



Distribution of Economic Value in the Cotton Industry



At Boyce, we believe in meaningful information, simply stated.

Australia's cotton industry isn't just about producing high-quality fibre – it's a vital economic engine powering regional communities and shaping the future of agriculture.

In this report, we dive into the numbers behind the industry's impact, revealing how cotton farms contribute to the national economy through wages, taxes, and investment. Backed by decades of data and trusted analysis from Boyce, this study offers a clear picture of cotton's economic footprint from 2019 to 2023 – and why it matters more than ever.

Partnering with generations to thrive.

Bega Canberra Cooma Dubbo Goulburn Moree Orange Sydney Wagga Wagga

Coverage

This analysis draws on data from a subset of the Cotton Comparative Analysis (CCA) in each of the respective years, along with additional information supplemented from participants' annual financial statements.

The participant dataset includes a sample of irrigated cotton growers operating predominantly in NSW valleys and represent approximately 5% of the annual Australian irrigated cotton bale production. The data is drawn exclusively from the trading entities growing cotton. Related entities are excluded and as a result the data is limited to some extent for example with respect to debt and interest not held in the name of the trading entity.

The sample represents a diverse range of grower sizes, from small-scale to large operations. Bale data from our sample and national bale data (Source: [Cotton Australia](#), Australian Cotton Estimate) is used to scale our data to estimate industry-wide irrigated cotton data. The table below shows the number of bales produced by the sample as a percentage of total Australian irrigated cotton production.

	2019	2020	2021	2022	2023
Bales produced by sample	92,902	26,267	158,045	309,918	234,011
Average bales/participant	4,645	2,919	7,184	13,475	10,637
% of Irrigated Cotton National production	4.95%	4.48%	6.47%	6.64%	5.03%

Methodology

Data for the sample was sourced from the CCA and annual financial statements of the participants and categorised according to [GRI 201: Economic Performance \(2016\)](#), where applicable.

Community Investment is excluded due to lack of available data.

Key data treatment:

Operating costs: Non-cash items removed where identifiable. Expenses allocated to other GRI 201 categories excluded. Data sourced from the CCA.

Employee Wages and Benefits: Includes total wages (PAYGW, redundancy payments) and superannuation, where identifiable, from the CCA. Note that due to the nature of the trading entities, in the CCA, Wages – Business owners is a notional cost. The impact of this is minimal to the overall result as these wages only form a small part of the wages and benefits value. Ownership structure affects wage calculations for example, more complex groups may use service entities for labour. Items such as private health insurance and educational grants are typically unavailable.

Payments to Government: Includes a mix of local, state, and federal taxes and penalties — FBT, ATO GIC/SIC, land tax, payroll tax, GST, rates, fines and penalties. GST data has been extracted from Business Activity Statements and represents the GST collected less GST paid. All payments to government are calculated based on the % of Cotton Income as a proportion of the total income for each year. The impact of structures on income tax within or outside the entity is significant. This coupled with the temporary taxation measures during this period created concern regarding the validity of extracting actual financial statement amounts. To mitigate these concerns we have instead adopted a notional income tax rate of 25% of estimated net cotton profit, being the total cotton income less the operating and wage costs calculated in this analysis.

Payments to Providers of Capital: GRI 201 definition includes interest on working capital, term debt, equipment finance, and dividends. This data has been extracted from the financial statements and calculated based on the % of Cotton Income as a proportion of the total income for each year. The definition of Payment to Providers of Capital does not include an equivalent of capital payment for participants operating under non corporate structures.

Cotton Industry Estimates:

To determine the data for the GRI defined groups we use the following methods;

Cotton Comparative Analysis method – data extracted from Cotton Comparative Analysis directly.

% of Cotton income – Cotton income is per the CCA definition for irrigated cotton – it includes lint and seed, and is net of ginning, levies and hail claims. Where the participant operates a mixed-use farm including cotton production, we calculate the irrigated cotton income as a proportion of total farm income and the percentage is subsequently used to apportion costs to the GRI 201 categories.

Bale data from our sample and national bale data (Source: [Cotton Australia](#), Australian Cotton Estimate) is used to scale the GRI 201) to estimate industry-wide data.

Figures rounded to nearest million.

Acknowledgment

Boyce would like to thank the clients who participated in the CCA which has enabled this additional research.

Disclaimer

This analysis is based on a sample dataset and provides indicative estimates of industry trends for informational purposes only. Results may not represent the entire cotton industry and should be interpreted accordingly. Every effort has been made to ensure accuracy and relevance, however Boyce Pty Limited make no representation or warranty, and accepts no responsibility regarding the accuracy, completeness, reliability or suitability of the results. Additionally, Boyce Pty Limited disclaims all liability to any person in respect of anything and of the consequences of anything, done or omitted to be done by any such person in reliance, whether wholly or partly, on any information contained in this report. This report does not constitute financial, legal, business or strategic advice. Material included in this report is made available on the understanding that Boyce Pty Limited is not providing professional advice. If you intend to rely on any information provided in this publication, you should obtain your own appropriate professional advice.

The economic contribution the cotton industry makes to Australia, and especially to regional communities, is an important driver of community trust and acceptance in cotton and other agricultural industries. This research paper will estimate the contribution Australian cotton farms make to the economy, centred around operating costs, employee wages and benefits, payments to government (taxes) and payments to providers of capital. We are proud to present the following analysis for the period from 2019 to 2023.

Boyce has been preparing The Australian Cotton [Comparative Analysis](#) since 1986 to produce the industry benchmark for the economics of irrigated cotton growing in Australia. Boyce has utilised this historical data to estimate the contribution Australian cotton farms make to the economy. As the industry continues to evolve, and as other studies on industry practices are finalised, we will continue to compare the results from those studies and these figures with a view to providing better information for the industry.

Boyce is honoured to be able to produce this level of data to support the Australian cotton industry. We are always looking to expand on the number of participants in the Comparative Analysis, whether you are a client of ours or not. If you are a grower and find this report instructive but do not currently participate in the analysis, we would welcome your involvement to support our industry into the future. Participation is free, and while we know that involvement does take some effort, we believe that this effort leads to a greater understanding of the numbers that drive your business with respect to other growers and trends within the industry.

	UNIT	2019 FY	2020 FY	2021 FY	2022 FY	2023 FY
Operating costs	\$m	1,023	377	793	1,523	1,710
Employee wages and benefits	\$m	101	41	70	122	180
Payments to government / taxes	\$m	81	12	170	379	464
Payment to providers of capital	\$m	65	26	62	75	116

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