



TRANSPORT AND RESOURCES COMMITTEE

Members present:

Mr SR King MP—Chair
Mr LL Millar MP
Mr BW Head MP
Mr JR Martin MP
Mr LA Walker MP
Mr TJ Watts MP

Staff present:

Dr J Rutherford—Committee Secretary
Mr Z Dadic—Assistant Committee Secretary

PUBLIC BRIEFING—INQUIRY INTO THE LIQUID FUEL SUPPLY (MINIMUM BIOBASED PETROL CONTENT) AMENDMENT BILL

TRANSCRIPT OF PROCEEDINGS

WEDNESDAY, 30 NOVEMBER 2022

Brisbane

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The committee met at 8.18 am.

CHAIR: Good morning. I declare this public briefing for the committee's inquiry into the Liquid Fuel Supply (Minimum Biobased Petrol Content) Amendment Bill 2022 open. My name is Shane King, the member for Kurwongbah and chair of the committee. I want to respectfully acknowledge the traditional owners of the land on which we meet today and pay our respects to elders past and present. We are very fortunate to live in a country with two of the oldest continuing cultures in Aboriginal and Torres Strait Islander people whose lands, winds and waters we all share. Other committee members with me here today are: Lachlan Millar MP, member for Gregory and deputy chair; Bryson Head MP, member for Callide; James Martin MP, member for Stretton, who will be joining us very soon; Les Walker MP, member for Mundingburra, who will also be joining us very soon; and Trevor Watts MP, member for Toowoomba North. On 13 October 2022 the member for Hinchinbrook introduced the Liquid Fuel Supply (Minimum Biobased Petrol Content) Amendment Bill 2022 into the Queensland parliament. The bill was referred to this committee, the Transport and Resources Committee, and the purpose of today's briefing is to assist the committee with its consideration of this inquiry.

The committee's proceedings are proceedings of the Queensland parliament and are subject to the standing rules and orders of the parliament. As parliamentary proceedings, under the standing orders any person may be excluded from the hearing at the discretion of the chair or by order of the committee. The committee will not require evidence to be given under oath, but I remind witnesses that intentionally misleading the committee is a serious offence. The proceedings are being recorded by Hansard and will be broadcast live on the parliament's website. Media may be present and will be subject to the chair's direction at all times. The media rules endorsed by the committee are available from committee staff if required. Those present today should note it is possible you might be filmed or photographed by media during the proceedings and images may also appear on the parliament's website or social media pages. I also ask that any questions taken on notice today be provided to the committee by 4 pm on Wednesday, 14 December 2022.

DAMETTO, Mr Nick, Member for Hinchinbrook, Parliament of Queensland

CHAIR: At this morning's public briefing we are hearing from Mr Nick Dametto MP, the member for Hinchinbrook. Welcome. I invite you to make a short opening statement, after which we will have a lot of questions for you.

Mr Dametto: Thank you, Mr King. I also want to acknowledge the traditional owners of the land on which we are meeting today and acknowledge the chair, the deputy chair, Mr Miller, and the rest of the committee. Thank you very much for taking the time this morning to listen to what I have to say about our liquid fuel supply bill. From the outset this is a technical change that we are looking to create through the proposed legislation that is before the committee. I also want to say from the outset that this is about consumer choice and making sure that those consumers who make the choice to use biofuels in Queensland are getting what they paid for and getting what they want.

At this point in time the legislation that the committee will have to consider is about, firstly, increasing twofold the penalties for noncompliance with the current biofuels mandate, which at present sits at four per cent. I also want the committee to understand and know that we are not seeking to raise the biofuels mandate in Queensland. Rather, we are looking to retain the four per cent, so if there is any confusion out there that is not our intent. The second part of the proposed legislation is to require fuel retailers to take reasonable actions to make sure that the biofuels that they are selling, if it is E10, contains a minimum biobase in the blended fuel. This means if you are selling E10 fuel we are asking you to align with what happens in New South Wales—that is, E10 fuel has at least nine per cent ethanol in it and no more than 10 per cent. That is, as I said earlier, to ensure that people who are making the choice to use E10—whether it is to support our farmers, whether it is to support the biofuels industry as a whole or even making the environmental choice to switch to a fuel that is better for the environment and more sustainable—are getting what they paid for.

