




Speech By
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MEMBER FOR GLASS HOUSE

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**LIQUID FUEL SUPPLY (ETHANOL AND OTHER BIOFUELS MANDATE)
AMENDMENT BILL**

 **Mr POWELL** (Glass House—LNP) (5.03 pm): As the minister outlined in his contribution this afternoon, there has been an outbreak of bipartisanship in this chamber. As the minister concluded, if the ethanol mandate is to work it does require bipartisan support and it is certainly the intent of the LNP opposition to provide that support. Having said that, there are a number of challenges that, in moving forward, may present themselves to the government. I feel it is my responsibility to highlight some of those for the minister and his department's ongoing consideration, but suffice to say that the LNP will not be opposing this bill nor, for that matter, the amendments that the minister has alluded to.

As the minister highlighted, this has been an issue that has been discussed at length in Queensland for a considerable period of time—for more than a decade. For example, as the minister said, it was the previous Labor government in 2010 that broke its 2006 election commitment to introduce an ethanol mandate. That decision was made by then treasurer Andrew Fraser just two months before the mandate was set to begin in 2010. While the current Labor government has had a road to Damascus conversion on the benefits of biofuels and expanding the ethanol industry in Queensland, the LNP has long had a view that a mandate would be beneficial. LNP members have previously introduced legislation aimed at implementing an ethanol mandate, only to have that legislation voted down by those Labor MPs opposite.

The LNP under the leadership of the member for Southern Downs made the commitment again at the start of this year to introduce a bill to mandate ethanol in fuel, with an implementation board to consult with industry bodies to determine content levels and an agreed phased time frame to achieve that level. In May I introduced a motion calling on this Labor government to look into this issue, and I said at the time—

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.

Our continued advocacy in this space has forced the Labor government's hand and that is precisely why we are standing here today debating the benefits of a biofuels mandate.

I will echo the words of the minister and commend the parliamentary committee's consideration of this bill. I had the benefit of being able to participate on a couple of occasions in the committee's considerations and I think the outbreak of bipartisanship which we are seeing here this afternoon actually commenced during that committee. I do commend all members and both the chair and the deputy chair, who are present and about to speak on this bill, for the way in which they approached this issue. I also want to commend the committee secretariat on the committee's very detailed report. If members and those listening have not had a chance to view that committee's report, I really recommend that they do.

All up the committee received 18 submissions to the bill from a range of stakeholders representing a vast array of industries. This included various sections of the agricultural industry, the

biofuels industry and those operating Queensland's biorefineries, fuel retailers, motor traders, Queensland motoring groups and fuel wholesalers. Suffice to say there were a range of views out there on this bill. Some felt the two per cent biobased mandate was too low while others argued any mandate was too high. Some submitters were concerned a biofuels mandate would increase costs and impose more red tape on fuel retailers.

There was a concern about the adequacy of the 250,000-litre volumetric threshold per calendar quarter amount for fuel retailers. There was a concern there would be a rush to the sale of premium unleaded petrol because people did not fully understand whether an ethanol blended fuel would work in their car. There was a concern that this bill did not include future time frames for increasing the mandate, thereby providing those in the biofuels industry with no certainty. The need for a clearly articulated advertising campaign to educate consumers about biofuel blends was also another particularly important point of committee consideration. Another prevailing concern was the implementation date of 1 July 2016, because that was considered too early for people in the industry to prepare for the introduction of these mandates.

In considering this legislation, it is important to weigh up all of these views and it was my view and clearly that of the committee that the legislation struck a workable balance. However, the committee did recommend a number of improvements, and I note that the minister has addressed all of those and taken them on board either partially or fully. As I said, we will be supporting those amendments later this evening. However, I note here—and I do need to digress a little bit—that the minister has potentially gone a little further than what the committee recommended, particularly with the two per cent going to three per cent, and it does appear to be an example of policy on the run. I thank the minister for availing his departmental and ministerial staff for the briefing yesterday, but yesterday officials from the Department of Energy and Water Supply briefed me on the government's proposed amendments to the Liquid Fuel Supply (Ethanol and Other Biofuels Mandate) Amendment Bill and at no time during that briefing was the amendment that the minister referred to raising the initial mandate to three per cent discussed. The first I heard of this amendment, which did not form a recommendation of the parliamentary committee, was this afternoon when I received a phone call from the minister. I again thank him for taking the time to do that, but suffice it to say it has come out of the blue.

