

Low prices sour sugar growing



Diversification into mining: Michael Pagden with his dog Jedda on his sugar cane farm near Mackay in Queensland

Picture: Daryl Wright

Asa Wahluquist
Rural writer

IF you ask Michael Pagden what he does, he will tell you he is still farming. "But I am an operator at the mine," he adds. For four days he drives trucks and bulldozers at a mine. The next four days he spends back at his sugar cane farm at Walkerston, near Mackay in Queensland.

Canegrowers have been hit hard by years of unviably low world sugar prices, which have not been helped this year by the high Australian dollar.

General manager Ian Ballantyne of the industry's peak body Canegrowers estimated the high dollar had knocked \$50 off the price of a tonne of sugar, reducing it from the break-even price of \$310 when the dollar fetched US75c about 12 months ago to about \$260 a tonne now.

Mr Ballantyne said a report last week by the Australian Bureau of Agriculture and Resource Economics showed the industry was splitting in two: 3 per cent of canegrowers produced more than

30,000 tonnes a farm, and accounted for 22 per cent of production; nearly two-thirds produced less than 7500 tonnes of cane, and earned, on average, \$29,000 off-farm.

"One in two farms in Mackay, and we are talking of perhaps 1000 farms, would have at least one member of the farming operation working in the mines," Mr Ballantyne said.

"They are bringing cash back into the family."

Mr Pagden said many canegrowers were diversifying into different crops, such as bananas, peanuts and melons. "Once I started working at the mines, a chap I know, he was saying this is the most profitable diversification that he has seen," he joked.

In 1997, Mr Pagden bought the family cane farm from his father. "I paid good money," he said. "Then the next year it crashed and we just had nothing but bad prices. In 2000 we had orange rust, which cut our income by 50 per cent, and we were just borrowing money to keep going."

In 2004, he signed up to work at a mine near Moranbah, two hours inland from Mackay. "I could have earned fairly good money in Mackay, but I would have had to work five or six days, and only Sunday off," he said.

"If you put that day to the family, then you have nothing for the farm, so I went to the mine, four (days) on, four off."

He still runs his farm, and manages his mother-in-law's farm, producing about 5000 tonnes of cane combined. "I use contractors where I used to do a lot of things myself," he said.

It hasn't been easy. His wife, Kelly, did not like him being away for four days while he worked on the mine. "I had always been home every night all of our married life, so the hardships were there in that department," he said. "But the income enabled us to stay here and pay our bills."

Before getting the mine job, he considered selling the farm but could not get the price he wanted.

The number of canegrowers has fallen from 6000 to 4500 in

the past four years. Just over \$300 million of the \$444 million federal government Sugar Industry Reform Program has been paid to the industry, including \$60.5 million to help 646 farmers leave the land.

Mr Ballantyne pointed out that although there was a big fall in the number of farm businesses, there was only a 10 per cent reduction in area under cane.

"Farmers have understood the economics of operating," Mr Ballantyne said. "There will continue to be a contraction of the total number of farms and there will continue to be a move towards larger operations."

Even if the price for sugar cane now doubled, Mr Pagden said he would keep working at the mine.

"I would keep the farm going like this, because at my age (52), the super and the stuff I get out, I am going to set myself up for retirement," he said.

He also wants his son, Cameron, an award-winning apprentice, to have the opportunity to farm, and to put his daughter, Samille, through university.