




Speech By
Andrew Powell

MEMBER FOR GLASS HOUSE

Record of Proceedings, 6 May 2015

MOTION: ETHANOL MANDATE

 **Mr POWELL** (Glass House—LNP) (6.00 pm): I move—

That this House:

1. Supports an ethanol mandate in fuel;
2. Instructs the government to form an implementation board to:
 - (a) consult stakeholders and consumers;
 - (b) determine preferred levels for ethanol content in fuel sold in Queensland;
 - (c) consider potential impacts on consumers and any appropriate protections; and
 - (d) determine time frames for the introduction of those mandated ethanol levels; and
3. Requires the implementation board to report back to the parliament by no later than 30 October 2015.

At the outset it is undoubtedly fair to say that the issue we are debating tonight has already been significantly and widely debated in this House over the years. I also want to point out at the outset that at various times the issue has received support from all sides of politics, including from you, Mr Speaker, I suspect in your capacity as the member for Nicklin given the significant sugar industry in the Sunshine Coast hinterland, which we have the pleasure of representing. It is in the spirit of this new parliament that the LNP opposition believes there is a genuine and real opportunity for all members of parliament to fully consider the potential benefits that this industry holds, not just for regional Queensland but also for the state as a whole. I will spend a few moments considering the benefits of the ethanol industry.

Certainly biofuels have lower emissions than fossil fuels. Mandating a minimum amount of ethanol will improve not only the quality of the petrol, but also environmental outcomes, including air quality. It will help improve fuel security. I understand that recent reports have outlined that Australia now imports more than 90 per cent of its fuel, with refineries closing down across the country each and every month. We have seen that here in Brisbane with BP's recent decision around Bulwer Island. An ethanol mandate will help stimulate regional economic development through the creation of an alternative and stable market for grain, cane and other feedstocks produced in this state. Importantly, it will help to deliver diversity to our rural industries and stimulate employment growth in our regional communities, which are some of the key aspects that we heard discussed by the Queenslanders we worked with to develop the Queensland Plan. They wanted to see diversification and growth in regional employment and regional industries.

Two of Australia's three ethanol producers are based in Queensland: the Dalby Bio-Refinery in the electorate of Condamine and the Sarina distillery in the electorate of Mirani. Both are major employers in each town. An ethanol mandate could help to facilitate further plants throughout Queensland, as well as expanding existing capacity at the Sarina and Dalby plants. There are also potential benefits for our farmers by providing a reliable alternative market for grain grown by Queensland producers.

That is not to say that there are not complexities and impacts, which do need to be fully considered before we adopt a mandate in Queensland and that is why we have included what we have in tonight's motion. As highlighted in departmental advice to a previous parliamentary committee report, it is important to understand both existing ethanol production capacity and potential ethanol production requirements. That is why we are proposing broad industry consultation and discussion before determining a preferred level for ethanol content in fuel sold in Queensland. As an example, in Queensland the two existing plants have capacity of approximately 140 megalitres. A five per cent ethanol mandate on the volume of total motor spirit sales could produce total demand in the order of 200 megalitres. While the bulk of a five per cent mandate might be met by expansions to the existing plants, a higher mandate would require further industry development. There is also a perception in the community that ethanol can be harmful to car engines. There are concerns that mandating ethanol will reduce the availability of regular unleaded to those who choose to access that fuel or that there may be inadvertent increases in fuel prices across the state. That is why we believe we must consult with stakeholders, consumers and consumer advocacy groups to ensure that we do not have those negative impacts.

There are also the implications of changes in the Ethanol Production Grants program by the federal government. Currently, all ethanol sold in Australia attracts a Commonwealth excise of 38.143 cents a litre, but ethanol that is produced domestically receives an offsetting rebate of the same amount. Effectively, domestic ethanol producers have an advantage over their competitors from overseas. However, the federal government has announced changes to what is known as the Ethanol Production Grants program and from 1 July 2016 domestic producers of ethanol will also be liable to pay some amount of excise. The full impacts of that decision are not yet fully understood.

With all of this in mind, the LNP opposition believes that it is the right time, a good time, for this new parliament to consider what can be done to support the diversification of Queensland's rural industries. It is with much pleasure that I move the motion before the House this evening.