In my response, firstly, I would like to ask: what has changed between yesterday afternoon and today? If it were the minister's intention to introduce a higher biofuels mandate with a delayed implementation date, then why not have those departmental officers discuss these changes with me yesterday afternoon? Is it a case that the minister has only come to this final position today? As I said, the LNP will not be opposing the government's amendment; it would simply ask the government to provide further information as to why it has come to such a sudden change in policy direction.

I want to reflect on the advice that the Department of Energy and Water Supply provided the Utilities, Science and Innovation Committee as part of its consideration of this bill. This information was provided in response to feedback that the mandate should be set at a higher volume. I refer to DEWS response to written submissions, which are available on the committee's website. It states—

A minimum two per cent is an appropriate starting point for the biobased petrol mandate. In determining the starting point, government consulted widely and is taking a measured approach.

...

It is important for the success of the mandate that fuel sellers are given enough lead time to upgrade their retail sites and supply chain infrastructure to physically supply E10 to motorists. Another factor just as critical as production capacity and fuel supply infrastructure is that motorists must buy E10 in sufficient quantities to meet or exceed the mandate. It is important to recognise the mandate is the minimum level of ethanol that must be sold, with offences for non-compliance, and is not an aspirational target. Time is needed for consumer behaviour at the fuel bowers to change.

This document goes on to say—

The initial mandate level for biobased petrol (ethanol) is set at two per cent of regular unleaded petrol (RULP) sold in Queensland and will be based on sales of RULP and E10. A starting mandate of two percent followed extensive consultation and balances existing supply capacity, supporting consumer choice at the bowser, and to ensure that the mandate is achievable by providing sufficient lead in time for industry, particularly retailers, to undertake infrastructure adjustments to sell ethanol blended fuels.

I would also like to reflect on the department's advice provided to the committee during public hearings into this bill. It was my colleague the member for Whitsunday who asked the following question—

Right. Thank you, Ms Standen—

who is the General Manager of Energy Regulation and Governance in the Department of Energy and Water Supply—

I have one final question, if I may. Mr Barr, can you or any of your colleagues advise us why we got to two per cent as the starting point for the mandate rather than a higher percentage? Perhaps there were many people in regional Queensland who were licking their lips to see a higher percentage, but we are at two. Can you enlighten us, please, on that?

Ms Standen: I will take that one, too. Yes, two per cent was an interesting exercise in consultation, I have to be honest with you. We undertook nine workshops across Queensland over a very short period of time. I think I ended up going to five or six in a two-week period. We talked to people about what the starting rate should be and we also received a number of submissions. It was a very contentious issue across-the-board. In regional Queensland, people did want a higher percentage, but then a number of industry players also wanted no percentage at all.

So when we were looking at the potential impacts on retailers, as we talked about before, and weighing them up against the potential development that this mandate could actually provide the biofuels industry in Queensland, we thought two per cent was a reasonable start. It would not unfairly burden retailers to a large extent but at the same time it would give policy certainty to the existing players in the biofuels space—so the facilities at both Sarina and Dalby—but also show that new industry would be welcome in Queensland by putting in a commencing rate of two per cent. That is reasonable and that will not necessarily fall over within the first year.

I just want to pause there because, as I said at the outset, we are committed to seeing this mandate work. We in the LNP do not want to see this mandate fall over. That is why I am raising these concerns with the proposed increase to three per cent. Ms Standen went on to say—

We are confident that two per cent can be reached with the support that government needs to do ... an education campaign and also working with our industry partners to work through some of the implementation issues with them. That is how we got to the two per cent and at this point in time we think that is a reasonable rate compared to the experiences that New South Wales and other places have had, too.

That was the evidence from the minister's own department provided to the committee as part of its consideration of the bill. At no time—at no time—was the appropriateness of an initial mandate of three per cent broached, which is why it is not reflected in the committee's report.

It should also be noted that the committee report highlights the potential for future increases. It expressly mentions the minister's pathways options. The committee's report states—

On 11 November 2015, while the Committee was in the process of finalising this report, options for pathways to increase the mandate percentages were published on the DEWS website.

