Speech By
Hon. Tim Nicholls

MEMBER FOR CLAYFIELD

MOTION: ETHANOL

Hon. TJ NICHOLLS (Clayfield—LNP) (Treasurer and Minister for Trade) (5.45 pm): I move—

That all words after 'House' be deleted and the following words inserted:

- notes the economic importance of the Queensland sugar industry and that the Newman government has recognised agriculture as one of the four pillars of the state's economy;
- notes the former Labor government broke its 2006 election commitment to implement an ethanol mandate in Queensland;
- notes the Commonwealth fuel excise of 38.143 c per litre is a more effective support for the domestic ethanol industry than a mandate; and
- endorses the Newman government's support for the sugar industry including $4.6 million over four years for industry research, development and extension, investigation of the transfer of SunWater channel schemes to local irrigators and reforms to vegetation management to support sustainable food production.

That amendment is being circulated now. There is no doubt that the Queensland sugar industry is a big industry with a big value. In 2012-13, the gross value of Queensland's sugarcane production—that is, from the 2012 harvest—is forecast at $1.2 billion, which is in fact four per cent higher than the Department of Agriculture, Fisheries and Forestry's final estimate for the 2011 crop and 14 per cent above the average for the past five years. Further, total revenue from the 2012 crop from Queensland, in raw sugar equivalent, is expected to be $1.88 billion—an industry hardly on its knees; an industry that is well supported here in Queensland by this government; and an industry that is based on the resilience of its growers, its producers, through the marketing arrangements that are put in place, that continues to produce results for Queensland.

The size of the 2012 season's sugarcane crop for Queensland is expected to increase by 3.7 million tonnes to around 30 million tonnes. This forecast is due to an increase in the area harvested and higher sugar yields aided by near ideal weather conditions in the harvesting period. While sugar prices in 2012-13 are forecast to be lower due to large ongoing closing stocks in the previous year and higher production in 2012-13, the future is bright and, according to reports from the Australian Cane Farmers Association conference in April, prices are set to increase. In fact, today QSL is forecasting that the weighted average price per tonne of sugar will steadily rise over the coming years from $395 a tonne in 2013 to over $450 a tonne in 2016 and up to $429 a tonne next year alone.

We would all do well to remember that it was the former Labor government who broke Peter Beattie's promise of 2006 to introduce an ethanol mandate in Queensland. Former Treasurer Andrew Fraser suspended the promised five per cent mandate on 20 October 2010, just months before it was proposed to come into effect and at a time when industry assistance provided by the Commonwealth government was proposed to be scaled back to no assistance by 2020. It was another example of a promise made that was broken.

A lot has been said about the mandate tonight, but the reality is that it is the Commonwealth fuel excise that makes the big difference for domestic production of ethanol. For the benefit of the House and the member for Condamine and the member for Dalrymple, all ethanol sold for fuel in Australia attracts the Commonwealth excise of 38.143c a litre. But ethanol which is produced domestically receives an offsetting rebate of 38.143c a litre. In effect, it is eliminated. Effectively cancelling the excise places domestic ethanol production at a substantial advantage to imported ethanol.

On top of that, imported ethanol also attracts a five per cent import duty not applicable to domestically produced ethanol. Effectively, this is a substantial benefit and incentive for Australian growers and is of far more importance than a mandate. A mandate would simply continue to cross-subsidise the production of ethanol. In 2011-12 the Commonwealth announced the indefinite extension of the ethanol excise on domestically produced ethanol, and it is appropriate that the Commonwealth does bear the responsibility for providing that support because the Commonwealth has the taxation powers for fuel excise and import duties. It is best placed to deliver it. A mandate could effectively increase prices. There have been a number of reports that show that the addition of ethanol into all unleaded petrol would increase prices. I turn now to some of the facts and figures.

Mr Hopper interjected.

Mr NICHOLLS: To hear the member for Condamine talk about integrity is interesting. He talks about the cattle industry wanting it when the cattle industry does not want it because it pushes up the price of feed. Small retailers do not want it. Australian families do not want it.

(Time expired)