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Queensland Competition Authority  
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QLD 4001

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## **QCAR - Submission - 2026-27 Regulated Electricity for Regional Queensland – Prices Review**

The Sugarcane Industry collective of the Queensland Cane Agriculture and Renewables Limited (QCAR) and its controlled entity, the Australian Cane Farmers Association Limited (ACFA), together, the Collective, welcomes the opportunity to provide this collaborative submission to the 2026-27 Regulated Electricity Prices for Regional Queensland Pricing Review being conducted by the QCA.

### **Who we are**

Our collective member organisations represent approximately 15% of the sugarcane farmers and approximately 15% of the total sugarcane production in Australia. As such, QCAR is recognised as a key stakeholder in the sugarcane industry and a peak body consulted, with other peak bodies, on various industry matters.

QCAR (formerly Pioneer Cane Growers Organisation Ltd) has previously made joint submissions to such pricing reviews as a member of the Burdekin District Cane Growers Ltd (BDCG).

The Sugarcane Industry's contribution to the Australian economy is well documented and communicated by Sugar Research Australia Limited (SRA). In a joint 2024 submission to the Primary Industries & Resources Committee's *Inquiry into sugarcane bioenergy opportunities in Queensland*, from the Departments of Primary Industries and State Development, Infrastructure and Planning together with Treasury, it states that in 2024, the Sugarcane Industry produced 28.8MT of cane and that the value of sugar, electricity and molasses produced from the crop was just under \$3 billion. Australian sugarcane production has the potential to grow to an estimated \$3.6 billion over the next 5 or so years and also has the potential to drive or underpin the achievement of the State Government's commitment to increasing the value of agricultural production to \$30 billion by 2030.



However, for such growth to occur, especially in the Sugarcane Industry, there needs to be an understanding that the industry is a price taker and not a price leader and that the price available to sugarcane farmers as at today of 13.8 is the lowest ICE price since October 2020. It also needs to be understood that for those farmers who use electric pumps to irrigate their crops, especially where the extraction of groundwater is required, the costs of the electricity associated with operating those pumps is significant.

## Recommendation 1: Fully consider all matters at section 26

In conducting its investigation and recommending prices, consistent with section 24 of the QCA Act, the QCA must consider all matters within sections 26(1) and 26(2) of the QCA Act and the stated matters in the letter of referral, as well as any other matters the QCA considers relevant (QCA Act section 26(3)).

In table 1 below, we set out how each of the matters in section 26(1) is relevant for consideration by the QCA.

Subsection	Summary	Relevance
(a)	Efficient resource allocation	Farmers should be allocated costs with regard to previous investments
(b)	Promote competition	By not including a new electricity tariff to incentivise the use of Groundwater has the potential to distort competition in the sugarcane farming sector and a failure to address the Rising Ground Water problem
(g) and (k)	Environmental and ecological effects of prices	Encouraging groundwater consumption avoids negative externalities of flooding and crop loss
(i)	Social welfare and equity	Farmers' capacity to pay should be considered
(j)	Encouraging socially desirable investment	A special groundwater extraction tariff encouraging investment in the purchase of electric pumps to promote use of groundwater consumption avoids negative externalities of flooding and crop loss
(m)	Economic and regional development	Fair pricing will prevent foreclosure, allowing farmers to continue growing and expanding production of sugarcane, for use in many industries, to the benefit of Australian consumers and the broader economy.

The Collective acknowledges that the QCA must apply its judgment in balancing the sometimes conflicting objectives stated in these sources. Nevertheless, we believe the QCA should provide more transparency on the weighting applied to each of the section 26(1) matters considered during the course of its investigation. QCAR would be happy to discuss the matters above further with the QCA.

## Recommendation 2: Provide significant price reductions on water prices to all farmers



In this section, the Collective recommends the QCA provides significant price reductions on electricity prices, to all farmers to:

- account for increased costs of farming;
- reflect increased costs of legislative compliance;
- support socially desirable investment, economic and regional development objectives.

In a submission, to the QCA's 2019-20 Regulated Electricity Prices for Regional Queensland Pricing Review, dated 12 April 2019, from the Invicta Cane Growers Organisation Ltd (ICGO), evidence was provided of a 2018/19 study conducted with ICGO members that showed for the participant growers that based on a sugar price of \$380/t and at an average of 14.8 CCS units the breakeven point was \$40.5. Also of note was that when electricity was included, the irrigation cost increased by 6% from 12% of total costs to 18% of total costs. In the financial analysis, no allocation of costs was made to principal debt reduction, capital expenditure or taxation such as GST.

