




Speech By
Hon. Mark Bailey

MEMBER FOR YEERONGPILLY

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

 **Hon. MC BAILEY** (Yeerongpilly—ALP) (Minister for Main Roads, Road Safety and Ports and Minister for Energy and Water Supply) (8.36 pm), in reply: First of all, I thank all honourable members for their participation in this debate. I will take this opportunity to respond to a number of issues raised in the debate. Before I do, I would like to take a minute to recap on the objectives of the bill and its key components. The bill's objectives are to provide an assurance to existing ethanol and biodiesel producers and stimulate investment in a biofuels industry in Queensland.

The bill's objectives include: to contribute to regional growth and jobs creation, to reduce greenhouse gas emissions from motor vehicles and to take advantage of the emerging second generation technologies for biofuels from a range of feedstock. As I said in my second reading speech, the government is committed to developing a sustainable biofuels and industrial biotechnology sector in Queensland. Industrial biotechnology is a real opportunity to diversify our economy and help create regional jobs and a new high-value, knowledge-intensive industry. Industrial biotechnology is the creation of fuel, chemicals, plastics and other materials. It encompasses a broad spectrum of scientific and industrial technologies to convert renewable feedstock into a diverse range of products. Queensland is well placed to take advantage of the opportunities in biotech with a favourable climate, strong agricultural sector and access to a range of feedstock and infrastructure. The Queensland government has backed this vision with its \$25 million Advance Queensland Innovation Partnerships program with grants of up to \$1.5 million available to universities and research organisations to accelerate the development of emerging industries and technologies.

The biofuels mandates will help Queensland transition to a clean energy economy, grow our biofuels and biomanufacturing sectors and boost jobs across the industry, especially in regional Queensland. The bill achieves these objectives by introducing a biofuels mandate starting at three per cent for biobased petrol—that is ethanol—and half a per cent for biobased diesel. The bill requires certain fuel retailers sell at least the minimum prescribed percentage of sustainable biobased petrol such as ethanol which is blended with mineral based petrol and sold as E10.

The bill nevertheless allows for new types of biobased petrol that may be developed in the future to count towards the mandate. The bill also mandates that fuel wholesalers sell at least the minimum prescribed percentage of sustainable biobased diesel. The bill establishes a fuel sellers' register that will allow the government to track how well the biofuels policy is working and monitor the performance of fuel sellers in meeting their minimum biofuels targets. The bill provides that fuel sellers can apply to the minister for an exemption from a mandate in certain circumstances. An exemption may be refused or granted with or without conditions. The bill also allows for the mandates to be temporarily suspended for stated periods of not more than 12 months in limited circumstances.

I will now take the opportunity to respond to a few of the issues raised during the debate by opposition members and the crossbench. Firstly, can I respond and thank the member for Glass House

for his comments and contribution to the debate here today. I also thank the opposition members of the committee for what was a very cooperative, deliberative and thorough process. The member for Glass House asked how I, as the minister, arrived at three per cent. In the end it is a judgement call. It took me a while to be convinced about three, to be honest, but in the end I believe that we have to make a clear commitment to grow the industry in this state and that became a determining factor for me. I thought that three per cent gave us a much stronger base to build from, given the opportunities that we have in second generation, bio and other technologies that are emerging. We have to get going with this industry. We have to get the pedal to the metal, and that was a determining factor. It is a stronger statement of intent and a stronger commitment to jobs and regional jobs growth in Queensland right across this state. It is my view that, not only will we see an increase in capacity in Sarina and Dalby, but I think we will see new proponents and new plants as well. I think we will see some considerable growth, but to do that you have to have a bigger marketplace. That is what we are seeking here: a bigger marketplace, more investment and more jobs. That is where we have to go.

The member for Glass House asked, 'Will we have enough time for an effective campaign?' I think we will. We are already working on that. I think it has to be a really strong campaign, and I am very keen to see something outside of your ordinary advertising campaign. It has to be something where they are hungry and they want to 'go for it'. That is my intention and I am watching that process very closely. A number of other factors were raised. The member for Glass House raised the issue of a RIS, and I am willing to consider that. We will review this down the track, probably through the QPC, but I am certainly willing to consider that suggestion from the member for Glass House.

It was good to see the spirit of bipartisanship on this bill. There were many positive contributions, and I acknowledge all of the members who contributed in that vein. I do have to correct one little thing because I think there has been a little rewriting of history. This place certainly had an opportunity over the last three years to do this and a record majority. Was this side perfect in the past? Maybe not, but we started it and we committed to it. This has been a very strong Labor policy over time. We got this industry started. We have form on this probably for longer than anybody in this place, and we are proud of that. Let me just say that the evidence over the last three years does not back the idea that the opposition has always supported this. You had the opportunity. I am not going to get stuck into you too much about it today, but I had to get that out of my system. One factor in this was the tight time frame, and we did listen to the committee's contribution on that. Once we decided to adjust the time frame that certainly gave us more scope as well in terms of process and development to get that firmer foundation. That was also another factor in my thinking which might be of interest.