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With this comes a number of things. Some questions that have been asked of myself previous to this relate to the exemptions that already exist for those people who are unable to, firstly, meet the biofuels mandate. All of these will stay in place. For anyone who does not know about this, if you are an operator who owns under 10 service stations you are currently exempt from the biofuels mandate and this proposed legislation to increase the fines. Also, if you sell under 500,000 litres—that is, half a million litres—of petroleum through your business per quarter, you will also be exempt from the biofuels mandate and the increase in fines.

What we are seeking to do is that every fuel retailer and fuel supplier will have to make a conscious decision to make sure that they are taking reasonable steps to ensure that the biofuels that they are selling, if it is E10, contains at least nine per cent ethanol and no more than 10 per cent. This will be done through a similar scheme which has been adopted and is well versed in New South Wales where fuel retailers, blenders and sellers will have to have a certificate of authentication to go with the fuel that they are selling. For example, if you sell bulk fuel to the petrol station, part of that will be with the certification to say that it meets the standard.

To put this into layman's terms, what we have in Queensland right now is like buying a Bintang beer in Bali: some days it is eight per cent alcohol; some days it is as little as one per cent. We are looking for consumers to have the confidence that what they are buying in Australia and what they believe they are purchasing at the bowser is exactly what they seek to buy. I am happy to answer any questions—I am sure there are myriad—and I hope to have a number of answers. Before I start answering questions, I want to table two documents, if that is okay. Through our consultation in the Hinchinbrook electorate we have been able to gain a letter of support from the Hinchinbrook Shire Council as well as the Townsville City Council through Mayor Jayo for Hinchinbrook and Mayor Jenny Hill from Townsville.

CHAIR: We will just wait until we get copies of them and then we will table them.

Mr Dametto: Excellent.

CHAIR: Thank you very much for that. I have a quick question on your opening statement. You said under 500, was it, megalitres per quarter?

Mr Dametto: Sorry, 500,000 litres.

CHAIR: Okay.

Mr WATTS: Per quarter?

Mr Dametto: Per quarter.

CHAIR: Okay. I will hand over to the member for Gregory, who is a very keen ethanol supporter.

Mr Dametto: Yes; aren't we all?

Mr MILLAR: Thanks for coming in, Nick. I just have a couple of questions on the technicality of the fines. The objective of this bill is to increase twofold all of the penalties and require fuel retailers to take responsible action. What pressure does this put on not your big multinational fuel outlets but your local fuel outlets out my way—out west? Are they going to be captured in this increase of penalties or be penalised if they do not sell E10 at the standard you are expecting them to?

Mr Dametto: Firstly, I thank the member for the question. The question is a very good one because we all have small fuel retailers up and down the coast in Western Queensland, North Queensland and Far North Queensland. The reality is the current regulations allow exemptions for those smaller retailers not to have to comply with the ethanol mandate, so those exemptions already exist. Any one of those businesses out there that owns under 10 service stations, which is most of those businesses that I believe you are talking about, are currently exempt from the legislation and, therefore, would not be encapsulated with the increase of these fines.

Mr MILLAR: But there are small service stations that do sell E10. Are they still captured by the increasing penalties and captured by this if they are selling E10?

Mr Dametto: Yes. The ones that are selling E10 will need to ensure that if they are selling E10 it is between the nine per cent and 10 per cent. That would also come down to the fuel supplier. When they sell them that fuel from the large tanker that goes out there to fuel up their bowsers of E10 at the point of sale they would have to hand them a certificate to say that the E10 that they are selling them actually is E10.

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Mr MILLAR: What I am trying to get at is that the certificate gets handed over from the truck driver to the service station but the fuel is not at the compliant rate; it is under the nine per cent. Who gets fined? Is it going to be the truck driver or the bulk fuel supplier or is it going to be the small retailer?

Mr Dametto: What is described here is that they have taken reasonable steps, so buying fuel from a supplier that supplies that certificate would likely be seen by the department as a reasonable step.

Mr MILLAR: What if a certificate is not presented and they say, 'I'm busy. I've got to get this done and that done', what happens then? Should the penalty not be directed to the bulk supplier rather than the retailer?

Mr Dametto: We have two fines here—one for the bulk supplier and one for the person selling the fuel at the bowser.

