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Submission to the QCA on Irrigation Price Investigations: 2025-29 Eton and Pioneer Water Supply Schemes.

This submission by Mackay Canegrowers Limited (MCL) is to focus on the plight of irrigators in the central region but more specifically those customers affected by Sunwater. This includes customers in the Eton and Pioneer Water Supply Schemes.

MCL has made submissions to the QCA in the past and has always attempted to highlight the economic, social and environmental impact of increasing water prices on the communities within these supply schemes, as well as the broader impacts on mill viability and regional impacts. MCL represents the interests of 80% of sugarcane producers supplying sugarcane to four mills. Three of which are owned by Mackay Sugar Limited and one owned by Wilmar. Consequently, we have a vested interest in our growers who are shareholders in the milling operations (except Wilmar) and are also irrigators.

There is a broader aspect to increasing water prices as this not only affects the viability of growers and millers, but affects the whole community at large due to decreased production, a reduction in GRP, with a resultant decrease in disposable income. This in turn impacts on businesses who service the agriculture sector. There are enormous environmental impacts not often communicated. This has been sorely overlooked during the previous price paths.

A more detailed submission was submitted during the price review of 2020-2024. It is not our intention to re-hash all the issues again but to highlight some of the bigger picture issues affecting irrigators, millers and the communities in the Central Region.

Under-utilisation of resources.

As identified by the Queensland Government Roadmap: Irrigation has been identified as a crucial input to maintain and grow economic viability and resilience and endorsed by local think tanks under the auspices of the Mackay Whitsunday GW3, Agtech Hub, RDA and RD&E organisations.

Identified Queensland Government priorities - namely Biofutures development - will be heavily reliant on sustainable production of fibre and increased on-going production. New investments are at risk if expansion is not facilitated.

There has been an inverse relationship between increasing electricity and water prices and water utilisation since 2008.

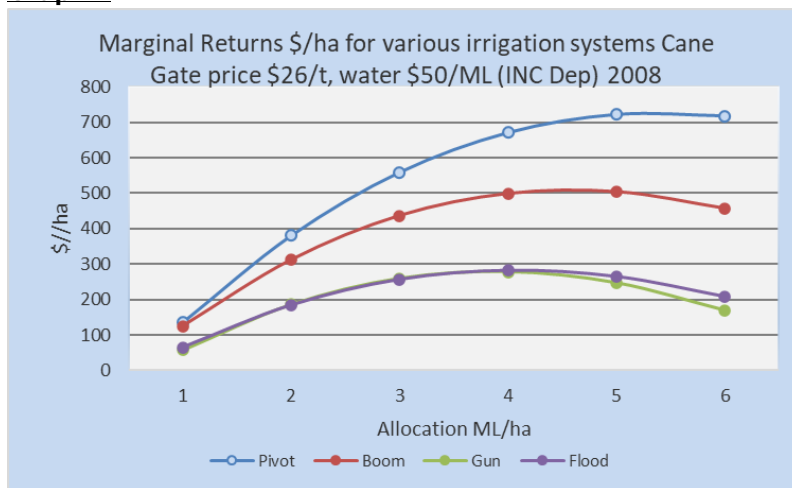
This effectively puts pressure on water supply schemes and milling companies as they are not operating at economies of scale. With the resultant viability issues, refurbishment and renewal of equipment remains unchecked and will lead to stranded assets.

Sugar production has been in decline (excepting the increase in production during the 2022 harvest season which was due to more effective rainfall meeting crop demand).

Snapshot as to why water resources are underutilised.

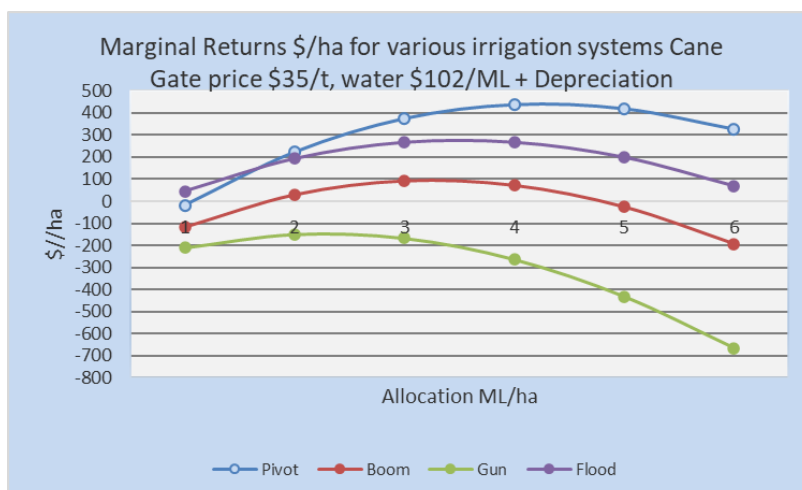
There is a host of factors that can be cited for the under-utilisation of water resources including the demographics of age, farm size, labour shortages etc. These are all side issues, the major reason for this is purely based on economics and starts at the ground level.

Graph 1



Analysis of the viability of irrigation systems in 2008

Graph 2



Analysis of the viability of irrigation systems in this price path 2020-2024. Includes generic costings with no additions of efficiency measures. Averaged Gate price for cane over 5 years.

The graphs above are indicative of the decline in profitability of irrigation systems in the Central Region and the major reason for the decline is the increase in electricity and water prices, as

indicated by the sharp decline in profitability of high-pressure systems. High-pressure systems make up the bulk of systems in the region (+/-60%).

Snapshot of Regional Economics

There is a 100,000ML of under-utilised water resources in the region. If combined industry/resource management efforts could prevail, then likely increased production will exceed 700,000t of cane, and a gross revenue increase of approximately \$42,000,000. The QEAS multiplier effect on the economy has been determined as 6.42. This equates to \$269,000,000 worth of increased economic activity. Mackay region has 2800 businesses dependent on the sugar industry and supports 3800FTE jobs. Sugar contributes \$900m/annum directly to the local economy.

QEAS mapped \$69k/FTE. Therefore $\$42m/\$69k=600$ FTE's. Assuming a 50% increase in participation rates, then expected job creation is approximately 300 jobs. Labour shortages in the central region have been induced because of a lack of profitability. This can be addressed if the right triggers are pulled especially when sugar prices are on the up.

If we assume that the cost reflective price of water for the region for both storage and distribution is \$100/ML across all schemes in Mackay Whitsunday storing 136000ML then the total dollar value to run the schemes is \$13,600,000. This pales into insignificance when considering the increase in economic activity of \$269,000,000. Even a subsidy to initiate greater water utilisation and investment would be hugely beneficial.

Environmental benefits of improved irrigation practices.

Under the auspices of the GBRF the Mackay Irrigation Project has proven that there are huge environmental benefits from improved irrigation practices. Timely irrigation strategies increase the uptake of dissolved inorganic nitrogen by synchronising nitrogen solubility with crop uptake.

Meeting crop demand for water, improves NUE (nitrogen use efficiency) and WUE (water use efficiency) and hence yield. Resulting in increased crop nitrogen uptake and the efficacy of all inputs from incorporation strategies which reduces the suite of nitrogen and pesticides from runoff/drainage losses and reduces GHG emissions namely nitrous oxide (N₂O) and nitrogen gas(N₂). The full benefit of improved irrigation practices has not been wholly defined, but we can safely say that the outcomes enhance environmental stewardship, productivity, profitability, and regional resilience.