

9 October 2015

The Research Director
Utilities, Science and Innovation Committee
Parliament House
George Street
Brisbane, QLD, 4000

Sent via emailed: usic@parliament.qld.gov.au

Dear Research Director

Re: Liquid Fuel Supply (Ethanol and Other Biofuels Mandate) Amendment Bill 2015

Thank you for the opportunity to provide a submission to the above Bill.

In general CANEGROWERS is supportive of the Liquid Fuel Supply (Ethanol and Other Biofuels Mandate) Amendment Bill 2015 and its objectives. There are however concerns that the Bill in its current format will not meet the objectives, particularly with respect to providing assurance for producers.

Mandated amount

The Bill provides for the mandated amount to be determined by regulation which means it can go up or down (below 2% for regular petrol) and it can fluctuate annually or periodically. This does not provide assurance. It would provide more certainty if the mandated amount was set at a minimum in the Act with a minimum ramping up in future years. Regulation can go higher than this if the production capacity is ready to go.

A 2% minimum is still below the current production level of ethanol in Queensland and a ramp up to 4% will only take the level to current production. To generate assurance and investment in new capacity and achieve the objectives of the reform, the mandated amount in the Act may start at 2% but needs to be at least 4% within two years and higher within four to five years.

Sustainability Clause

The reference to a sustainability clause being regulated is a concern. The sustainability clause for feedstock like sugar cane needs to recognise industry norms and standards such as Smartcane BMP otherwise it becomes subjective and leads to uncertainty. A potentially new level of sustainability standards which are totally unrelated to current practice would reduce the investor confidence and defeat the purposes of the bill.

General issues

- The Bill does not provide for the pass through of a minimum percentage difference between ethanol and petrol prices to the consumer. Without this the price signal (cheaper E10) is not seen by the consumer. This in turn leads to reduced demand which in turn can lead to exemption of retailers from the mandate (clause 35J(1)(a)(ii)).
- There needs to be a safeguard with regard to misinformation and behaviour particularly on the forecourt which discourages the use of E10. Perhaps some unbiased third party messaging (from Government) is required to be displayed.

- In regional areas with retailers who are not liable parties will have no incentive to give consumers a choice by providing E10. There is no provision for incentives for these retailers to provide E10 in the regional areas thus regional consumers have no choice. This defeats the purpose of the reform.

Thank you for considering our comments. If you have any queries please contact myself or Burn Ashburner as above.

Yours faithfully



Dan Galligan
Chief Executive