**INTERPRETING THE LAWRENCE CONSULTING REPORT 2023**

**Introduction**

For this study, which is the first of its type commissioned by the Australian Sugar Milling Council, independent economic analysts Lawrence Consulting were granted exclusive access to financial data supplied by Queensland’s leading raw sugar mills and the sugar refinery in Mackay. Over one financial year (2022-23), the study aggregates the direct and indirect socio-economic contributions to Queensland, Brisbane and host communities of the 20 participating sugar mills comprising (from north to south) The results reveal a significant and unique contribution to Queensland’s regional prosperity. Given Mounting pressures, maintaining and increasing this prosperity will however require concerted operating and policy reform agendas which are also outlined in this overview.

**The significant economic benefits of sugar manufacturing**

Modelling of the flow-on effects of the $2.24 billion in direct expenditure by Queensland sugar millers allowed their indirect and total (combined) economic impact to be estimated. The total statewide economic impact of the sector in FY 2023 (based on Type II multipliers including both indirect industry and consumption-induced effects) was an estimated: $4.05 billion in direct and indirect value add (aka contribution to Gross State Product [GSP]); and This represents 1.2% of Queensland’s GSP (based on an estimated $327.0 billion in FY 2022). 22,657 direct and indirect full time equivalent (FTE) jobs were supported. This equals 0.9% of total Queensland employment in the FY 2023 based on the reporting of 2.4 million workers in Queensland

**High and diversified spend in host communities**

Consisting of goods and services purchases including cane (aka ‘business spend’) and mill (and refinery) worker wages, the sugar manufacturing industry injected almost all of its direct $2.24 billion spend into regional host communities. This is also a diversified spend, not only in terms of where it occurs but also the range of goods and services procured – all of which helps to strengthen the Queensland economy. Looking specifically at the business spend of $1.89 billion (excluding mill worker wages) – 90% or $1.7 billion was injected along coastal and regional Queensland in the Local Government Areas (LGAs) of The 10% balance ($184m) of the business spend was in Brisbane ($161m) and in Logan ($23m). More than one third of this direct business spend (36% or $686 million) was on a diverse array of non-cane goods and services as seen in Table 2. Of note is that in FY 2018 the vast majority of this non-cane business spend was ‘stay in business’ capital expenditure, with very little expansion capital expenditures recorded. This reflects a number of factors including depressed sugar prices and a difficult policy and regulatory environment (more below).

**High regional dependencies on a strong manufacturing sector**

Four Queensland regions were identified in the report as being highly dependent economically and socially on a prosperous sugar manufacturing industry, which is calculated to have made significant

**Sugar manufacturing wages are high in comparison**

The data shows that wages levels in the Australian sugar manufacturing industry are higher than the average weekly earnings in Australian manufacturing and the Australian all industry average. From data collected directly from mill and refinery companies, in 2017/18, the Australian sugar manufacturing industry paid $352.7 million in pre-tax wages to 4,591 resident employees with an average wage across the industry of approximately $76,814. This compares to data provided by the Australian Bureau of Statistics of average weekly earnings in Australian manufacturing of $67,834 and an all Australian industries average of $62,785.