




Speech By
Shane King

MEMBER FOR KALLANGUR

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

 **Mr KING** (Kallangur—ALP) (5.37 pm): Today I rise to speak in support of the Liquid Fuel Supply (Ethanol and Other Biofuels Mandate) Amendment Bill 2015. The purpose of the bill is to drive investment and develop the ethanol and biofuel industry in Queensland. It will contribute to regional growth and job creation. It will help to reduce greenhouse gas emissions and lead to advanced biofuel production technologies. The mandate will help us achieve this vision by requiring fuel sellers to sell specified percentages of biobased petrol and biobased diesel in Queensland. In simple terms, biobased petrol includes ethanol and biobased diesel includes diesel. This distinction is important. The government could have introduced an ethanol and biodiesel mandate only. However, this would have shut out the new and emerging biofuels that are under development in Queensland and that have enormous potential, under our vision, for a biofuture.

The percentage mandates suggested in the bill were based on the department's research. The government intends that the mandate will increase over time to drive investment in the biofuels and biomanufacturing industries. Allowing those increases to be made by regulation, rather than prescribing them directly in the legislation, means they will be able to be made appropriately for market conditions at the time. However, prior to increasing these mandated percentages, it is proposed that the Queensland Productivity Commission will undertake a review.

This bill will contribute considerably to regional growth and job creation and help reduce greenhouse gas emissions for motor vehicles. In the case of ethanol production, the by-products of sugar manufacturing will produce the ethanol and the by-product of this then becomes stock feed or fertiliser. In the case of biodiesel, the manufacturing process uses cooking oil and tallow to create the biodiesel. The glycerine produced as part of the process is used by companies such as Bio Processing Australia to produce high-margin yeasts which are in demand worldwide as an element in animal feedstocks.

As a committee we held several public hearings—one in Mackay and one in Brisbane—to get—

Mr Costigan: That's two, not several.

Mr KING: That is several. Let us not quibble over figures. We held several public hearings to get the story from a wide range of stakeholders which included the growers of biofuel feedstocks and their representatives, ethanol and biodiesel manufacturers, fuel suppliers and their representatives, the motoring industry and the RACQ.

Our committee worked through all the evidence provided in the submissions and given by each of the witnesses as well as looked at the advice given by the Department of Energy and Water Supply and the Department of Environment and Heritage Protection. We decided to recommend some amendments to the bill as well as some changes to the implementation process. I am pleased to inform

the House that each of the recommendations made in the report were agreed to by committee members. We are of the view that the recommendations that we made, if endorsed by this House, will provide acceptable solutions to many of the stakeholder issues.

As reported, we all agreed the biodiesel mandate should be from 1 July 2016—that may change—and we all agreed on the level of the biodiesel mandate. The ethanol component was not quite as simple to agree on at the time, but we all ended up in a happy place.

During our examination of the bill, the department reported that Queensland has already had E10 ethanol levels of 2.68 per cent in 2010 and they are currently still above one per cent. From the evidence submitted from the ethanol producers we saw a higher initial ethanol mandate than the suggested two per cent could drive faster investment in the industry. However, we also saw a much higher—say, above four per cent—initial ethanol mandate would be an immediate burden on the fuel industry which would require varying infrastructure upgrades and, as was the case elsewhere, would cause an unreasonable number of exemptions and negative campaigning which would compromise what we are trying to achieve.

During the finalisation of our deliberations DEWS published the pathways for the biofuels mandate. We were able to agree on option 1 of the pathway—that is, four per cent from 1 July 2019. We would support a four per cent mandate being implemented even earlier if it were determined to be achievable.

An extensive public education and awareness campaign, which will be developed with stakeholders, will start before the mandate is applied to help educate on the value of using biofuels for our economy and our environment. The bill also includes provisions for exemptions and possible suspension of the mandate should circumstances arise that make the continuation of the mandate untenable.

Fuel sellers will be able to apply to the minister for an exemption from meeting the mandate—for example, where supply constraints occur or if compliance with the mandate threatens the viability of the fuel sellers' businesses. The government will be working with industry and other stakeholders to develop a more detailed policy to assist industry with exemption applications and guide decisions on applications.

There will also be an exemption from the mandate to appease concerns for smaller retailers who use under 250,000 litres per calendar quarter per station or have under 10 service stations. Fuel retailers will also be required to register with the department and report their fuel sales either annually or quarterly. Those that trigger the requirement to meet the mandate will report quarterly while all others will report annually.

The information collected through this process will be critical to the success of the biofuel mandate. It will be used to determine fuel seller compliance as well as build a data set on the volumes and types of fuel being sold at individual fuel facilities. This information will also be important for assessing which sites may be better prepared for selling biofuels.

Another key aspect of the biofuel mandate is the sustainability criteria that biofuels will need to comply with to be counted towards the mandate. The Department of Environment and Heritage Protection will develop these criteria and is assessing existing policies, practices and accreditation schemes for their potential to address the proposed sustainability principles. Thorough consultation with key stakeholders will be undertaken over the coming months to develop the sustainability criteria and compliance model. This bill provides a solid foundation to grow biofuel production in Queensland. It is one important step on the journey towards achieving a vibrant biofuels and industrial biotechnology sector for our state.

In concluding, I would like to thank my fellow committee members for their positive interaction during the deliberations on this bill. I would also like to thank all the submitters and witnesses during our public hearings. Most of all, I would like to thank our secretariat staff—Kate, Rachelle, Lisa and Julie—for their tireless work to get this all prepared by the deadline. I commend the bill to the House.