




Speech By
Lance McCallum

MEMBER FOR BUNDAMBA

Record of Proceedings, 22 August 2023

**LIQUID FUEL SUPPLY (MINIMUM BIOBASED PETROL CONTENT)
AMENDMENT BILL**

 **Mr McCALLUM** (Bundamba—ALP) (6.42 pm): I rise to contribute to the debate on the Liquid Fuel Supply (Minimum Biobased Petrol Content) Amendment Bill 2022. I would like to start my contribution by acknowledging the very genuine and passionate interest from Katter's Australian Party when it comes to this topic.

The Queensland ethanol mandate has been in place since 2017, so it has been around for eight years. It requires liable petrol retailers to sell a target of at least four per cent ethanol compared to their sales of regular unleaded petrol. There is no doubt that since the introduction of the mandate there have been increasing numbers of motorists who are choosing E10 over regular unleaded petrol. Ethanol sales are now averaging almost three per cent, at 2.9 per cent, which is almost double the 1.5 per cent sales that were being achieved in 2016 prior to the operation of the mandate.

What this has meant in practice is that almost three out of 10 motorists are choosing to buy E10 over regular unleaded petrol. Over that time we have also seen a huge increase in the number of petrol stations across Queensland that are offering E10. We now have over 800 sites that are selling E10. That is more than double the 343 sites that were selling E10 in 2016. That is an extraordinary increase. That is more evidence of the fact that our mandate has delivered more availability of ethanol and more motorists are taking it up.

I am one of those motorists. I drive a hybrid vehicle. I choose to use E10 exclusively. I am very lucky because in the Bundamba community 15 out of 15 retail fuel stations have E10 available. When we say that it is motorists who ultimately choose at the bowser whether or not they want to buy E10, regular unleaded petrol or premium petrol, I can contribute to this debate from personal experience because in my community that E10 is widely available and I choose to use it.

In turning to the provisions of this bill, this private member's bill seeks to make changes to Queensland's ethanol mandate. As we have heard from other speakers, the bill seeks to double the penalties up to a maximum of \$2.875 million. It is worth noting that the Transport and Resources Committee inquiry report into this bill found that this element of the bill was manifestly excessive and the committee did not support it.

The Palaszczuk government remains committed to motorists having choice at the bowser. There is a very good reason for that. When New South Wales experimented with phasing out regular unleaded petrol without ethanol, what happened was that those motorists who could not or did not want to use E10 were forced to buy more expensive premium petrol, which is more profitable for the fuel companies. This is particularly salient when we are seeing national cost-of-living pressures impacting the hip pockets of families right across Queensland. When you consider that premium petrol can be 10 cents to 20 cents per litre more expensive than regular unleaded petrol, it would put significant extra pressure on household budgets. The ACCC found that the New South Wales policy cost Sydney motorists alone

up to \$85 million in 2014-15 by paying for higher priced fuels. Simply doubling maximum penalties will not achieve the effect that the mechanism is designed to. It is just going to result in less choice for motorists and increased use of more expensive petrol.

The bill also seeks to regulate E10 petrol so that it must not be less than nine per cent ethanol. The Australian government regulates fuel standards and labelling, and that includes for ethanol blends like E10. I am advised that this particular amendment in the bill would be unconstitutional as it is inconsistent with existing Commonwealth laws. Our existing mandate does not regulate ethanol content in E10. It instead mandates the total amount of ethanol required to be sold to be four per cent of the total volume sold of regular unleaded blends.

Federal law allows E10 to be sold that is between one per cent and 10 per cent ethanol. In practice, fuel supplies average about nine per cent ethanol, noting that if they went over 10 per cent that would be an offence under the federal law. This is backed up by compliance data published by the Australian government which shows that the average is about nine per cent. In this respect, unfortunately the bill seems to introduce more regulations and costs in Queensland for a problem that does not exist in reality.

Our existing ethanol mandate has had significant success. The data shows that Queensland motorists consume about 60 million litres of pure ethanol per year; however, the ethanol fuel market for cars is changing and it is facing challenges. E10 competes in the petrol market for light vehicles and the petrol market overall is declining. That decline will accelerate with the increased uptake of zero emissions and electric vehicles. In its submission to the committee inquiry into this bill the Motor Trades Association of Queensland stated that legislating for consumer behaviour has a low chance of success in the face of increasing and substantial competition from EVs and other sources of renewable fuels.

The Queensland government has supported the biofuels industry since 2015 when we committed to the biofutures road map. There are other emerging opportunities for ethanol and other sustainable liquid fuels. In May this year we released an options and opportunities paper seeking input for this strategy from a broad range of stakeholders ranging from fuel users, fuel producers and sellers across many sectors. I would encourage Katter's Australian Party and any other organisation that might be interested in the future of fuels, sustainable fuels and the uptake of ethanol to participate in that consultation process.

That being said, while I cannot support this bill I do congratulate Katter's Australian Party for bringing this bill forward for debate, for doing the work and putting forward new ideas, because it is more than the LNP has done. Katter's Australian Party has only three members and the LNP, the official opposition, has 34 members. At least the LNP mustered enough enthusiasm for this debate to rustle up four speakers which, incidentally, is the number of paragraphs in their committee report's statement of reservation. In conclusion, I would like to thank the committee for their work into this bill. I would like to thank all of the submitters who made submissions. I would like to note the recommendation from the committee that the bill not be passed. Based on all of that evidence and advice I cannot support the bill.