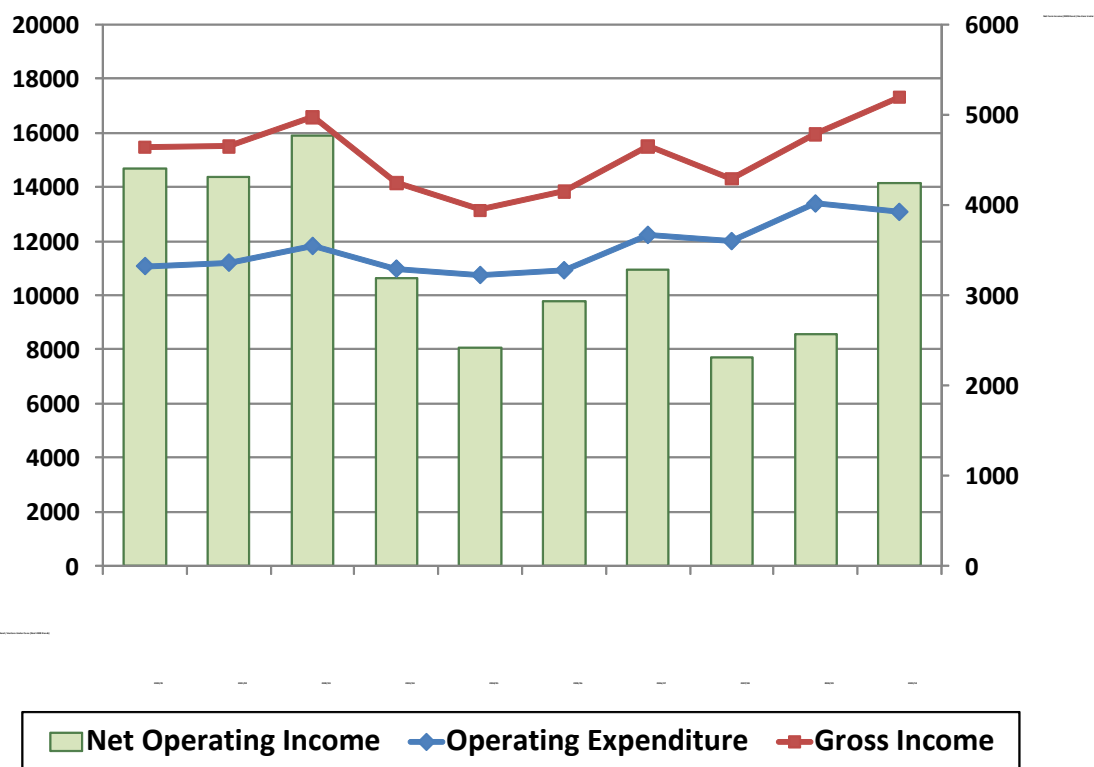


## Large-Scale Grower Cost Survey: 2009/10 Season

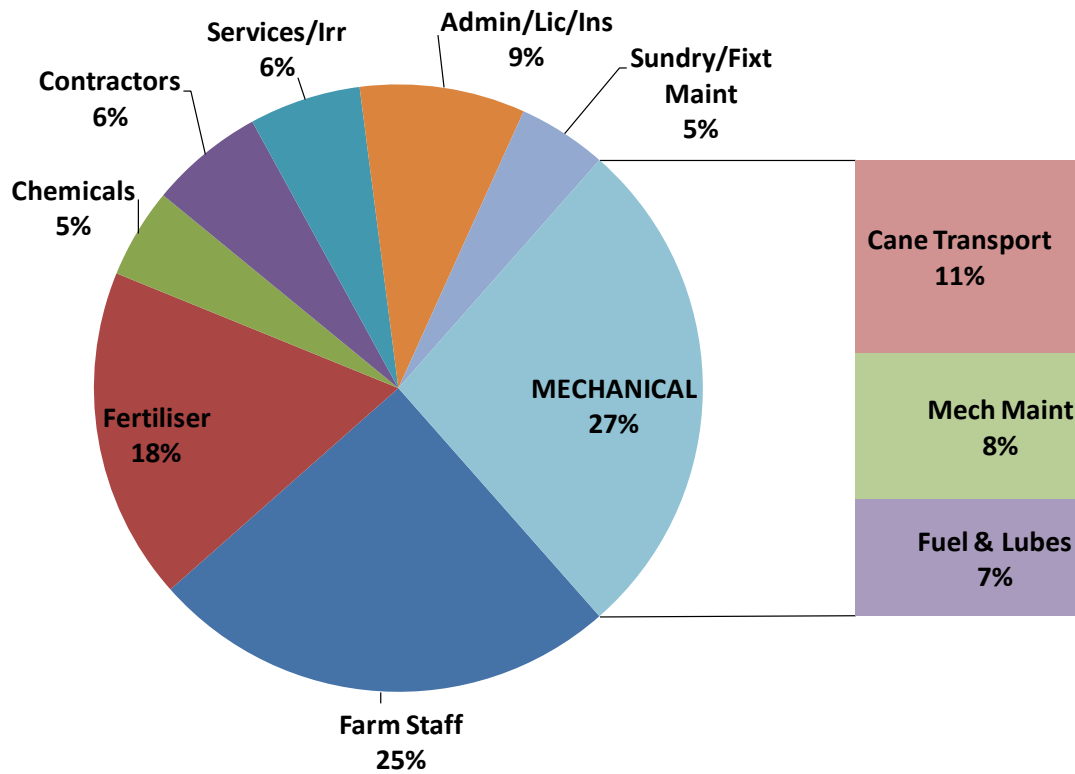
The cost trends of Large-Scale Growers (LSG) are monitored on an annual basis. Growers support the survey by returning the survey forms that are mailed to them during the course of each season. A total of 285 survey forms, financial statements and CaneFarms year end reports were received and analysed for the 2009/10 financial year. This represents 18% of the 1577 registered large-scale growers and 29% of the 306 867 hectares of LSG Area Under Cane as at 1 April 2009.

Figure 1 depicts a summary of the cost survey results from 2000/01 to 2009/10. Real (inflation adjusted) Gross Income (GI) per hectare increased by 8.5% and real Operating Expenditure (OE) per hectare decreased by 2.3% in 2009/10. Growth in real GI/ha is attributed to a 12% increase in the RV price together with a small increase in sample yield per hectare. The decline in OE/ha is attributed primarily to a 20% decrease in per hectare expenditure on fertilizer and an 18% decrease in per hectare expenditure on fuel and lubricants. The combination of these factors caused a substantial increase in real Net Operating Income (NOI) of 76.9% in nominal terms or 65.1% in real terms. Due to favourable growth in real NOI/ha, the estimated profitability of sugarcane farming in the 2009/10 season increased to above the 10-year average.



**Figure 1:** Cost Survey Results – 2000/01 to 2009/10

Figure 2 represents the proportions of operating expenditure measured for the 2009/10 season. Significant variability in mechanical expenditures amongst survey respondents was evident, reflecting various methods used by the survey respondents to account for mechanical activities. In general, survey respondents with relatively higher per hectare expenditure on contractor services tend to have lower per hectare expenditure on cane transport, mechanical maintenance and fuel.



**Figure 2:** Cost Survey Proportions of Operating Expenditure –2009/10

Farm Staff and mechanical costs continue to dominate the average grower’s budget, together accounting for 52% of OE. This overall proportion is marginally higher than in 2008/09 due to above inflationary growth in expenditure on farm staff. Fertilizer expenditure declined from 23% of operating expenditure in 2008/09 to 18% in 2009/10, but remains higher than in 2007/08. Notably, expenditure on services and irrigation grew by 24% from 2008/09 to 2009/10.