The proposed options provided for the biobased petrol mandate pathways are:

- Option 1: The mandate to increase to 4 per cent of sales from 1 July 2019
- Option 2: The mandate to increase to 4 per cent of sales from 1 July 2020

So while the committee was still considering the introduction of a mandate, the minister was already consulting with the community about potential pathways for increasing the mandate. The department's website states—

The ethanol mandate will start at 2% of regular unleaded petrol sales to be bio-based petrol. In practice, this means that at least 20% of regular unleaded petrol sales must be E10 (E10 is 10% ethanol blended with regular unleaded petrol).

It goes on to outline the two pathway options. Then the website states—

Have your say

We're seeking industry and community feedback on potential pathways to increase the mandate percentages over time and welcomes other suggestions.

With input from industry and the community, we can develop a measured and sensible approach to help achieve sustainable biofuel and bio-manufacturing industries for Queensland. Consultation will open for four weeks until 11 December 2015.

So before that consultation closes, the minister is already changing the goalposts.

In my contribution I would also like to reflect on what the explanatory notes to this bill state. On page 2 of the explanatory notes it states—

The Government's decision however to increase the biobased petrol mandate from 2 per cent and similarly to increase the 0.5 per cent for biobased diesel will be subject to a review and recommendation from the Queensland Productivity Commission. The Commission will consider the economic, social and environmental benefits of the mandated targets and how they support domestic production of biofuels, and support growth in Queensland's bio-manufacturing industry, as opposed to growing an importation market from interstate or abroad for biobased fuels and other biobased products.

Again, the minister's amendment is in direct contrast to this commitment made in the explanatory notes to his own bill. The minister has made this decision to increase the initial biofuels mandate to three per cent without the review and recommendation being provided by the Queensland Productivity Commission. The minister's amendments provide a delay in implementing the mandate to 1 January 2017. One of the issues highlighted through much of the committee's deliberation on this bill was the fact that the decision to implement a mandate was done without a regulatory impact statement first being undertaken. Indeed, I put this point to the departmental officers at the hearing. I refer the minister to the transcript of the hearing held on that day. I asked—

Was a regulatory impact statement done as part of the development of this bill and explanatory notes?

Ms Standen, who I referred to previously, stated—

No.

Mr POWELL: Why not?

Ms Standen: The government decided that at a level of two per cent there was not necessarily a need because the impact would be minimal at that point.

Mr POWELL: Yet every person we have heard from this morning has talked about the impact one way or another, particularly the last two or three groupings. They have spoken about an impact on them, their businesses, franchisees.

Mr WHITING: Even the producers at four per cent.

Mr POWELL: So it was a government decision not to produce—

Mr MOLHOEK: Even the producers have raised concerns about the volatile nature of the mandate in terms of flexibility and certainty.

Ms Standen: What government committed to at the time was that we would approach each increase through the Queensland Productivity Commission. So any increase from the two per cent would have to be subject to a review by the Queensland Productivity Commission prior to that which would obviously involve a public process.

Mr POWELL: I understand that, but I find it rather concerning that a mandate that will clearly have an impact on a range of individuals and stakeholders has not had a regulatory impact statement done.

Ms Standen: I think that is a question for our minister.

I will certainly put that to the minister. Given that the minister has now raised the mandate to three per cent, given that he is deferring the implementation date to 1 January 2017, I believe that gives the government time to do a regulatory impact statement. I think that would be a sensible move by the government. Given the known impacts on all stakeholders in this matter, that would assist in some of the further issues that I will be raising in my speech. It might be a sensible solution for all involved as we move forward.

I would also highlight the contribution of Mr Mark McKenzie, the Chief Executive Officer of the Australian Convenience and Petroleum Marketers Association at that public hearing. He stated—

Finally, our concern is that if there was any argument about lifting above two per cent, which is the position that we have worked cooperatively with the government on, we would fully expect that the government would undertake a regulatory impact statement that would actually look at the costs of moving above two per cent. Our cautious, if you like, qualified support to date has been provided on the basis that this initial regulation starts at two per cent and does not go anywhere above it in terms of E10, and it remains at the biofuel level that has actually been set in the regulation.

Will the minister undertake to have that regulatory impact statement done before that three per cent mandate starts on 1 January 2017?

The department highlighted the lack of data that currently exists regarding the volume of fuel sales here in Queensland. The department's advice was that in 2013-14 ethanol consumption was about 35 megalitres, or 1.2 per cent, of regular unleaded fuel in Queensland. The mandate would see an increase, initially to two per cent, of about two-thirds of that. We are now more than doubling it. Noting the lack of available data which was highlighted throughout the parliamentary committee's report, it would be interesting to know how the minister has arrived at this last moment three per cent mandate target. Again, if he has some information that I am not privy to I would be keen to hear that in his summing-up at the end of this afternoon.