Mr MILLAR: That is where I have a bit of a concern about the small retailer. They are busy, they are trying to run a business, trying to get staff and they are going to be caught up in this penalty as well.

CHAIR: Member, just remember that we are not debating.

Mr MILLAR: I know.

CHAIR: Yes, but fair question.

Mr Dametto: It is a very fair question.

CHAIR: I appreciate that because I was not aware, so that is a good point.

Mr Dametto: Once again it comes back to what is a fair and reasonable step that you have taken. If you buy from a reputable fuel supplier that reputable fuel supplier does supply you a certificate. We live in a world of certification these days to make sure that we are doing the right thing. For example, if you are on a construction site and there is an incident because a scaffold does not have the right certification on it, you do not say to the people who regulate it, 'Sorry, I didn't have the time to make sure whether or not the scaffold was certified.' It is a world of regulation and certification that we live in these days. Yes, this is adding an extra layer and it will make it slightly clunkier, I guess, but there are a number of certifications that need to be done such as truck drivers having to be certified. It is all about making sure that consumer confidence is adhered to.

Mr WATTS: I will give you a scenario. I just want to understand how the scenario will be managed. Say I am a small retailer, I have an E10 pump and there is a big flood and we are struggling to get fuel through. The only fuel I can get is not E10 and my tank is not empty yet; it is only half empty. I cannot empty the whole tank and rebrand everything. If the only tanker I can get is not E10 and I add that fuel to the tank, am I in breach when I sell the fuel?

Mr Dametto: There is a number of fuel outlets up and down the coast that sell E10 that often say they have not got E10 for sale at that time. I do not know why that is the case, whether they have not been able to get supply or they have run out, but there would be no reason you could not top up your regular unleaded, premium or—

Mr WATTS: What I am looking at is in the case of a natural disaster and I only have a limited number of fuel tanks. I do not know when my next lot is coming through. I do not want to leave one empty because I cannot get E10. I just want to fill everything up when this tanker comes through.

CHAIR: Can I ask a question along those lines? I really think you are teasing something out there. If the scenario occurred like that, could you say, 'This is not E10. This is an ethanol blend, not E10,' for that period?

Mr Dametto: I would imagine putting a small sign up notifying people about what has happened during a natural disaster would suffice. It would be up to the regulator to come and see if reasonable steps had been taken to ensure that the consumer is not being—

Mr WATTS: I am just trying to tease this out. Country Queensland is a more difficult scenario to manage than central Brisbane or an area near the port. I am just trying to make sure we are not going to hamstring some flexibility when the key thing people out there need, particularly in times of natural disaster, is the ability to get fuel and food and to get through.

Mr Dametto: Lots of things are pushed aside during natural disasters. We do things that would also require large amounts of regulation and legislation and sign-off from departments that seem to be pushed by the wayside during natural disasters. In the spirit of common sense I believe we would be able to find a way around that, perhaps by simple labelling. I would think the regulator would see it in the same light.

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Mr MARTIN: In relation to compliance, you are proposing to double the fines to match New South Wales?

Mr Dametto: Correct.

Mr MARTIN: Do you have any data on how many fines have been issued in New South Wales and whether there have been any prosecutions there?

Mr Dametto: Sorry, I do not have that information on me right now, but I am happy to take that on notice.

CHAIR: The elephant in the room about E10 is that there are a lot of consumers—and in the previous bill we looked at, it was the motoring enthusiasts and the aircraft and marine industries that had concerns with E10. Do you have any information for us about what would encourage more consumers to use E10?

Mr Dametto: Interestingly enough, I do have a fair bit of information. Thank you for the question. Turning to the RACQ, they are one of the biggest advocates in the motor industry in Queensland and they have always said the best way to promote E10 is through advertising campaigns, not forcing people to use the biofuels. As a motoring enthusiast myself, I know if you make the choice to use an ethanol blend fuel you usually gear your vehicle to handle such fuels. If you have an older vehicle or a vehicle that is tuned to run on a mineral fuel, you want to make sure that is what you are using.

