




Speech By
Rob Molhoek

MEMBER FOR SOUTHPORT

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

 **Mr MOLHOEK** (Southport—LNP) (5.45 pm): I rise to speak in support of the Liquid Fuel Supply (Ethanol and Other Biofuels Mandate) Amendment Bill 2015. I want to draw to the attention of the House the comments of the chairman, Mr Shane King MP, in his report. He stated—

The Government and non-Government members of the Committee hold differing views on whether the expected commencement date for the biofuels mandate will allow sufficient lead-in time for implementation of the mandates. Non-Government members are of the view that a delay of six months, to 1 January 2017, would provide sufficient additional lead-in time. Government members are of the view that the proposed commencement date of 1 July 2016 will provide sufficient lead-in time.

I am pleased that the minister has taken on board the comments of opposition members. I am particularly pleased that the government is willing to provide more time before the implementation of this policy. One of the concerns we identified through the committee process was the real concern around the potential for policy failure. As part of the review we considered what has gone on in New South Wales over the last number of years in terms of the mandate that was introduced there. Unfortunately, so many exemptions were granted in the early stages the New South Wales government actually set itself up for significant policy failure.

I am pleased that the minister has gone down this path. I am also pleased that the minister has agreed to increase the starting mandate from two to three per cent. The other thing that we heard very strongly during the hearings in Mackay and at Parliament House was the real concern from the ethanol industry about whether the lower mandate would actually encourage or inspire any significant new or reinvestment in the ethanol industry and whether in fact it would actually create any more jobs. The industry is already producing at somewhere around the two per cent level.

Importantly, we heard the minister speak about the need to educate motorists. That is one of the reasons the opposition members held the very strong view that there should be more time for the implementation of the mandate and the policy. I am pleased that the government will have all of next year to work through the challenges around the policy. It will provide time to educate motorists across the state about some of the great myths around ethanol in fuel. I am pleased the government has taken on board our recommendation for a later start.

I mentioned earlier that the committee conducted hearings in Mackay and at Parliament House. There were a number of significant submissions received through the process. There was a great turnout at the hearings.

It was a pleasure to spend a morning at Wilmar in Mackay and visit their ethanol production facilities. I congratulate the family on their incredible drive and passion for the ethanol industry and their hard work. When one tours the facilities one gets the sense that on the one hand it is a high-tech facility—the facilities are quite incredible—but on the other hand it is built on the back of a sugar mill

that has seen better times. It is just so important for Mackay and for Queensland that we introduce a mandate and have a policy around this that will actually drive jobs and new investment in the sector.

When we were in Mackay we received submissions from Mackay Sugar. In their submission they drew attention to the fact that there were some 1,000 cane growers and shareholders that produce around 6½ million tonnes of cane annually. In their submission they asked that we consider a higher ethanol target and recommended a start of four per cent. They also raised concerns around the process for ramping up that mandate over time. I note that both in the committee report and in the minister's comments there has been due consideration of that, and I am pleased that is the case.

We also had a significant submission from Canegrowers. They too were advocating for a higher start at four per cent. They argued very strongly around the lack of certainty that a two per cent mandate would provide and expressed concerns about the ability of the minister, through regulation, to adjust the mandate both up and down. That is one of the reasons in the committee process we highlighted the need for a mandate that would increase over time but that it should come back to the House for review if it were to be reduced at any stage over the implementation phase of the policy.

We also heard from Consolidated Bio Diesel around the mandate on diesel. Their comments were that it was a sensible start and that there was already around that level of biodiesel being produced. They were very supportive of the submission to consider moving that forward. As I mentioned earlier, we had a wonderful visit to Wilmar, but we also heard from them that the mandate was not high enough. I am sure they will be pleased to hear today that the mandate will start at three per cent.

On the other side of the debate though we heard some interesting submissions from some of the fuel companies, particularly some fairly extensive submissions from the Australasian Convenience and Petroleum Marketers Association. They expressed concerns around previous mandates and the way the policy had been implemented and the fact that there was a lack of certainty. They also highlighted for us the fact that three out of every four petrol stations in Queensland are independently owned or franchisee operations. They particularly expressed concern around the cost of developing the facilities at those stations to support the mandate.

I am glad that the minister in his second reading speech took note of the recommendation that the committee raised in respect of consideration for the planning and approval processes that needed to be looked at. One of the great concerns is that—and I am sure that many of you would be aware of this—when you go to council or to Main Roads to make some sort of change at a petrol station, one of the unintended consequences can be that it will trigger a whole lot of other planning requirements around drainage and soil disposal. We heard from this particular organisation a real concern that on occasions in the past when the last mandate was implemented it was taking Main Roads up to two years to deal with approvals for new tanks and works at some of those stations. We also heard from this organisation that some councils can take up to 12 months to process those approvals. I look forward with interest to see what direction and policy the minister will implement in respect of ensuring that the fuel stations are given both the opportunity and the support they need to implement the mandate.

We also heard from Viva Energy Australia, or Shell, about some broader concerns around the mandate. Their commentary was that they did not support a mandate and they believe that consumers should be given a choice to buy the fuel and that if the policy was effective and the incentives were there then market forces would drive the sales of ethanol rather than relying on regulation. We heard from the RACQ, who were very supportive of the mandate. In their submission to the committee they suggested that they would support a three per cent mandated starting point. So I am sure they will be pleased to hear the minister's comments today and the starting position that we hopefully will agree on as we vote on this bill a little later today.

We had great encouragement from AgForce Grains. They wanted the starting point to be four per cent. So I am sure they will be pleased to hear that we have a higher starting mandate as we move forward with this policy. We also heard from the Motor Trades Association of Queensland. They expressed some concern around the cost of implementing the mandate. They were a little apprehensive about what the cost impost would be to retailers. Again, they expressed concerns around the planning issues with councils and Main Roads in terms of making sure that any changes to independent sites around the state or company owned sites around the state would be given a fair go in terms of getting the approvals they need so they can implement whatever changes they need to support this policy. We also had a submission from the Australian Sugar Milling Council. They absolutely supported the need for a higher mandate.

I am very pleased to be able to stand in the House today and speak in support of this legislation. I too want to acknowledge the work of the secretariat staff who did a tremendous amount of work not only in helping to put together the final committee report but also in organising the logistics around our

travel and the hearings and in managing the many submitters who came to see us over those two days in Mackay and here at Parliament House.

I am pleased to commend this bill to the House. I also want to thank my fellow committee members for the hard work that they put into the review and also for the spirit of bipartisanship that occurred throughout the committee. There was some robust debate. I am pleased that the minister has come around to the opposition's way of thinking on some of the issues and matters that were raised in the committee process in spite of the fact that the government members were trying to hold us to the original line. But I am sure that this will be a great policy direction for the government. I commend the bill to the House.