

Wilmar BioEthanol

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9th October 2015

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

Dear Sir/Madam,

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

Wilmar BioEthanol appreciates the opportunity to contribute to the discussion on the draft legislation for the liquid fuel supply bill 2015.

While we welcome the discussion and movement that the government is taking towards establishing a viable biofuels industry in Queensland we do also have some concerns with the draft legislation which are tabled below.

The ethanol percentage

We believe the starting percentage of 2 per cent is too low as it is well below existing production capacity and also well below the level that had been achieved by QLD leading up to the 2010 mandate implementation. QLD got to 3 per cent without the mandate in 2009 therefore there is capacity to go to a higher blend rate a lot faster.

A 2 per cent mandate is not significant enough and not much higher than what already exists in QLD without a mandate. In 2013-14, the total sales of E10 was approximately 1.2 per cent.

A 2 per cent mandate is too low to sustain the existing biofuels industry and will not bring meaningful growth in the industry and not higher than what already exists.

The mandate formerly proposed in QLD was for 5 per cent of all petrol volume. This proposal is for 2 per cent of ULP volume, so not only has the percentage changed but so has the benchmark.

We believe the starting percentage should be raised to 3 or 4 per cent in order to stabilise the existing industry and give the best change to encourage new investment. The policy should then outline a time frame for increasing that to encourage new investment.

Regulation

The draft legislation refers heavily to regulation that is yet to be drafted, in the absence of this regulation it is difficult to fully understand the issues that may be presented in the regulation.

Key issues that need to be addressed in this regulation are:

- The rate at which the ethanol level will increase over time
- Any sustainability criteria that will be placed on the biofuels industry in addition to those currently existing

Consumer Education

QLD Government should take a lead role in a targeted consumer education campaign so that users can be confident that ethanol blended fuels are safe to use in their cars as well as be based on facts.

Consumers are often persuaded in choice of fuels by their mechanics and automotive sellers. By educating motor mechanics and car salespeople of the validity of such fuels dispels any myths that have been damaging to biofuels in the past.

Policy Stability

If the government is to be successful in stimulating development and employment in this industry it will need to put in place a policy that will be stable over a long period of time.

A framework that relies heavily on regulation is open to constant changes without having to go through parliamentary review does not encourage long term stable environment for investment.

Summary

The Bill relies heavily on regulation and in the absence of further detail about these regulations it is difficult to assess this Bill's ability to achieve the policy objectives.

We certainly have concern about the starting percentage outlined and the lack of any clarity about how this may be increased over time.

Without a substantial ramp up in volume being outlined, this legislation will fail to deliver on any of the policy objectives that have been outlined.

Regards,



Garry Mulvay
Executive General Manager
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