Sugarcane Bioenergy Inquiry 2025

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Primary Industries and Resources Committee
Queensland Parliament
Brisbane QLD 4000

Inquiry into sugarcane bioenergy opportunities in Queensland

Dear Committee members and secretariat,

Business Chamber Queensland welcomes the opportunity to contribute to the inquiry into sugarcane bioenergy opportunities in Queensland. Energy costs, including liquid fuels, remain a high concern for Queensland businesses, after taxes and wages, and in line with insurance as an operational expense.

Almost four in 10 Queensland businesses (37.18%) focus on energy costs as a constraint on their growth prospects, rather than an enabling utility, with a similar proportion (38.99%) concerned about the level of demand and economic activity, suggesting a sensitivity to energy pricing that is not matched the ability to pass on increases to customers.[1] Subject to the influence of energy security, conflict and global supply chains, especially for liquid fuels, the prospects for Queensland supply chains are worth investigating to identify credible pathways to scale.

Our members contribute to making Queensland a hub for energy, mineral and food exports, along with defence logistics; and a destination for ecotourism experiences on land and sea, enabled by established supply chain businesses in transport and infrastructure. These diverse industries share a common opportunity in low-carbon liquid fuel or biofuel.

Each of these industries is expected to continue depending on liquid fuel. The Australian Treasury and the Department of Climate Change, Energy, the Environment and Water (DCCEEW) modelled liquid fuel use in Australia falling around 40% by 2050, but concentrated in heavy vehicles for mining; freight by road, rail and sea; agriculture; and aviation.[2] Beyond Australia's own usage, the Queensland Government identified export potential for biorefining fuels for the Asia-Pacific.[3] In addition, the strengthening of domestic liquid fuel supply would support existing export businesses in mining, tourism, agriculture, transport, and their suppliers.

The technical and economic opportunity for Queensland to produce biofuel is recognised by experts working for the Commonwealth Scientific and Industrial Research Organisation (CSIRO), the Queensland University of Technology (QUT), and the Clean Energy Finance Corporation (CEFC).[4] However, the higher cost of renewable fuels remains an obstacle.[5] These are questions that demand from both civil and defence sources, the resulting scale, and initial policy support can help resolve.

Signals, such as this inquiry, the $1.1 billion for low-carbon liquid fuel development from the Australian Government, and the commitment to biofuels in the $180.6 million Sovereign Industry Development Fund, are required.

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[1] Business Chamber Queensland, September Quarter Pulse survey of business conditions, 2025.
[2] DCCEEW, *Electricity and Energy Sector Plan*, 2025; pages 63-64.
[3] Queensland Treasury, *Queensland Energy Roadmap*, 2025; page 54.
[4] CSIRO, *Opportunities and Priorities for a Low Carbon Liquid Fuel Industry in Australia*, 2025; page 25.
QUT, *Growing Australia's Bioeconomy*, 2025; page 20.
CEFC, *Refined ambitions: Exploring Australia's low carbon liquid fuel potential*; 2025; page 33.
[5] Business Council of Australia, *Australia 2035: Maximising Our Potential*, 2025; page 45.

Business Chamber Queensland
Level 14, 300 Queen Street, Brisbane 4000
1300 731 988 | www.businesschamberqld.com.au

According to the national body representing biofuel interests, Bioenergy Australia, we are exporting biofuel feedstock, accounting for up to 77% of the production costs, and running the risk of simply needing to reimport biofuel.[6] Higher-cost biofuel imports may make their adoption financially prohibitive.[7] This committee, and the Minister for Primary Industries in referring this inquiry, have taken an important step in backing our potential.

1. **Cogeneration:** Although Queensland's fuel mix included only 0.35% biomass in the year to 18 October 2025, around 40 weeks saw generation ranging 2,000 to 9,000 MWh.[8] This scale, if stored, could assist energy security.

2. **Barriers:** Aggregating supply of feedstock, including sugarcane, oilseeds, fats and waste, securing offtake agreements, and addressing end-consumer disincentives from higher costs and lower scale than fossil fuel present practical challenges across agriculture, planning, and biofuel refining.[9]

3. **Defence fuel needs:** As Queensland is host to major defence bases and international training facilities, the displacement of liquid fossil fuels with largely renewable diesel and sustainable aviation fuels provides another source of local demand.[10]

4. **Support investment**: Pursuing an export-led strategy, while building levels of information and certainty about domestic demand, comes with policy suggestions including: a biofuel statement of opportunities, feedstock forecasting, extending equivalent tax credits to both fossil fuels and biofuels, grants for capital expenditure on feedstock aggregation and biorefining, certification of origin and sustainability, priority planning approvals, and support for research and development, trials and extension, among many more.[11] Care ought to be taken in ensuring clear options for future domestic supplies are at the forefront of establishing an export-led strategy.

5. **Research and development:** Crop improvement remains an important priority, especially in sugar varieties, while trial of alternative feedstocks is important to supply chain resilience, along with extension for agtech, to maintain Queensland's competitiveness.[12]

6. **Land**: Acknowledging Queensland demand for housing, industrial sites, farmland, protected areas, environmental offsets or carbon credit sites, and flood resilience, the resilience of tropical crops like sugarcane, and the scale of biofuels opportunity in designing new supply chains all the way from farm to refinery, provide a case for resourcing agencies to work through planning, coordination, and delivery in Queensland to support a new biorefining industry, and to protect and promote high environmental standards.

7. **Grower diversification:** Alternative off-takers in biofuel refineries create a strategic option for Queensland's farmers to avoid reliance on a single commodity market, competing with international subsidies.

8. **Food versus fuel:** Competition between food and fuel is a stronger consideration in jurisdictions that are net food importers and that have greater land constraints.

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[6] Bioenergy Australia, *Securing our Fuel Future: Resilience Through Low Carbon Liquid Fuels*, 2025; page 13.
[7] BDO, 'Economic impact of renewable diesel on Australia's fishing industry' available at www.bdo.com.au/en-au/insights/advisory/economics/economic-impact-of-renewable-diesel-on-australia-s-fishing-industry.
[8] Australian Energy Market Operator, Data Dashboard: Fuel Mix available at www.aemo.com.au/energy-systems/electricity/national-electricity-market-nem/data-nem/data-dashboard-nem.
[9] CSIRO, *Opportunities and Priorities for a Low Carbon Liquid Fuel Industry in Australia*, 2025; pages 74-76.
[10] Department of Defence, *Defence Future Energy Strategy*, 2024; page 8.
[11] CEFC, *Refined ambitions: Exploring Australia's low carbon liquid fuel potential*; 2025; pages 82-84.
[12] CSIRO, *Opportunities and Priorities for a Low Carbon Liquid Fuel Industry in Australia*, 2025; page 110.

Business Chamber Queensland represents businesses of all sizes, industries, and regions across our State. A clear multi-industry opportunity for economic development across Queensland, supporting emissions reduction and energy security for end users in defence, tourism, agriculture, mining merits coordinated investment facilitation and planning to advance a portfolio of projects and identify the strongest possibilities for a credible pathway to scale.

As the CEFC published earlier this year, "Queensland is strongly positioned as an emerging LCLF hub in Australia, with 6 announced projects representing ~65% of total announced capacity".[13] Further policy effort from all levels of government, in addition to funds announced, is required to realise strategic benefits for Queensland sugar producers and many more industries beyond.

Thank you for your consideration.

Sincerely,

Myles Lawrence
Advocacy Manager
Business Chamber Queensland

[13] CEFC, *Refined ambitions: Exploring Australia's low carbon liquid fuel potential*; 2025; page 19