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MANILDRA GROUP

100% AUSTRALIAN OWNED

Committee Secretariat
Transport and Resources Committee
Parliament House
George Street
BRISBANE QLD 4000

Dear Committee Secretary,

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

As a major regional employer and family-owned Australian business, Manildra Group (Manildra) appreciates the opportunity to make a submission to the Transport and Resources Committee, regarding the proposed *Liquid Fuel Supply (Minimum Biobased Petrol Content) Amendment Bill 2022*.

In addition to this written submission, we would be more than happy to discuss this in further detail, either in writing or in person before the committee members.

We understand that the objectives of the Bill are to expand on the provisions enacted by the *Liquid Fuel Supply (Ethanol and Other Biofuels Mandate) Amendment Bill 2015*, by further amending the *Liquid Fuel Supply Act 1984* for the following purposes:

- (i) 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
- (ii) 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 9 per cent ethanol and is advertised as such.

Manildra Group

Established in 1952, and to this day Australian family-owned, Manildra is a world-renowned manufacturing company, producing superior food and industrial products in Australia. Manildra partners with thousands of Australian wheat, sugar, and canola farming families – some for many generations – to produce Australian-grown and made products for national and global customers.

Manildra owns and operates state-of-the-art manufacturing sites throughout regional Australia, employing more than 1,000 people in fields ranging from engineering, science, chemistry, sales, maintenance, information technology, cleaning to a range of trades. Additionally, we support thousands of indirect jobs, in countless industries from agriculture, transport, logistics, sales and more.

Manildra is one of the largest exporters of food and industrial products in containers through Sydney's main seaport, and domestically delivers its products to more than 5,000 locations. Manildra produces a range of food and industrial products including flours, bakery mixes, sugars, oils, gluten, modified proteins, starches, syrups (glucose), animal stockfeed and ethanol for domestic and global customers.

Ethanol

Manildra is Australia's leading producer of ethanol used in food and beverages, pharmaceuticals and personal care, industrial applications, and transport fuels. Manildra's ethanol is made from 100 per cent Australian-grown, GMO-free, and pesticide-free wheat, and is produced as part of an integrated, innovative, and sustainable manufacturing process in Nowra, New South Wales.

At its Shoalhaven Starches site, Manildra's innovative world-class distilleries facilitate the full-scale production of sustainable ethanol, to sell to national fuel companies. Made at Shoalhaven Starches, the ethanol is delivered to fuel terminals, where oil companies blend it with petrol in the production of sustainable fuels such as E10 and E85.

In 2012, Manildra was the first plant in the world to receive the internationally recognised sustainability certification from Roundtable of Sustainable Biomaterial (RSB), recognising the highest commitment to sustainable ethanol production. In 2022, Manildra completed

their third re-certification, demonstrating the family-owned Australian businesses' unwavering commitment to reducing greenhouse gas emissions and delivering real positive social and environmental benefits.

The RSB is a full member of the International Social and Environmental Accreditation and Labelling (ISEAL) Alliance and is focused on the global sustainability of bio-based fuel and material production and use. Manildra maintains this certification through the implementation of RSB's environmental, social, and economic principles and criteria.

RSB's approach is internationally renowned as the most trusted, credible, and practical certification for the bioeconomy, with support from Non-Government Organisations. RSB's approach is also recognised in Australia's biofuel regulations, ensuring that ethanol producers demonstrate that their operation is actively creating positive outcomes for people and the planet.

Policy Objective 1: two-fold increase of all penalties for non-compliance by liable fuel retailers liable with the State's bio-based petrol mandate

Manildra understands the ethanol uptake has remained below the mandated 4% of fuel sales target as required by the *Liquid Fuel Supply (Ethanol and Other Biofuels Mandate) Amendment Bill 2015*.

We note since the introduction of the legislation, there has been an increase of biofuels usage in Queensland.