If I could return to some of the other aspects that the committee and I have concerns with, many of which the minister has addressed. We have seen that the total production capacity of Queensland's ethanol producers is around 140 megalitres per year, which the department estimates is capable in the longer term of meeting a mandate between 2.8 and 4.7 per cent depending on Queensland's future fuel sales. But one of the issues highlighted during the public hearings was again that lack of information available in this space. There currently is no conclusive data on the breakdown of fuel sales here in Queensland and what the percentage of ethanol consumption is. As the department does not hold or have access to existing reliable data on the fuel industry in Queensland, it is necessary to oblige all fuel sellers to be registered and to keep the register up to date, as well as to provide an initial report on fuel sales to provide a reliable baseline for data. The collection of that data is a particularly important part of this legislation. We need as much information as possible to measure fuel sales against targets and to carefully determine time frames for any future increases to a biobased fuel mandate. As I will discuss shortly, we also need it to ensure that volumetric thresholds are accurate and appropriate.

Whilst the LNP is broadly supportive of this legislation, we do have some concerns and, as I have said, some of those have been addressed but others remain and we will certainly be monitoring them carefully over the course of the next 12 months. One of the key concerns we did have was the July 2016 start date. I have listened carefully to the minister's contribution today and I do acknowledge that that now has been pushed out to 1 January 2017. I think in the end that will be a good outcome because it does allow the minister and his department and all stakeholders to consider a range of aspects: firstly, will fuel retailers have the appropriate infrastructure installed in time to meet the deadline; and will the start lead to widescale exemptions for fuel retailers rendering the mandate pointless? When it was 1 July there was a concern that, rather than do the work needed to install the appropriate tanks and

browsers, a number of smaller operators who did not feel that the volumetric threshold was accurate were going to seek exemptions and the department could have potentially been inundated by those exemption requests therefore rendering the mandate useless. The extra time now gives the minister and the department the opportunity to have a look at that data I mentioned and make sure those things are right.

Another important issue was would there be enough time for an effective public campaign to educate citizens about their car's ability to use biofuels and the benefits of this fuel type? A couple of former ministers on this side of the chamber have had some experience with the Government and Advertising Communication Committee, GACC. Some of us had not very pleasant experiences with GACC.

Mr Nicholls: Gag!

Mr POWELL: I will take the member for Clayfield's interjection. Gag is probably more appropriate. At the hearing the feedback to the department was that the education campaign needed to start and it needed to start soon. When I asked had they started going through GACC the answer was no, but they were confident that they could have got it through in time for the 1 July starting date. I think my word then was 'heroic'. My word is still 'heroic'. Twelve months will give the minister and his department a lot more time in which to develop an effective public campaign. I think if the minister reflected on what went wrong between 2006 and 2010 he would see that the public education campaign did not keep pace with the installation of the E10 fuel browsers. Misinformation was being fed to Queenslanders around the benefits or otherwise of ethanol in their fuel tanks. There was a whispering campaign from a lot of mechanics that basically undercut it. People were looking for choice as a result. They were not getting it because of the then higher mandate. All of these things can be solved through an effective education campaign and one that is done in consultation with all the stakeholders.

I also note that it is better to collate the data for a longer period of time to fully understand trends in fuel sales in Queensland so that we can put in place a regulatory regime that best reflects those trends. Those concerns were highlighted in many submissions. I refer members to pages 34 and 35 of the committee's report where it goes on to say—

Other concerns raised about whether the proposed commencement date will provide sufficient lead-in time, include:

- the data on fuel sale volumes and locations is required to determine appropriate threshold levels but will not be provided to the Government until January 2016 at the earliest
- the sustainability criteria and compliance model, the exemptions framework and the compliance and enforcement regime are still to be finalised
- fuel retailers need adequate time to plan for, and undertake, any required infrastructure upgrades
- an extensive education and awareness campaign is required to facilitate increased consumer demand prior to commencement of the mandates.

Those concerns are also reflected in committee recommendation 2, which the minister addressed at length in his speech.