The state government at one stage had the E10 OK app, which was working well. I believe in 2019 the funding was cut for that. Essentially, if you go to the Queensland government website it says most vehicles built after 2000 are E10 compatible. There is a lot of information on your vehicle, whether it is in your manual or next to your fuel cap, as to whether or not your vehicle can use it. It is about making sure that people who do make the choice to use E10 have the opportunity to use what they think they are buying.

Another point I would like to make—and this is probably for the fuel nerds out there—is that standard unleaded fuel is 91 RON. E10 sits at about 94 RON, so it is actually a higher octane fuel. If you are using E10 all the time, there are different components, especially with modern EFI, to help your car run on a higher octane fuel. Going back to a lower octane fuel can actually be detrimental to some of the car parts.

Mr WATTS: In relation to the certificate, I am interested in who will be authorising it, who will be managing it, who will be authenticating it, how will it be stored and whether it will be electronic or a piece of paper? Tell us a bit about what the planned management around that and the compliance to fit with that is.

Mr Dametto: How the department decides it will manage this part of the certification would be up to them. It is not prescriptive in the legislation. It would have to come through the regulations that follow the legislation. If it was me running the department, it would have to be someone either within the department checking people who are accredited to do the measuring of the ethanol percentages, just like we have people who are certified across different industries to do those sorts of things. Then the regulator checks those certifications to make sure people are doing the right thing. The certification I would like to see I would imagine would be a new thing for Queensland; it would be online and have the ability to print paper copies. Apps could also be used, online portals and those sorts of things—that infrastructure.

Mr WATTS: Would you see that as being for trade, weights and measures? I am trying to work out who will be responsible for it, how it will be staffed, who is going to monitor it and who is checking that the certificates have been issued and how that is all being managed and who is paying for that.

Mr Dametto: I would imagine most of the cost would be pushed back onto the large fuel retailers. The big fuel retailers in Queensland have the ability to take on some of these costs. This would be part of adhering to the Queensland fuel standards. We have to make a conscious decision here in Queensland. Do we want to ensure those fuel retailers, which pretty much have free reign in this space now, are providing the product they advertise they are supplying?

Mr WATTS: It would be a consumer affairs issue if they were selling E10 currently and it is not E10.

Mr Dametto: That is correct.

Mr WATTS: That would already be enforceable under legislation.

Mr Dametto: It is and there was a case of that happening a couple of years ago, which was quite well publicised. They may have been selling something that breached consumer law, but the reality is they did not break any laws in relation to the fuel standards here in Queensland because it

says in the legislation no more than 10 per cent ethanol and no less than one per cent. Right now there are fuel retailers who are quite legally selling one per cent ethanol in their E10 and they are getting away with it.

Mr WATTS: The main change is just tightening up that gap?

Mr Dametto: That is correct, yes.

Mr WATTS: I am concerned about pushing up the cost of fuel. At the moment in particular with the cost of living how it is, adding a layer of bureaucracy to the fuel industry, which if you live in regional Queensland is fundamental to everything you do, is a concern for me.

Mr Dametto: We can produce ethanol a lot cheaper than we can buy overseas unleaded fuel at this point. The reason we have seen ethanol go up in price, whether it is E85, for example, which is a highly blended fuel, is we do not have the economy of scale of production in Queensland at the moment. When the four per cent ethanol mandate was first introduced, we were producing around 140 megalitres per year. I believe that was the figure. If you bear with me for a few seconds I will check it.

Mr WATTS: That is all right. We can check the details afterwards.

Mr Dametto: That was 140 megalitres per year and that was with the Sarina and the United Dalby plant running. Since then, the Dalby plant has shut down. We are only producing 65 megalitres per annum in Queensland at the moment.

Mr WALKER: A lot of people complain about the mileage when there is a blend with fuel being expensive and losing that economy. Why would people want to go down that road if they are going to lose the efficiencies around the mileage rate on the litre?

Mr Dametto: It is very interesting, and I thank the member for the question. The fuel companies have done something very tricky here. They have done some very high-level research. If you price your E10 three cents a litre lower than your unleaded fuel, people will usually go to the unleaded fuel. They have done the market research. If it sits around four cents cheaper they will actually shift to E10 because it is cheaper to use E10 because it is only a three per cent loss of efficiency. Interestingly enough, they could sell it five cents cheaper, but they are profiteering from this right now.

Mr WALKER: That is the free market.