We further note the primary reasons for the soft biofuel uptake (below the mandated 4%) are unrelated to the price or availability of ethanol enhanced fuels, as E10 has remained the cheapest fuel option for consumers on the petrol stations forecourts. We surmise that E10 sales remain below target levels due to the lack of compliance by liable parties.

The current compliance approach is not effective in the administration, enforcement, and intent of the legislation. Penalty increases for non-compliance should be implemented, to ensure that the enforcement regime is successful.

The increasing of monetary penalties two-fold is within a range and quantum that will provide an effective and realistic deterrent to any liable party breaching their obligations.

Policy Objective 2: That fuel retailers take reasonable action (on a continuing basis) to ensure that the bio-based petrol blended fuels (referred commonly to as E10) contains a minimum of 9 per cent ethanol and is advertised as such.

Manildra submits that motorists are purchasing E10 on the understanding that the petrol blend comprises of 90% petrol and 10% ethanol. This is not the case. The legislation states that “E10 fuel is a blend of up to 10% ethanol and 90% unleaded petrol.” Consumers are relying on this blend information when purchasing fuel. Currently, this advertising is misleading, confusing, and inaccurate.

Fuel samples have shown that the ethanol by volume, varies significantly “up to 10% ethanol.” This varies between 1% -10% ethanol in the E10 blend. The legislation should stipulate a tolerance of 1%, specifically that the fuel blend contains between 9% -10% ethanol.

Enacted in New South Wales, the Biofuels Regulations 2022 stipulates that “E10” means petrol-ethanol blend that contains between 9% and 10% ethanol by volume, being ethanol that complies with a biofuel sustainability standard. Exact blending of ethanol should be legislated, and at precisely between 9% -10%. Fuel terminals have the capability to technically blend within fine tolerances, as is the practice for all other additives added into petrol blends.

Manildra submits that the exact blending of ethanol at a prescribed volumetric level between 9% -10% for E10, would increase consumer confidence at the bowser, rectify false advertising, avoid any misconceptions of the level of ethanol in blends and ensure E10 meets nationwide fuel standards.

Furthermore, we note that motorists consider and refer to the Research Octane Number (RON) advertised with each fuel type, at the fuel station.

The current RON labelling for E10 is misleading, confusing, and incorrect. At Queensland fuel stations E10 is labelled varying RONs from 91 RON to 95 RON, in many cases the exact same fuel product supplied and offered at the same branded fuel stations. This is despite the product (E10) being consistently above 94 RON.

The above labelling discrepancy situation was occurring in New South Wales until 2019 when submissions into this issue prompted the New South Wales Department of Fair Trading to monitor RON labelling throughout the state, and enforcing accurate and consistent labelling.

To date, in New South Wales the E10 fuel blend is labelled consistently and accurately as **94 RON** providing motorists with a correct, credible, and real option for cheaper fuel and higher-octane levels.

Benefits of Ethanol Enhanced Fuels

Manildra submits that ethanol enhanced fuels, deliver significant benefits for the state of Queensland, including but not limited to.

- *Compatibility*: Biofuels are perfectly compatible with existing engines, are octane enhancers, safe and able to be used in the traditional fuel distribution network;
- *Price*: Supports competition and choice at the bowser whilst saving motorists hundreds of dollars a year;
- *Economy*: Drives wealth creation and investment across industry sectors by creating local jobs and investment in Queensland;
- *Environment and Health*: Reducing harmful emissions from the transport sector and replaces toxic additives in petroleum-based fuels while providing a naturally high octane;
- *Fuel Security*: Reduce Queensland's reliance on foreign oil by producing a source of domestic energy and securing the state's energy independence;
- *Agriculture*: Provides a vital market for Queensland farmers and biofuels are produced from waste streams and by-products so there isn't any competition with food production; and

- *Research and Development:* The development of the biofuel industry will facilitate ongoing research and development into second or third-generation technologies

If you have any questions or would like to discuss further, please feel free to contact me via email [REDACTED].

Kind regards,

[REDACTED]

Kirsty Beavon

Head of Government and Corporate Affairs

MANILDRA GROUP