




Speech By
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MEMBER FOR MURRUMBA

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

 **Mr WHITING** (Murrumba—ALP) (7.30 pm): I rise to speak in support of the Liquid Fuel Supply (Ethanol and Other Biofuels Mandate) Amendment Bill 2015. As we know, the Queensland government is committed to developing Queensland's biofuels and industrial biotechnology sectors so that these industries can invest, innovate, grow and create jobs for Queensland—jobs now and jobs for the future—and the biofuel mandate is an important step towards achieving this vision. With this biofuel mandate we are breaking new ground. Only one other state has a biofuel mandate—New South Wales. It is only fitting that our state, a state with a greater capacity for producing biofuel, takes on board the lessons as to how we can improve on what it has done. The Liquid Fuel Supply (Ethanol and Other Biofuels Mandate) Amendment Bill 2015 avoids the problem of the New South Wales mandate or more precisely improves on its system.

The submissions to our inquiry pointed out that the exemptions for fuel suppliers in New South Wales are wide in that only retailers with 20 service stations have to comply. There are also exemptions from the minister given for companies failing to meet the biofuels mandate. The effect of the exemptions granted to fuel companies means that New South Wales has hit a ceiling in the amount of ethanol blends that have been sold. We think placing liability on the wholesaler has been a weakness in the New South Wales model and we are going to focus on retailers because that is where you drive market demand—at the bowser. The inability to improve that consumer demand has led to another problem in New South Wales. People are unsure about biofuels and they have opted to invest or to purchase premium fuels instead. Premium petrol sales rose from 21.6 per cent of total sales in January 2010 to 30.9 per cent in December 2010 and premium petrol is now 44 per cent of all petrol sales in New South Wales. This is a case where they have to build up their consumer confidence in biofuels.

All industry players agree that we need to rebuild our consumer confidence in ethanol blended fuel, and we all recognise that we will start off at an achievable mandate level and build up from there. It is crucial and it is critical that we create consumer trust in this product. There was a survey by ACAPMA, the fuel retailers association, saying that 31 per cent of consumers would purchase ethanol blended petrol, with 45 per cent showing some resistance to buying ethanol blends. Only 21 per cent of people in the survey under 25 are prepared to purchase ethanol blends, so it is very clear this is where we need to make the biggest efforts. If we are to have a biofuels industry in Queensland, we need to change the consumer habits of Queenslanders. If we want Queenslanders to make biofuels, we have to get Queenslanders to buy biofuels. I certainly acknowledge what the minister said earlier in his speech about the centrality of the consumer awareness campaign—the public education campaign. That is absolutely crucial to the success of this bill and this mandate, and I am pleased to see that we are already fast riding down the path on that issue.

I know the millers and growers in regional Queensland do want this emerging industry to strike roots and thrive, and I know that regional representatives in this parliament from all sides do want this

industry to succeed. If we all want this—and I am talking to everyone in Labor, the LNP and also the Katter's Australian Party representatives—we all need to go out and be champions for E10. We do not just need to be champions in here; we need to be champions out there as well. We have to lead by example. We have to talk it up and urge Queenslanders to make the choice at the bowser. In this process of implementing the mandate, we know that local fuel sellers need time to adjust. It is clear to me from the submissions that we have to look after the retailers who are going to be liable for this mandate. We understand that there will be a need for a change and a need for reinvestment on their behalf. The process we have, some parts of which I will outline, allows us to introduce our policy with a lesser impact for those retailers.

This government will continue to work with fuel sellers to ensure biofuels can be offered to a large number of Queensland motorists in an efficient way, minimising costs to fuel sellers. Here is how the process of implementing the biofuels mandate will happen: fuel sellers will give an initial report on fuel sale volumes for each fuel type for a calendar quarter and these reporting provisions are expected to commence six months in advance of the mandate itself. The government will analyse the data to ensure that the threshold amounts for small fuel retailers is set at the right level, and the threshold amount may be modified through regulation. The mandate will apply to a smaller fuel retailer who owns or operates less than 10 service stations but sells more than 250,000 litres of petrol fuel in a calendar quarter at any one of their service stations. The retailer can also count sales of regular and premium blended fuels sold at any of their service stations towards the mandate, and this means that small fuel retailers will have a choice about which of their service stations will offer those biobased petrol blends, minimising their compliance costs.

