




Speech By
Hon. Curtis Pitt

MEMBER FOR MULGRAVE

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

 **Hon. CW PITT** (Mulgrave—ALP) (Treasurer, Minister for Employment and Industrial Relations and Minister for Aboriginal and Torres Strait Islander Partnerships) (8.09 pm): I rise to speak in favour of the Liquid Fuel Supply (Ethanol and Other Biofuels Mandate) Amendment Bill 2015. It is a rare thing in this place to receive cross-party support and unanimous committee support for such an important policy initiative. At the outset, I congratulate the minister for bringing this bill to the parliament. It is something that I have enjoyed working on with him from the very early stages. It is a terrific achievement. It is great to have support right across the chamber.

Reflecting on why the House shares this view, it is clear that a burgeoning biofuels industry in Queensland aligns with a number of fundamental aspirations we collectively share for our state. A growing biofuels industry means regional development and diversification of uses for agricultural outputs such as grains and sugar cane. A growing biofuels industry encourages technological advancement, consistent with the Palaszczuk government's Advance Queensland strategy and building on Queensland's tropical expertise and links to the tropical economies of the Asia Pacific.

A growing biofuels industry can help the state achieve a cleaner, greener energy future and greater fuel security from renewable resources. A growing biofuels industry is good for motorists, with the prospects of more efficient, quality fuel being delivered and a positive cost differential to regular unleaded, putting downward pressure on prices at the bowser while maintaining consumer choice. A growing biofuels industry will support economic growth and help deliver the jobs of the future.

Last year Deloitte Access Economics, in partnership with QUT, studied the economic impact of a future tropical biorefinery industry in Queensland. The study found potential for all forms of biorefining to contribute more than \$1.8 billion in annual gross state product to Queensland and increase employment across the state by 6,640 full-time equivalent jobs over the next 20 years.

The introduction of ethanol and biodiesel mandates is central to the delivery of the biofuel benefits I have just listed. Following the release of the biofuels discussion paper in June, the Palaszczuk government undertook extensive public consultation about the most appropriate mechanisms for introducing the mandate. This included public forums in key regions across the state.

In my capacity as Treasurer but also as the member for Mulgrave, I was particularly pleased to attend the Innisfail consultation session. Local canegrowers joined with millers, ethanol industry representatives and other key stakeholders to express their support for the introduction of a mandate. I was advised that there is strong interest from a range of private sector proponents across North Queensland who recognise that an ethanol mandate will help deliver the demand needed to invest capital in regional Queensland and build new refinery capacity.

Independent analysis by Deloitte identified that Queensland has a comparative advantage in biorefining, with our climate and agricultural sector ensuring the availability of natural materials that can

produce not only cleaner fuel but also cleaner energy and the manufacturing of plastics and chemicals from renewable inputs such as crop waste.

Over 60 countries around the world currently have some form of biofuels mandate, with Brazil the most notable example. In the United States the use of ethanol blended fuel is ubiquitous. Labor has a proud tradition of supporting smart, bio initiatives and as a result Queensland now has some of the best minds in the world working at facilities like the QUT Mackay Renewable Biocommodities Pilot Plant which opened in 2010 with funding of \$3.1 million from the former Labor government.

Queensland's biofuels strategy and our biofuels mandates continue this Labor tradition of supporting innovative economic development and regional development. Biofuels are a key component of our \$180 million Advance Queensland investment in science and innovation, helping to diversify the Queensland economy and deliver the jobs of the future.

It is important to comment briefly on the key components of the bill, in particular the starting point for the mandate and the pathway forward. The Palaszczuk government is acutely aware of the need for a smooth transition into the mandate. That is why the bill proposes that fuel retailers be registered with the Department of Energy and Water Supply ahead of the commencement of the mandate, providing details including retail sites, types of fuel and fuel sales volumes. These reporting requirements will not only provide a complete picture of the retail industry but also ensure threshold volumes for small retailers are set at the right level.

It is important that a responsible exemptions framework be in place for fuel retailers who have legitimate reasons for not being able to comply. However, we must also learn from the New South Wales experience where retailers and in particular large franchises were found to have been utilising exemptions to avoid supply.

We are committed to working collaboratively with fuel sellers to ensure that biofuels can be offered to a large number of Queensland motorists in the most efficient way, in order to minimise transition costs. I note that a number of retailers have already undertaken site conversions following the original proposal for an ethanol mandate several years ago.

I am aware that the committee has raised concerns that the initial starting point of the mandate may not in itself result in immediate new refining capacity, given the two existing ethanol producers at Sarina and Dalby are capable of supplying the initial level of ethanol from their existing facilities. The minister has recognised this in the amendments circulated and the proposed three per cent starting point for the ethanol mandate and the 1 January 2017 commencement date reflects the willingness of the Palaszczuk government to respond to feedback received during consultation.

I have said from day one that the ramp-up of the biofuels mandate must align with the productive capacity required to supply this biofuel from Queensland. It is our desire to encourage the majority of biofuels sold in Queensland to come from Queensland. Investment in new biorefining capacity is a long-term prospect. The mandate provides the foundational demand and the government's published pathways options provide the impetus for new capital investment as the mandate ramps up over time. The mechanism in the bill which allows the mandate to be increased by regulation, informed by the newly established Queensland Productivity Commission, will allow the market and motorists to gradually respond, with supply and demand growing as one.

I digress for a moment to join with the member for Mount Isa in recognising some of the people he mentioned who have contributed to this process over many years. I have already thanked the minister for his great work and for partnering with us at an early stage to help bring the legislation to this stage. I think he has done a fantastic job. The previous Labor government had an awful lot of people working in this space, some of whom helped us get to a point where we thought we would not need to be having this debate today.

I know that there have been some very powerful advocates for this. Certainly people took the time to speak with me to give me the information I required and to educate me as to exactly how much benefit this would be to regional communities, as well as what it would mean in terms of jobs in those communities. A few people I have spoken to on this include Robert Carey and—it pains me to say it—Belinda Johnson, who is a passionate advocate for the Burdekin. She introduced me to Geoff Cox and Dave Cox, who have an absolute wealth of knowledge and are terrific people who deserve our thanks because they are very passionate advocates for the industry. I should also mention people like Allan Parker, as well as Dick Honan. These are people who have played a very important role in shaping my thinking. It is important to make sure that I acknowledge some of those people who have allowed this process to get to where it is today.

While the biofuels mandate will ensure appropriate levels of E10 and biodiesel in the market, this must be accompanied by a prominent consumer education campaign to ensure demand matches growth in supply. The need for a strong and attitude-changing consumer awareness campaign was one

of the strongest pieces of feedback arising from the government's biofuels discussion paper and the report of the Utilities, Science and Innovation Committee.

This consumer campaign needs to address concerns about vehicle compatibility, quality of fuel and value for money, as well as conveying to Queenslanders the broader benefits I spoke about earlier. Those benefits are: regional development, industry development, jobs, technology and economic growth.

It is a very important piece of legislation. It is one that I think many of us in this House will look back on in future years and say that this is where we took the very important next step in changing the dynamic in terms of the way we drive our cars and in the way that we see regional Queensland and the opportunities that are afforded to those regional communities. With those words, I commend the bill to the House.