Mr Dametto: That is the free market. However, people who are already using E10 should know that they are actually getting nine per cent or 10 per cent ethanol in their fuel. People make the choice, even knowing that E10 burns a little more sometimes or quicker than regular unleaded fuel. They are making their conscious choice right now at the bowser and we want to support those people. We want to support those people who are making the environmental choice, those people who are supporting the farmers who supply the ethanol industry but also those who want to support the biofuels industry.

Mr WALKER: The explanatory notes mention a 2019 departmental review that found vehicle mechanics had a bias against E10. Why do you think this is? Keep in mind there is one thing about fuel use and then there is the repair and maintenance of a vehicle with the constant use of E10. Why do you think it would be the case that they have a bias against it?

Mr Dametto: Some of that bias against E10 comes from the old way of thinking about biofuels. When biofuels kicked off in Queensland and E10 became available, a lot of people were using E10 in vehicles who probably should not have been. As the chair said a little earlier, those in aviation should not be using E10 or ethanol blends. You should not be using ethanol in any marine based engines, mainly because of the tanks and the fuel lines. Some of the older vehicles should never have been using E10.

RACQ is one of those organisations that pushed back a little against E10 at the start. In their latest 2020 fact sheet even they now support the use of E10 in vehicles that are built for them. It also has the full support of the Institute of Automotive Mechanical Engineers, which we have briefed as well as consulted when putting this legislation together. For example, 95 per cent of all petroleum-based fuels in the US has at least 10 per cent or more ethanol in it—that is just a fact—and their vehicles are not falling apart or dying on the side of the road. The ethanol industry got a pretty bad wrap from the start and unfortunately it is a stigma that has stuck with it.

CHAIR: I think when the previous legislation went through—and this is from memory, which does get a little dusty—premium fuels were specifically not to have the mandate to suit the aero, marine and other industries so they could have a pure mineral base. There was no mandate on premium fuels. Do you recall—

Mr Dametto: I recall that, yes.

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Mr HEAD: Further to some of your comments, to what extent are businesses currently selling a fuel as E10 that is well below what you may suggest is a suitable level of ethanol?

Mr Dametto: I thank the member for the question. It is a very difficult question to answer. Because of the inability right now to police or even get out there and measure this, it would be difficult to even ascertain how many people or retailers out there are selling E10 with as low as one per cent ethanol. There is no-one out there checking this.

Mr HEAD: You mentioned consumer complaints from a couple of years ago. Are you aware of what happened there?

Mr Dametto: There was a large fuel retailer here in Queensland that was selling ethanol blended fuel at one per cent. I am not going to mention them publicly, but if you look it up in the media it will show you where the consumer law came into play because of false advertising.

Mr HEAD: Were tests done on the fuel to prove that?

Mr Dametto: Correct.

Mr HEAD: Then, as you said, there was inadequate legislation to enforce that outside of consumer protection laws.

Mr Dametto: That is right, yes.

Mr MILLAR: Where has the push come from for this to happen in Queensland? Has it been from the ethanol producers?

Mr Dametto: Everyone from the biofuels industry through to sugar cane farmers, grain producers—everyone who has been very excited over the last 10 to 15 years about the proposal of the biofuels industry to take off in Queensland—has been quite excited about this. We have had biofuel plants proposed for places like Burdekin, Ingham, Pentland—a number of places up and down the North Queensland coast mainly around those sugar cane and grain growing communities that are really excited about a biofuels industry, but there has been an unwillingness for any legislative changes to ensure there is some guarantee there would be an offtake for their produce. The reality is that when we kicked off with the biofuels mandate we had two plants running in Queensland; now we are down to one. So not only are we going backwards but we are definitely not growing to capacity. After consulting with sugar millers, growers and ethanol producers we saw this would be a small way to add a bit of rigour around the current legislation without taking things too far.

Mr WATTS: A couple of times now you mentioned the Dalby plant. From an economic point of view, do you understand the reasons they stopped producing?

Mr Dametto: My understanding is that during COVID they did it tough. There was not a large requirement for petroleum-based fuels at the time. We saw fuel prices drop off because the consumer—

Mr WATTS: We can only wish that will come back.

CHAIR: Without the COVID.

