



Speech by

**Hon. PETER BEATTIE**

**MEMBER FOR BRISBANE CENTRAL**

Hansard Wednesday, 12 May 2004

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## **MINISTERIAL STATEMENT**

### **Ethanol**

**Hon. P.D. BEATTIE** (Brisbane Central—ALP) (Premier and Minister for Trade) (9.49 a.m.): My government is pursuing a long-term policy agenda on biofuels and, in particular, ethanol. In the next few years, we believe Australia and the world will increasingly embrace ethanol as the need to include renewable energy sources intensifies. The benefits of ethanol are clear: it is more environmentally sound, reduces pollution and helps us meet our greenhouse targets. It provides new options for our primary industries and promotes jobs in regional centres.

The sugar industry, after our recent reforms, is one industry that stands to benefit. Our new legislation is a framework to encourage the sugar industry to pursue a range of value adding opportunities, including ethanol production. We want to capture these benefits for Queensland. As I said, we want to use Smart State strategies to value add for the future. I seek leave to have the remainder of my ministerial statement incorporated in *Hansard*.

Leave granted.

This requires serious engagement in the policy debate on ethanol. There are two key issues to promoting ethanol—supply and demand—and the Queensland Government is addressing both. In relation to demand, promoting consumer confidence requires demonstrating that ethanol is safe for use in most cars.

The success of the Caltex trial in North Queensland shows consumers will use ethanol and I commend Caltex and CSR Refineries for continuing this trial.

We threw our support behind the trial when it first started last year, and some QFleet vehicles are using E10 in Brisbane and in the North.

Ensuring supply is also crucial. This means creating incentives for investment in ethanol production. I am now delighted to inform the House we are filling the leadership vacuum left by Canberra.

To encourage the ethanol industry and increase supply, the Queensland Government will host an international conference early in 2005. To clarify and progress the ethanol debate, we will invite a range of high profile speakers with technical and practical expertise.

The experience gained in Brazil, Europe and the US will give valuable insights on both supply and demand issues. There will be a strong emphasis on using state-of-the-art technology. Brazil wants a partnership with Queensland to produce ethanol. Brazil needs the Smart State to become a major ethanol exporter, because this would improve reliability of world supply and encourage huge car markets particularly Japan—to become major buyers of ethanol. It is a bit like the theory from the old days when Australia ran on the sheep's back—about every person in China having woollen socks. If every Japanese motorist filled their tank with biofuel, we could say Queensland runs on cane juice!

Already, senior officers of the Government have held discussions with Brazilian Government representatives with a view to them participating in the conference. As I have informed the House, I will travel to Brazil this month and hold discussions with Brazilian Ministers and key industry participants in the sugar, ethanol and car industries. I intend to forge closer links between Queensland and our colleagues in Brazilian industry on this important matter.

Contrast our approach with the Federal Government's. Its 12.5% levy, phased in to 2015, does little to stimulate investment. Unfortunately Queensland cannot effectively mandate ethanol in fuel. The Federal Government is the only body capable of doing this—and the failure is shameful. A Federal mandate works in the United States, France, Spain and Thailand, and even Japan may soon have a mandate.



Queensland is moving ahead, and I invite the Federal Government—especially Queensland Ministers like Warren Truss and Ian MacFarlane—to join us in giving ethanol a viable future.