




Speech By
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MEMBER FOR MOUNT ISA

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

 **Mr KATTER** (Mount Isa—KAP) (7.59 pm): I rise to make a contribution on the Liquid Fuel Supply (Ethanol and Other Biofuels Mandate) Amendment Bill. It is with some excitement that I speak on the bill, because it represents a great opportunity for the state of Queensland. I reflect that this is the fifth time that this bill has been before the House. While I have a lot of notes on the history of the issue in the parliament, I do not think it is appropriate to reflect too much on that tonight, because the important thing is that in the House tonight we have a general consensus that this is what is needed. I congratulate opposition members and the Leader of the Opposition for their contributions so far to the debate tonight. I congratulate the minister, the Premier and the government for making this a reality.

On my journey with the issue of ethanol, in about 2002 in Townsville I attended a forum where the RACQ told us that the sky would fall; that cars would break down a kilometre up the road because of the use of ethanol. At that time, I thought that I would like to know more about it. The same vehicles with the same standards and modifications are still driving around; magically, they have not failed. Thankfully, I was introduced to the Institute of Automotive Mechanical Engineers, which is the authority on motor vehicles. If there is a problem with specifications or engine damage in a vehicle, the institute is our ultimate authority. I was pleased to learn that the institute is a strong supporter of ethanol. I found it interesting that the Institute of Automotive Mechanical Engineers supports ethanol, firstly because it believes it will bring the price of fuel down and secondly because it says the majority of cars in the rest of the world—we have been left behind—are specifically designed for ethanol. Specifications that make sense to engineers but that do not make sense to me mean that cars run better on ethanol fuel. In the not-too-distant future, Australia will no longer be producing cars, so we will be importing cars from places that use ethanol. Either way, the tide is coming in and we may as well jump in. However, that is not the only reason that we want it and it is not the only reason that 63 other countries have implemented a biofuels mandate.

When talking about this subject, it is difficult to identify the big driver. I am not too sure what the big driver is. Perhaps we should say it is the health benefits. According to Associate Professor Dr Ray Kearney, the New South Wales Department of Health has estimated that almost three times more people die—that is, up to 1,400 deaths per annum—from exposure to vehicle exhaust pollution than from road accidents. The Australian Medical Association identified that in one year in Brisbane, Sydney and Melbourne, the number of deaths from vehicle emissions was greater than the number of deaths from road accidents, which is why the AMA is a strong supporter of ethanol. On that basis alone one would think we should be pushing for ethanol to help save lives in the City of Brisbane. However, it does not stop there, because to me that is not the biggest driver.

We turn to fuel security. Last year in Mackay I attended a conference on biofuels. The head of the NRMA, who has a defence background, talked about fuel security. You might think he was joking, but he was quite serious when he said that there is an al-Qaeda newsletter that makes references to cutting off supply routes to countries. He said that we import a lot of our fuel from the Middle East, through the Indonesian Straits and up into Singapore, where it is processed. Ninety per cent of our fuel now comes from overseas. Not so long ago in Western Australia, a couple of tankers had issues with fuel. They started to run out of fuel in Western Australia. In Australia, we have about 21 days of fuel security. We are not meeting our international obligations in terms of the amount of fuel that we are supposed to keep in this country. If you take that further, most countries will have 70 or 90 days worth of fuel, but the governments own a portion of that fuel. In this country, our government owns zero per cent of our fuel reserves. Therefore, we have really serious concerns about fuel security. Outside of biofuels, there is zero policy to address that. If we look forward, everyone admits that the 10 per cent that we are producing will be shut down, so we will have to import 100 per cent of our fuel in the not-too-distant future. Even still, I do not think fuel security is the biggest driver.

We could look at the environment. One of the benchmarks that I have heard is that a 10 per cent ethanol fuel can reduce tailpipe emissions by 30 per cent. Last year I was with the Deputy Speaker in New Zealand, which has adopted a mandate. I believe that initiative was influenced by the Greens. New Zealand has adopted a mandate based on its environmental benefits. There is definitely a thirst and a growing appetite for renewable resources. Only today I was told of recent comments by Bill Gates and other notable associates about producing a fund for renewable resources. There is a growing appetite for this type of product. Ethanol has some wonderful environmental benefits. Many countries have seen the benefits of it and have adopted it on that basis. An independent analysis from United Ethanol Australia indicates that ethanol reduces GHG emissions by more than 30 per cent. However, I do not think that is the main driver.

Arguably, the greatest driver is the economy. Robert Carey in Ingham and the Cox family in the Burdekin have both been champions of this issue. The Manildra Group in New South Wales and United Petroleum, which bought the ethanol plant in Dalby, have been champions of the industry. They are begging for a sign from governments. Tonight, both sides of government have said that they are keen to drive this, because this is not about setting a mandate and setting a figure; this is about driving it beyond that, even beyond the term of this parliament. There will be resistance. There will be hurdles and pitfalls in driving this industry to the point where it can create new factories. However, it would be a wonderful thing to do for the state of Queensland. This is a new industry in which we will forever be competitive. In Queensland, it will do something that is very difficult to do these days, that is, generate regional jobs. We will be producing fuel that pays taxes at the point of production. That is of enormous benefit. It is a very important point to make in the federal debate, because while they talk about subsidies on fuel excise that does not take into account the fact that taxes are paid at the point of production and 90 per cent of our fuel is produced overseas. There are enormous benefits federally to producing fuel in Australia.

For me, probably the biggest factor involves second generation technology. In conversations leading up to this point, the minister has quite rightly made strong reference to this. In the previous parliament, I was lucky enough to be part of a parliamentary tour to the plant in Mackay. At that time, comment was made that we can outcompete China and Brazil in bioplastics and bio-oils. I was surprised that we could compete with China on anything and I was curious to know why that would be. The answer is that those countries have a large population with a high demand for a diminished or a given size of biomass. In Australia, we have enormous resources of biomass that are uneconomical to export, but will come off the back end of the first generation technology as free input to second generation technology, which could see wonderful new large industries pop up everywhere in regional Queensland and, we hope, regional Australia. However, that will not start if we do not start the first generation technology and its practical application, that is, ethanol and fuel.

We are doing a wonderful thing. There might be some challenges and some risks, but certainly the benefits are nothing short of magnificent. I think what we are doing tonight is a great thing for the future of Queensland.