QCAR is strongly of the view that a separate tariff is needed for growers to incentivise them to access groundwater at a subsidised price which would ensure that strategies to address the well documented "Rising Ground Water" problem, could be participated in by such growers without having to incur unaffordable additional costs to solve a problem created by the construction of the Burdekin Falls Dam.

#### *Increased costs of farming are outpacing sugar price increases, reducing capacity to pay*

Section 26(1)(i) of the QCA Act requires the QCA to consider social welfare and equity considerations of pricing. It is well-documented that inflation and the costs of living since the previous review have grown significantly, which translates directly to the costs of farming. Sugarcane farmers have seen a serious decline in the world price of sugar since October 2023 and historically the price, even if it has increased or spiked at a point in time, it has always corrected and often come back to a point where the breakeven point has become even higher for farmers due to rising costs of production.

Australian sugarcane farmers are price takers of the world sugar price, which means they cannot necessarily adjust their Cane Supply Agreement (CSA) selling prices to account for supply cost increases.

In the previously mentioned Invicta Cane Growers Organisation financial analysis in 2019, it demonstrated that a small proportion of farmers were making a profit, the majority were breaking even and a small proportion were making a loss. For those farmers making a loss, geographical location, soil type, water and electricity costs were major contributing factors. For many sugarcane farmers, electricity costs in the Burdekin can represent up to 10% of total farming costs.



To account for the effect of low profit margins, world sugar price uncertainty and volatility on farmers' capacity to pay, we believe that electricity prices should be reduced across the board.

#### *Impact of funding new legislative obligations since last pricing review on capacity to pay*

Section 26(1)(k) of the QCA Act requires the QCA to give consideration to legislation and government policies relating to ecologically sustainable development. Compliance auditing processes and legislative compliance obligations have now been fully introduced and has added to the costs of production for example, in respect of expanded cropping restrictions and the requirement to develop and maintain N&P (Nitrogen and Potassium) Plans and Budgets.

While the expanded cropping regulations only affect farms where additional or new cropping is being undertaken and therefore do not affect existing farming operations, the N&P laws are new requirements are mandatory for all farmers, who incur an establishment cost and an annual maintenance cost. This additional cost further reduces farmers' capacity to pay for electricity price increases.

#### *Support socially desirable investment, economic and regional development objectives*

Sections 26(1)(j) and 26(1)(m) of the QCA Act require the QCA to give consideration to whether the pricing practices may discourage socially desirable investment or innovation by persons carrying on non-government business, and to have regard to economic and regional development issues, including employment and investment growth.

The aforementioned increasing cost of living pressures in addition to high water costs are contributing towards reduced succession planning rates, decreased or deferred investment in new farm equipment or improved farm management practices, and increased farm foreclosure rates.

This is also threatening the sugarcane industry's participation as a major player in the renewables and bio-economy spaces, as farmers could only contribute to these industries if they stay operational.

### **Recommendation 3: Introduce price incentives for groundwater use**

#### *Pricing incentives can address serious Rising Groundwater environmental issues*

It has been established that there is a rising groundwater problem in the Burdekin which is attributed to the construction of the Burdekin Falls Dam (BFD). The rising groundwater occurs when water distributed into the river or channel areas for use as irrigation water on crops, has seeped into underground water supplies and has risen to the surface and killed existing crops and made farmland unable to be used for growing crops, especially sugarcane.

Consequently, use of groundwater can help to avoid the negative externality of crop flooding and long-term farmland sustainability.



Government has known about this problem for some time and has been developing strategies and funding to address the problem in the Channel part of the Scheme. For example, the Government has been funding a de-watering program on farms as part of a strategy to reduce rising groundwater in known problem areas.

Designing a pricing strategy to provide incentives to irrigators who choose to use groundwater instead of channel/open water could further encourage the use of groundwater, avoiding negative environmental externalities, in line with section 26(1)(g) of the QCA Act.

We therefore recommend that incentives be introduced into pricing in designated areas where the use of groundwater will have a known positive impact on the rising groundwater problem.

## Other Matters

### *New process for an Electric Vehicle (EV) tariff*

QCAR supports the introduction of a new tariff for the use of electricity for EV purposes.

However, it would expect that the tariff would be available to farmers using electric vehicles and other forms of charging of electric machinery.

QCAR is currently examining whether its members might be impacted or benefit from other proposed new tariffs.

### *Future Reviews*

With the variable and escalating costs associated with the supply of electricity, QCAR believe that reviews may need to take place on a more regular basis to reduce the shocks associated with large price increases or adjustments

We look forward to your consideration of the matters raised in our submission.

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Russell Hall  
Chairman  
QCAR