Mr Dametto: Exactly. But also they were seeking different offtakes for different parts of their products and it just did not work out for them at the time. You do not just flick a switch like a light to turn a plant like that on. You need to ensure there is an offtake for whatever you are about to produce. If there is not that confidence in the market, then for those investors looking to turn that plant back on there is not enough confidence to do that.

CHAIR: Are there any other states looking at taking this up? Do you know of any other jurisdictions—

Mr Dametto: I do not believe there is any other state in Australia that has taken this—

CHAIR: Or that are looking at it?

Mr Dametto: I do not know if they are looking at it, no.

Mr MARTIN: In relation to compliance and fines, just looking at the fines, the current first offence fine in Queensland is \$27,000.

Mr Dametto: That is correct.

Mr MARTIN: You are proposing to increase it to \$55,000. To me, \$27,000 sounds like a pretty big fine as it is. Do you have any examples of sellers being fined and then just copping the fine and carrying on? Who are these people out there who can easily absorb a \$27,000 fine?

Mr Dametto: To be honest, this is about sending a clear message to industry that, if we are going to adopt this kind of legislation, we are going to be serious about building a biofuels industry in Queensland from all sides of the chamber. We need to send a clear message to those large fuel retailers that if you are mucking up here in Queensland we are coming after you. From my understanding it is rubbery figures right now, but I can get them. They are in the notes that I have. At any one time there are about 147 exemptions every quarter being written out there for fuel retailers, so there are a number of exemptions being written out there at the moment. I think that equates to about 45 per cent of all fuel retailers in Queensland that are exempt from even being looked at with any of these fines. Most of those are the smaller retailers. Most of those are the ones that find there is no ability to sell E10 in their area. There is just no demand for it. But for those that are selling E10 and those that are doing it in a way where it is profitable, mainly some of the bigger cities, those are the bigger fuel retailers. I believe they should be the ones being sent a message here.

Mr MARTIN: You are not proposing to change the exemptions?

Mr Dametto: Not at all, no.

CHAIR: I am just wondering if there are any examples—not naming anyone—where an unscrupulous service station owner, a larger one, might change the blend of E10 to weaken it so he could sell it.

Mr Dametto: That has happened in the past.

CHAIR: That was my question.

Mr Dametto: Yes, that has happened in the past.

CHAIR: There is evidence of that happening?

Mr Dametto: Yes.

Mr WATTS: Just to clarify that point, currently it only has to be between one per cent and 10 per cent?

Mr Dametto: Correct.

Mr WATTS: So you are saying there are examples of people being fined in the past who have gone to one per cent?

Mr Dametto: No.

CHAIR: Sorry, my question was are there people weakening their ethanol blend at the service station rather than the retailer? Is there evidence of service station owners doing that which would necessitate a fine for the service station owner?

Mr HEAD: What is the current cost of production from the plant? Obviously then it goes through fuel suppliers to the consumer, but do you have those figures on hand?

Mr Dametto: I can take that on notice.

Mr HEAD: That would be good, thank you.

CHAIR: It may be confidential to the business too.

Mr HEAD: Or even what it ends up being on the consumer end. If there is a way to measure that compared to mineral fuel and the blend, there may be a calculation there.

Mr Dametto: What I may be able to ascertain for you, if I take this on notice, is getting an average cost of ethanol per litre in Queensland—

Mr HEAD: Over the last five years, that would be good.

Mr Dametto: It would be quite helpful, yes.

Mr WALKER: We are going down the road of electric vehicles, hydrogen vehicles and hybrids, and today we are discussing fuel for traditional vehicles as we know them. We can put all of this work into this space, but in the event this fuel is mandated what do you think the life of this whole process would be? We see a lot of electric vehicles coming in. We have hydrogen vehicles on the road now. What life do you think we would get out of this whole process if this was in place?

CHAIR: Member, that is seeking an opinion because we do not know what the uptake is. You can answer that if you want to.