In addition, the exemption provisions in the bill take into account situations where complying with the mandate would threaten the viability of the fuel seller's business. The department will continue to work with stakeholders in the coming months on the criteria for the exemptions framework and will make any necessary adjustments to the thresholds for retail liabilities before the biofuels mandates commence. I feel we have given great consideration to the needs of fuel retailers and I do understand their concerns about the potential costs. I note claims by fuel retailers that it may cost them around \$25,000 or \$30,000, and it has even been claimed that it could cost up to \$900,000 in some cases. The industry body claims that it will cost between \$213 million to \$319 million to upgrade all 1,300 sites in Queensland. I also note the counterclaims by ethanol processing producers and growers refuting this, stating that there would be a lesser need to bring in new equipment and infrastructure. Despite the conjecture about costs, I am confident that we can bring it in without incurring unnecessary burdens on retailers and therefore customers. Despite the disagreement about costs of infrastructure and equipment, I am confident that we will get the starting points and the percentage right.

I note that the member for Glass House said that it was policy on the run, but I would say to look at the submissions that we have received. Many of them said two per cent was too low and others said that four per cent was way too difficult. I believe we have landed it where it is right. What I am also confident about is that we can deliver surety and certainty. It is clear to all stakeholders that this state has the capacity to introduce this mandate. In its submission Caltex said that 1,381 petrol retail sites in Queensland already sell E10. That is 28 per cent of total sites, and I believe that is a great starting point for selling bioblended fuels. We have already heard that most cars in Queensland are ready for it. The Biofuels Association stated that 95 per cent of the 2.5 million Queensland vehicle fleet are compatible with biofuels. Not only that, we have the capacity to produce the biofuel. The TfA Project Group said that only 27 per cent of the annual 140 megalitre production capacity of existing ethanol plants is currently being used.

A two per cent mandate would utilise 42 per cent of the existing capacity. Considering all of those points, I am confident that we have the capacity to deliver this product and we have the capacity to deliver surety and certainty to the industry. After the failure to introduce the mandate the last time, I believe that that is absolutely crucial. It is clear that all parties in this House want to avoid another policy breakdown in this area. In late 2010, the proposed ethanol mandate was deferred and no policy decision followed. I have seen the impact of that deferral graphically in my own electorate. In the Narangba Innovation Precinct there are two diesel plants—or there were. One closed down at the time and it is now a storage location for a chemical company. I think that all sides of this House are determined to avoid that and want to deliver surety and certainty to the industry and to stakeholders. After listening to this debate tonight, I think it is very clear that we have listened and we have created a pathway that engenders that certainty.

I also have confidence that the mandate will work. Despite the problems in New South Wales, consumers in that state are most likely to purchase ethanol blends. Forty-five per cent of New South Wales drivers say that they are happy with E10, and 82 per cent of all the ethanol sold in Australia is sold in New South Wales. What will also provide certainty and surety is that fact that the mandate can

be increased through regulation but cannot be reduced through regulation. In order to reduce the mandate, it would have to come back to parliament.

In conclusion, I believe that what we have before us is the best model for a biofuels mandate in Australia. We have learned from the New South Wales experience. This bill lays down a sure pathway for manufacturers and producers and it allays the burden on retailers and wholesalers. It delivers that certainty and surety, which is what all stakeholders want. If we have want to have a biofuels industry in Queensland, this legislation is the best foundation for that. If we want to build up the industry, the biggest thing we can do is increase consumer confidence. All of us in this House have a role in doing that by becoming a champion for our own locally produced biofuels. I place great faith in that public awareness and public education campaign that will be following soon. I believe that the bill creates more opportunities for jobs now and jobs in the future.