

# Cane farms hold value amid change

**Jo Studdert**  
Sugar

QUEENSLAND'S cane growers have welcomed CSR's announcement that it is considering separating its sugar and building products divisions into two entities, both listed on the stock exchange.

Cane growers have been angry for some time with CSR management, believing it had neglected sugar for its building products division, and consequently had under-invested in sugar infrastructure and the industry in general.

A CSR spokeswoman said the company was undertaking due diligence on separating the divisions but no decision had been made on whether to demerge, and if that happened, whether CSR would continue to run the sugar company or sell it.

People in the industry suspect that CSR plans to leave the sugar industry altogether.

Ian Ballantyne, chief executive of the sugar farmers' peak body Canegrowers, said the timing of this announcement was not coincidental.

"The outlook for the sugar industry is better than it has been for years, and the strength is expected to last for at least three years. It looks as if CSR has timed its move to benefit from that," he said.

Royce Dunn, partner at Black's Real Estate, Mackay, said: "I expect the CSR announcement will bring a lot of sales activity and repositioning in the cane market, although it will depend on who runs the separated business. That will be critical."

A Tully agent who did not want to be named was less optimistic, saying it could either stay in CSR hands or be bought by someone "just as bad".

"I can't see huge changes coming to the industry from this — unless growers buy the new sugar company," he said.

Growers have been keen for years to take over the management of their industry and any sale of the new sugar company would reignite that ambition.

There is no clear alternative buyer at present, although private equity groups could be interested.

Mr Dunn said a CSR demerger would

kickstart the next phase in the restructuring of the industry. "I think the net effect will be that CSR will withdraw from the cane industry," he said.

Although CSR refuses to discuss the possibility of withdrawal, there are clues it might be planning exactly that.

CSR owns some mills and crushes cane for growers but owns only a small percentage of the state's sugarcane farms, and recently it has been selling those.

Bill Micola at Ferry Real Estate in Ayr said he had sold "a heap of CSR farms a few months ago".

Cane farm land sells for between \$11,000-\$16,000 per hectare depending on water, infrastructure and proximity to towns.

It depends on what becomes of the new sugar company, but Canegrowers' Mr Ballantyne said there was an expectation among growers that the outcome would be positive for them.

Low sugar prices, what is seen as neglectful CSR management and a movement by growers out of cane and into alternative crops have all depressed industry confidence.

The idea of new management combined with the record high outlook for sugar will boost confidence and could halt the pattern of cane farm closures, Mr Ballantyne said.

Apart from the CSR sales, there have been few cane farms sold recently. But, Black's Mr Dunn said, values had held up.

What is clear, he said, was that "people are out there looking, and since the outlook for sugar is better than it has been for years, I expect a lot of property movement once this year's crushing is over."

In the far north, confidence in the sugar industry has been dampened by the collapse of Timbercorp and Great Southern, both of which had come into the district and bought up cane land for plantations.

"People lost jobs, less cane was produced so the mills were affected and now the plantations have gone broke, so property activity is constrained," said John Crowley at First National, Innisfail.