As I indicated earlier, there are a range of views on this bill and the committee has put quite considerable work into its report. It might benefit the House if I focus the remainder of my contribution on some of the amendments proposed by the committee and the government's response to those recommendations. The committee did recommend that the bill be amended to ensure there are no unintended consequences for fuel retailers in areas where low aromatic fuel is required to replace regular unleaded petrol. This recommendation reflected submissions from the Australian Institute of Petroleum and Viva Energy. I listened to the minister's contribution in relation to this recommendation. I note the proposed amendments to the legislation. The LNP opposition will not be opposing any amendments to reflect the committee's recommendation in this particular area.

Committee recommendation 4 reflects a considerable number of submissions highlighting the need for those in the biofuels industry to have more certainty regarding future increases in the mandate. For example, AgForce Grains made this contribution—

AgForce Grains believes that tying incremental increases into the Bill will provide further assurances to industry of market growth and supply.

Manildra Group made this submission—

To generate assurance and investment in new capacity and achieve the objectives of the Bill, the rate of ethanol level increasing over time should be outlined in the Act, not via a regulation.

However, the Australasian Convenience and Petroleum Marketers Association made this submission—

Any decision to set an escalation for growth in the biofuel target beyond an initial starting point of 2% of RULP sales, should only be made after careful consideration of the substantial body of literature showing that past government investment in the development of the biofuels industry has delivered sub-optimal returns to Australian taxpayers.

This once more illustrates the diversity of views and the opposing views and this is all fed into the committee's recommendation 4, which reads—

The Committee recommends that in order to provide assurance to existing ethanol and biodiesel producers and to stimulate investment in the biofuels industry in Queensland sections 35B(3) and 35C(3) of the Bill be amended to provide that:

- the minimum percentage for the biofuels mandate cannot be prescribed by regulation to be less than the initial targets of 2 per cent for biobased petrol and 0.5 per cent for biodiesel.
- only increases to the biofuels mandate can be prescribed by regulation, requiring any reduction in the mandated targets to be introduced through an amendment to the Act.

The government has partially accepted this recommendation. Amendments will prevent a future regulation prescribing a percentage lower than two—I understand that now will be three—per cent for ethanol and 0.5 per cent for biodiesel, but a regulation will be able to adjust the mandate percentages downward from above two per cent—so, for example, from six per cent down to five per cent. I think that the minister has proposed a sensible outcome there.

In its submissions, AgForce Grains raised concerns that the suspension provisions included in section 35J of the bill are not prescriptive enough to ensure a suspension decision is made with sufficient justification. They went on to express the view that stakeholder consultation on a proposed suspension should not be optional for the minister. The committee was concerned that, in a response from the department in relation to this aspect of the bill, the minister would be able to remake a suspension provision if the situation which triggered the suspension does not improve by the end of the first year. The committee was concerned that this could lead to a situation where the mandate is indefinitely suspended. This view was reflected in recommendation 5, which states—

The Committee recommends that:

- the Minister, in his second reading speech, explain how section 35J of the Bill precludes the remaking a further suspension declaration following an initial 12 month suspension, and if it does not preclude a further declaration
- the Bill be amended to ensure that the mandate can only be suspended for more than 12 months through an amendment to the Act.

The minister has mentioned that he will be moving an amendment so that the minister will only be able to suspend for a period of longer than 12 months if sellers are not able to get enough biofuel or blend or if there is not enough demand and if compliance with the mandate is having an adverse impact on the Queensland economy. For example, this will leave in place the power to further suspend the mandate to protect public health and safety because of extraordinary circumstances, such as a natural disaster. Amendment will limit the ability to make a further suspension declaration beyond one year in any two-year period. I am fairly satisfied that the government has weighed up the concerns of those in the industry with the need to be able to act when there are prevailing circumstances that require the biofuels mandate to be suspended, and we will be supporting that amendment.

Undoubtedly, these changes will impact fuel retailers across the state. The legislation has been drafted in such a way that smaller fuel retailers will be exempt from meeting any biobased petrol mandate. I mentioned this before and I will spend a bit of time focusing on it. Fuel retailers will only be liable to meet the mandate if they own or operate more than 10 service stations or sell more than the threshold amount of petrol in a calendar quarter at any one of the service stations that they own or operate, the initial threshold being 250,000 litres. This can also be changed by regulation.