Mr Dametto: Yes, I am more than happy to give some commentary around that, Mr Chair. Looking at some of the bigger vehicle manufacturers across the world, you would be remiss to not notice Toyota and the way Toyota has pivoted with the market. They have not gone to a full electric vehicle yet because they see quite a lengthy market window for hybrid vehicles. Most people would

understand that hybrid vehicles have an engine that runs the wheels and things, but electric motors can take over and that motor can therefore charge the battery to run those electric motors. The fact is we are still using liquid fuel to burn in that engine. Why would we not use the most environmentally friendly fuel that is possible, which is an ethanol bio-based blend. E10 has been proven to have up to 28 per cent less tailpipe emissions than regular dirty RON 91 unleaded fuel, so if we can make sure those people who decide to buy a hybrid vehicle and fuel it with the cleanest fuel, E10, are guaranteed there is going to be an amount of ethanol in there, they are getting the most environmental bang for their buck out of the car.

CHAIR: That is interesting about Toyota. I was not aware of that.

Mr HEAD: What benefits would enforcing an ethanol mandate or more ethanol uptake bring to rural and regional Queensland, particularly the ag industry?

Mr Dametto: There have been a number of plants that have got to the point of putting a business case together and pegging out the land they could apply for permits to build on, but because there has not been a large enough ethanol uptake they have not proceeded with the project. A number of projects in the last 10 to 15 years have fallen over. Even millers like Wilmar, for example, have said, 'We'd love to make sure we're producing ethanol here at more of our plants, but if it's not financially viable because there's not enough demand in the market for ethanol then we're just not going to expand.' We have even had co-ops, one in the Herbert district, that were looking to move away from the traditional miller-grower relationship and build their own sugar mill to do ethanol and use bagasse to make electricity, but without those offtakes no-one is going to lend you the money to do that, that is for sure. The benefit to the industry is very clear. If there is a market for it, the industry can produce it. If we look over in America at the moment or Brazil, the two largest ethanol producers in the world, they are doing quite well with their industries, and their growers, millers and producers are doing well out of it.

Mr WATTS: You say specifically that closing this window of flexibility in terms of from one to 10 versus nine to 10 means that there will be more ethanol required?

Mr Dametto: That is correct.

Mr WATTS: An increase in the fines means that people are more likely to comply?

Mr Dametto: That is right.

Mr WATTS: That is effectively what you are trying to achieve?

Mr Dametto: Yes.

CHAIR: Going back to other states and jurisdictions, are you aware from your stakeholders why other states are not introducing this if it is such good fuel, environmentally clean and everything? Is there any feedback about that?

Mr Dametto: My understanding is that states like New South Wales have taken this on board. I cannot speak for the other states, to be fair.

CHAIR: Without putting words in your mouth, maybe it is that the sugar industry does not exist in those states; I do not know.

Mr Dametto: Like anything, it is best to produce something close to the source. That is where it is most cost-effective. I would say that Queensland and New South Wales, being either large grain or sugar cane growing areas, would be able to supply that market.

CHAIR: You mentioned earlier that the United States utilises it a lot.

Mr Dametto: The Midwest, yes.

CHAIR: They have other forms of producing ethanol?

Mr Dametto: The Midwest in the US produces the grain that is used to produce ethanol.

Mr HEAD: With current rules and mandates about four per cent, if it was enforced would that go a lot further to address this issue, or do you think we need to go further with it?

Mr Dametto: Increasing the mandate, increasing enforcement, yes, that would likely drive production, which would then bring the cost of ethanol per litre down. Cheaper fuel, that is what we are looking for long-term here in Queensland, I am sure, and fuel security. What we are trying to achieve here through this legislation is to get something over the line that sends the correct message to industry that we back the biofuels industry here. I think we have a very weak message right now out there in the biofuel space. We are allowing someone to sell something as E10 that has as little as one per cent ethanol in it. I think that is a bit of a facade.

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CHAIR: Thank you very much. We really appreciate that. You have taken a couple of questions on notice: one regarding other prosecutions in New South Wales; and you said that you may be able to provide a cost per litre of ethanol production.

Mr Dametto: We will do our best.

CHAIR: If we could have our responses by Wednesday, 14 December 2022 we would really appreciate it.

Mr HEAD: Obviously that depends on grain costs and things like that as well, so maybe if you could capture that. If sorghum is X then ethanol is Y.

CHAIR: Do the best you can.

Mr Dametto: We will see if we can get that broken down as best we can for you.

CHAIR: That concludes this briefing. Thank you to everyone who participated. A transcript of these proceedings will be available on the committee's webpage in due course. I declare this public briefing closed.

The committee adjourned at 9.00 am.