Speech by

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LIQUID FUEL SUPPLY (ETHANOL) AMENDMENT BILL

Mr KNUTH (Charters Towers—LNP) (9.22 pm): I would like to start by saying how ironic it is that at the start of the 20th century when Henry Ford produced the Model T he planned to fuel it with ethanol. Now at the start of the 21st century we are debating the mandating of 10 per cent of the total volume of fuel sold in Queensland to be an ethanol blend. However, oil prices were much cheaper then and readily available. No-one considered that oil reserves could run dry and that alternative sources of energy would need to be found. No-one considered that perhaps emissions from engines were detrimental to the environment and no-one considered the health impacts on the general public of our reliance on transport. Therefore, we find ourselves in the curious position of being overreliant on a finite source and needing to find an alternative quicker than probably could ever have been anticipated.

The main benefits of ethanol and biofuels are the reduction in greenhouse gas emissions, the reduction of our reliance on imported oil and improved community health. Queensland currently produces around 32 million litres of ethanol. A mandate for 10 per cent by volume would require approximately 350 million litres of ethanol, which would give the industry, financiers and farmers greater incentives to invest in ethanol production. This investment has the potential to create jobs in rural and regional areas, as well as reduce our current reliance on imported fuels and fossil fuels.

Brazil has a long history of ethanol production. The country's ethanol-for-fuel program started in the 1970s. Ethanol use was mandated and production levels were regulated. The Brazilian government gave companies low-interest loans to build ethanol plants and guaranteed prices for their product. Technology projects were paid for by the government and in 2007 these measures resulted in nearly one million jobs in the industry and significant cuts to oil imports. In 2006 Brazil produced 16.3 billion litres of ethanol with production predicted to reach more than 26 billion litres in 2008. Following the development of flexi-fuel cars, on any single day Brazilians turn up at the service station and have the choice to fill up with anything from zero to 100 per cent ethanol. Countries with large fuel bills such as India and China are following Brazil's progress closely. India, the world's second-biggest sugar producer behind Brazil, mandated a five per cent ethanol mix in 2003 for nine of its states.

For E10 there is a reported eight to 11 per cent reduction in greenhouse gas emissions and a decrease of 50 per cent in tailpipe pollutants, which would result in significant healthcare savings for health departments, particularly in large cities where pollution is a significant health risk. Regional development would result from investment in ethanol plants. Employment would increase in those areas. An increase to the value of existing industries, as well as other business opportunities relating to the production of ethanol, would revitalise rural communities and give farmers opportunities to expand and remain viable. In the United States the production of over seven billion litres per year has created over 190,000 jobs in rural and regional communities.

Fuel ethanol could replace five to 10 per cent of Australia's total petrol consumption, reducing our reliance on imported fuel and reducing the trade deficit. It is predicted that we will need to import more than 70 per cent of our oil requirements to meet demand. Any measure to reduce this figure and remove our reliance on the volatile oil industry must be seen as a positive move. We need to stop pandering to the large oil-producing companies and start mandating the full-scale introduction of alternative organic fuels.

The recent oil price hikes have shown that global oil companies have enjoyed little in the way of competition while forming unbridled monopolies in dictating rising oil prices. Put simply, this flies in the face of our national competition policy which is meant to protect consumers.

I believe the solution is simple: if the oil companies believe they can decrease and increase production according to demand and price, then as a nation we have little alternative but to follow countries like Brazil and other nations in producing alternative renewable fuels like ethanol. Right now ethanol is becoming highly competitive as an alternative to petroleum and currently is even cheaper to produce. Furthermore, given the current situation in our own domestic sugar industry it makes plain common sense to seriously consider killing two birds with one stone. What is needed right now is a checkmate to meet oil producers.

We need a mandate of 10 per cent ethanol at the bowsers now and a continual percentage rise every time oil goes up. This mandate would provide the first step towards improving our own ability to meet our own energy requirements by ourselves for ourselves. It would provide motivation to the ethanol industry and, rather than force fuel companies to import ethanol from overseas or interstate, a staged introduction of the mandate would boost the industry’s development within Queensland and give the battlers who are paying an arm and a leg for a litre of fuel a cheaper, clean, alternative fuel source.