

Name of Inquiry

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23 January 2023

Committee Secretary
Transport and Resources Committee
Parliament House
George Street
Brisbane Qld 4000

Sent via: trc@parliament.qld.gov.au

Dear Committee Secretary

RE: *Liquid Fuel Supply (Minimum Biobased Petrol Content) Amendment Bill 2022*

Introduction

The Australian Sugar Milling Council (ASMC) is the peak industry organisation for the raw sugar manufacturing sector. We represent five sugar manufacturing companies which collectively produce 90 percent of Australia's raw sugar at 16 sugar mills in Queensland.

The Australian sugar industry currently has annual production capacity for around:

- 5 million tonnes of raw sugar from 36 million tonnes of cane;
- 1.5 million MWh's of green co-generation power;
- 750,000 litres of molasses; and
- 65 million litres of ethanol.

In 2021, the Queensland industry employed around 20,000 people and contributed around AUD\$4 billion in Queensland Gross State Product¹.

Context

To promote the ongoing viability of the industry, the milling sector has four core objectives:

- (1) Achieve consistently higher levels of cane supply and utilisation of milling assets;
- (2) Earn higher revenues from its raw sugar sales;
- (3) Achieve higher utilisation of existing (co-generation) power and ethanol plant; and
- (4) Evaluate further value-add, revenue diversification opportunities.

¹ <https://asmc.com.au/sugar-industrys-economic-contribution-2020-21/>



In relation to objective (3), and ethanol specifically, we support an ethanol mandate that is appropriately enforced and that achieves its stated 4% target.

In relation to objective (4), we continue to evaluate the feasibility of further bio-fuel investments, including more ethanol and sustainable aviation fuel options (ethanol-to-jet and biomass-to-jet options).

Common to both objectives is the need for policy support and removal of regulatory barriers to promote both sufficient demand and investment certainty.

Our views on this Bill

We are pleased to provide our views on this Bill.

Taken from the Explanatory Memorandum, the bill has two objectives:

- (1) To increase two-fold all penalties for non-compliance by liable fuel retailers liable with the State's bio-based petrol mandate, which presently sits at four (4) per cent of the total volume of all petrol sold; and
- (2) To require that fuel retailers take reasonable action (on a continuing basis) to ensure that the bio-based petrol blended fuels (referred commonly to as E10) they sell contains a minimum of nine (9) per cent ethanol and is advertised as such.

In relation to objective (1), it is unclear to us whether a doubling of the penalties will improve compliance without adequate enforcement.

As such, the ASMC supports an increase in penalties if there is a complementary tightening of the compliance rules on liable fuel retailers and adequate enforcement of these rules by Government. As part of this, we believe that:

- Exemptions should only be granted in exceptional circumstances; and
- There should be an obligation on liable parties with multiple sites to aggregate sales rather than seek exemptions for individual sites.

In relation to objective (2), the ASMC supports this proposal.

Our views on other required policies

If the State ethanol mandate is to achieve its 4% target, further changes will be required. Beyond the policy proposals in this bill, ASMC also supports:

- Given the increasing penetration of electric vehicles in the Queensland fleet, an increase in the mandate to levels to ensure demand matches ethanol production capacity;



- Government ensures its own E10 capable fleet is required to use E10; and
- Government works with industry to promote improved consumer confidence in E10. Ideally, this campaign should seek to provide information to motorists in relation to E10:
 - Availability
 - Vehicle compatibility
 - Quality
 - Health and environmental benefits.

Please don't hesitate to contact David Rynne, Director Policy, Economics & Trade on [REDACTED] for further clarification on the issues raised in this submission.

Yours sincerely

[REDACTED]

Rachele Sheard

Chief Executive Officer