Can I just offer a couple of reflections as well in terms of my experience as a minister. I will freely confess that I was certainly not a biofuels or ethanol expert, nor am I now, but I certainly know a lot more than I did eight or nine months ago as a newly elected member of parliament. I would like to acknowledge the significant contribution of industry players and the highly knowledgeable and skillful people who have given up a lot of time over the last seven to eight months to offer their views, to give their time, to inform debate, to inform this place and to inform the members here about this important issue. The people that come to mind are the people who I met at the forums. I went to four of the nine forums across the state, and sorghum farmers, millers, sugarcane farmers and proponents came up to me and spoke about the importance of this issue and what they wanted to do. There are tremendous opportunities here, not just in the obvious ethanol and biodiesel areas, but second gen and other opportunities. A lot of the attention is on ethanol here for obvious reasons, but the biodiesel aspect of this is important as well. The demand for diesel in this state went up over nine per cent in the last financial year. It is a huge growth market, and in some ways the biodiesel aspect of this, while it is only half a per cent, is actually a really important factor in terms of this biofuels bill. I look forward to that aspect of industrial development in this state really getting some growth as this market expands under this bill. So it is not just about ethanol; it is also about biodiesel. I certainly would like to pay tribute in that regard, as there are opportunities there for Queensland workers, Queensland investment and jobs.

I acknowledge the contributions of the member for Mount Isa and the member for Dalrymple. The member for Mount Isa mentioned health benefits, and I agree with him on that: I think there are health benefits. This is not quite exactly the same thing as E10, but at our biofuels stand at the exhibition this year we had Jamie Whincup, the V8 driver, who is a very strong supporter of ethanol. I hope he does not mind me mentioning him in the debate. He said to me that it is not the same thing because he is talking about E85, but from somebody who is in an industry obviously involving automotive racing the difference between ethanol in the pit lane compared to when they used to run off traditional fuel was absolutely enormous for all those people involved in that industry. To a lesser extent, I have no doubt that generally getting more of a renewable energy source into our fuel mix has to have some health benefits, so I note his comments in that regard. I certainly noticed that this year. I have two brothers who like car racing and I inherited an interest in that when I was younger. I recently went to my first motor race at Bathurst with my nephew Dylan, and the difference from the last time I had been 20 years

ago in terms of the fumes was really quite significant. That is a variation on what we are talking about, but in terms of having a renewable energy mix which is more widespread across the state there has to be health benefits.

There certainly are environmental benefits, as the minister for the environment outlined very succinctly and accurately, and I support his comments in that regard. I will not go back over them. Certainly there are economic benefits, as indicated in the study by Deloitte Access Economics and QUT which looked at a 20-year fully realised biofuture for Queensland. Even if we get halfway there, that is an extraordinarily exciting opportunity to create more than 6,000 jobs. We are an advanced economy in a tropical-subtropical climate with a lot of space, an advanced agriculture sector and first world knowledge. It all comes together, and the Premier has made it clear that she is very supportive of this vision for this state and I acknowledge her leadership in that regard. This is smart policy as well. It is part of our renewable energy vision as a government for this state. We believe in the transition to clean energy in this state in any form that we can achieve, and this is another variation of that outside our other commitments in terms of energy generation and distribution. I think we should be unashamed about and should be supporting any opportunity to create and develop Australian industry, Australian skills and Australian jobs when often Australian industry is under attack from international competition as they have much lower costs.

I again acknowledge the role of the Katter's Australian Party members on this. They have been very strong advocates in this regard. I have been very happy to involve them in this process and to work with them. I have found their commitment to the area honourable and their dealings always honourable. While they may be recent converts, given our Labor commitment since the middle of the 2000s, it has been good working with them and I acknowledge their very strong advocacy in that regard. I now table the explanatory notes to the amendments that will be moved during consideration in detail.

Tabled paper: Liquid Fuel Supply (Ethanol and Other Biofuels Mandate) Amendment Bill, explanatory notes to Hon. Mark Bailey's amendments [\[1782\]](#).

The proposed amendments are in response to a number of recommendations made by the committee in its report on the bill. First, the amendments will deal with the interaction between the biofuel mandate for biobased petrol—that is, ethanol—and the sale of low-aromatic fuel in a number of locations in Queensland. The Australian government is currently expanding the rollout of low-aromatic fuel to additional locations in the Gulf of Carpentaria and Cape York Peninsula where petrol sniffing is a social problem. Where low-aromatic fuel is introduced, regular unleaded petrol, including any regular blend, is removed from sale. As the bill requires a liable fuel retailer to sell a mandated volume of biobased petrol such as E10, there is a potential conflict between the Commonwealth's Low Aromatic Fuel Act 2013 and its strategy to reduce harmful petrol sniffing. The committee recommended that the bill be amended to ensure there are no unintended consequences for fuel retailers in the areas where low-aromatic fuel is required to replace regular unleaded petrol.

In addition, the amendments will ensure future regulations to prescribe a biofuels mandate percentage of three per cent for biobased petrol and 0.5 per cent for biobased diesel. The amendments will also ensure that a biofuels mandate cannot be suspended for more than 12 months in any two-year period based on certain grounds.

I thank my departmental and ministerial staff for their hard work during 2015 in developing the biofuels policy, working closely with and consulting industry groups to refine aspects of the framework and in the preparation of the bill for introduction to parliament. In particular I thank Kathie Standen and her DEWS team and David Shankey, my energy adviser, who are both in the advisers box today. In particular, I thank the energy regulation and governance team within the Department of Energy and Water Supply for their hard work and dedication. Without their commitment to going the extra distance, the biofuels policy and the bill would not have happened at all. Finally, I thank all of the stakeholders who have actively participated in the development of this bill over the last period of time. I look forward to working with them to implement the mandates. I commend the bill to the House.