capital of 3.3 percent, which ABARES said is comparable to grain farms with similar capital investment.

However, the survey revealed the impact of lower sugar prices and higher farm costs, with average income declining from \$89,700 in 2013-14 to \$70,000 in 2014-15.

The survey also showed a comparison of costs across regions, breaking these down into specific items.

The Burdekin region, where most of the crop is irrigated, had the highest costs at \$4190 per hectare. Costs in other regions were in the low \$3000s per ha.



The ABARES survey provides SRA with a baseline to measure future trends regarding sugarcane farmers' return on investment, as well as a way of measuring the rate of practice change.

The survey already indicated a solid rate of positive change with management practices among the industry's farmers, with 47 percent having made changes to farming practices, techniques or methods in the two years to 2015.

"It showed that the number one reason for practice change was because of research and development outcomes," Leigh Clement said.

"The survey showed that there is a strong current of innovation in the Australian sugarcane industry, and it also provides useful data for organisations such as SRA to target our investment in a way that benefits sugarcane growers and millers."

The survey will be used for a range of purposes, including to help guide industry investment in research, development and extension through SRA. It will also compliment SRA's existing annual grower survey, and both of these surveys will be used to inform SRA performance reports.

The full survey can be read at www.agriculture.gov.au/abares.

Fast facts – by the numbers

Region	Total cash costs \$/ha (excluding finance)	Total cash operating margin \$/ha (before finance)
NSW	\$2040	\$270
FNQ	\$2490	\$680
Herbert	\$2310	\$580
Burdekin	\$3220	\$720
Mackay	\$2200	\$710
Bundaberg	\$2470	\$240
All	\$2490	\$600