The volumetric threshold amount was yet another aspect of the bill that was widely debated. I share the committee's concerns, as highlighted on pages 55 and 56 of the report into this bill. The department's advice to the committee indicated that good independent data is not available for government to make an assessment of what level the volumetric threshold should be. The department has indicated the volumetric threshold will be able to be amended by regulation once fuel retailers begin providing information to the department, as prescribed in section 60 of the bill. Like the committee, I am concerned that this approach may result in fuel retailers that sell marginally more than the 250,000-litre threshold undertaking costly infrastructure upgrades and finding that they are no longer captured if the threshold is increased following analysis of the data. Clearly, one thing that the delayed start date provides is an opportunity to get that threshold right.

I understand that ACAPMA, for instance, raised significant concerns that many fuel retailers would not be able to meet the time frame needed in order to comply with the introduction of the mandate. The potential infrastructure upgrades come at a cost to fuel retailers, as indicated by Paul Wessel from Wessel Petroleum, who estimated a cost of \$6 million to make his 20 sites compliant with the mandate. He also highlighted the issues regarding having the tanks installed in time to meet the mandate, particularly noting the need for local government approvals. This all goes back to the issue of an appropriate start date. As we were saying before, extending that to 1 January 2017 will negate the need for some fuel retailers to invest in that infrastructure upgrade until they have certainty that the

department and, indeed, the minister and the government are comfortable with that 250,000-litre threshold per calendar quarter.

Again, I point out that many on the fuel retail supply side and, I understand, the RACQ feel that the threshold should be more like one million litres per calendar quarter but would easily settle for 500,000 litres as opposed to 250,000 litres. Again, when the data starts coming in, I recommend that the minister and the department start looking at that threshold. Perhaps the RIS that I and others have suggested is the way that that could be looked at, to ensure that the cost burden on those small businesses, in many cases, which is then passed on to the consumer, are not cost prohibitive and do not negate the benefits of the mandate.

Previously, we spoke about the public awareness campaign, which obviously will be vital to the success of the mandate and this legislation. Somewhere between 85 and 95 per cent of Queensland's car fleets are compatible with ethanol. However, many consumers believe blends such as E10 may damage their cars. There is evidence to suggest that the low uptake of E10 as seen in New South Wales may be due to factors such as customers not fully understanding whether their cars are compatible, misleading advice from mechanics and car retailers and deliberate misinformation to consumers by vehicle sellers, including applying 'no ethanol' and 'no biodiesel' stickers on cars that are clearly compliant against manufacturing warranties. Departmental officials indicated that there was already considerable work underway on an education campaign because, as we have said, the success of the mandate is inextricably linked to a campaign to let consumers know about the potential benefits of biofuels. The minister addressed this in responding to the committee's recommendation 10. I trust that the 12-month implementation period will now prove to be time enough for that campaign to get going and be successful.

Before I conclude, I want to reiterate the benefits that this mandate will have for Queensland, particularly regional Queensland. Biofuels do have lower emissions than fossil fuels. Mandating a minimum amount of ethanol will not only improve the quality of petrol but also improve environmental outcomes such as air quality. It will help improve fuel security. It will help stimulate regional economic development through the creation of an alternative and stable market for grain, cane and other feedstocks produced in Queensland. Importantly, it will help to diversify our rural industries and stimulate employment growth in our regional communities. Two of Australia's three ethanol producers are based in regional Queensland: the Dalby Bio-Refinery in the Condamine electorate 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 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 that need to be fully considered before we adopt a mandate here in Queensland. I do hope that, through the course of my discourse this afternoon, I have raised some of those concerns that potentially still need to be addressed between now and the implementation date.

I believe the legislation strikes a balance between supporting the biofuels industry by introducing a mandate, while at the same time allowing sufficient time for fuel retailers and fuel wholesalers to adjust to the changes through a three per cent initial mandate—previously, two per cent—that may subsequently rise incrementally. I understand that many industry groups were pushing for a higher mandate but, if we do overreach and set a mandate too high, it could impact the viability of an ethanol mandate in the long term. If this is implemented in the wrong way, those most in favour of a higher mandate could potentially lose out because the future of the industry becomes uncertain and the future of the industry becomes impacted. This is all about providing the biofuels industry with more certainty regarding the future of the industry. It is a building block. If we get the three per cent mandate right, we get the appropriate data and we use the data to map out the next stage in the development of the biofuels industry, it should be a win for the state of Queensland.