




Speech By
Trevor Watts

MEMBER FOR TOOWOOMBA NORTH

Record of Proceedings, 22 August 2023

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

 **Mr WATTS** (Toowoomba North—LNP) (6.32 pm): I rise to make a brief contribution in the debate on the Liquid Fuel Supply (Minimum Biobased Petrol Content) Amendment Bill 2022. The member for Hinchinbrook introduced this bill and the Transport and Resources Committee considered it. I would like to thank the chair and deputy chair of that committee. We went through this bill and looked at it from several different perspectives, gaining a fair amount of evidence as to some problems that might result from this bill. I do not think that has to do with the intent of the member for Hinchinbrook. It is just that some of the mechanics in the bill are problematic.

In my local area, as was mentioned by the member for Condamine, we have a biofuel refinery at Dalby. We have a massive grain industry that uses that product in feedlots. There is a real pricepoint pressure on the product that is required to make the ethanol in our region. We obviously do not have sugarcane fields on the Darling Downs. I would be greatly concerned that we would start artificially impacting the price of our various feedlots and the meat and food that they provide both for export and for us in Australia by increasing their input cost by making a feed stock compete directly with a liquid fuel. That is certainly one area that would concern me.

On a broader scale, fundamentally I am not a fan of supply side controls and fines to try to drive up consumer adoption of a particular product. One of the things that this relies on is people who own their individual vehicles making their own individual choices about what they want to do. Some people might go to an electric car and some people might be looking for a hydrogen-based car. There are lots of different fuel options and energy options becoming available to people as this technology develops. Placing massive fines on small retailers to try to force the supply side up is not the approach that I would like to see taken.

The government seems to have withdrawn some of its financial backing in terms of promoting E10 to the community as an alternate fuel. Maybe the government could have a look at that. If we are going to promote it, that cost should not be thrown back on the consumer. As people would be well aware, in this cost-of-living crisis fuel is already expensive enough. Putting massive compliance penalties on will increase compliance costs and that might get passed back to the consumer. If the government moves to an advertising program I would not want to see that come back on the consumer either.

We support the fact that we should be looking for alternate fuel supplies, both from a national security perspective and an environmental perspective. I am not sure that this bill practically solves some of those issues. It would result in some unintended consequences.

As a small business owner and operator previously myself, I know that compliance costs are always difficult to meet in a smaller business, particularly if one is dependent on fuel being delivered by massive wholesalers. This could be coming from either side of the border in our region or potentially

coming a long distance if we are relying on sugarcane ethanol. There are several potential cost inputs and some practicalities around managing supply for some of these smaller retailers. They potentially face a massive fine if that does not meet the standards.

I have some concerns about that at a practical level. I have concerns about what that might do for fuel costs as people try to meet those various compliance costs. I note that the Motor Trades Association of Queensland said—

It is also difficult to understand how strengthening enforcement will achieve a material increase in biobased petrol sales.

That is really my comment around the supply side of the equation. If we want to people to use biofuels then we need to try to get the demand up. We need to try to get the consumers to desire this particular source of fuel. There are some things that can be done in that space. Energy for motor vehicles is evolving so quickly that we should not be locking ourselves in to back any particular horse. We should be looking at what is happening internationally, looking at the options for the energy supply to the vehicle and making sure that in Queensland we are delivering the cheapest transportation costs to the general public so they can get around, particularly in regional and remote areas where fuel cost is a massive component of someone's cost of living.

Many people who live in regional Queensland live a few hours drive from where they get their groceries or do their shopping or drive their kids around to play sport on the weekend. We do not want a situation where compliance costs and supply side issues drive up the cost of fuel for those people who already face massive fuel costs as they try to live their lives.

Others have spoken about this, but there are potentially some inconsistencies with Commonwealth legislation. If we are going to look at anything like this going forward, that needs to be addressed in a thorough way. The Motor Trades Association said in their submission—

The challenge in the proposed amendments, however, is that it seeks to change labelling requirements for one state (i.e. Queensland) contrary to Federal laws.

We know that our border communities have faced a lot of pressure in recent times. Fuel is a key component to living in cross-border areas, particularly as you travel further west. Again, there are problems around anything that might increase the cost of fuel. If we look at what the Labor government has done to increase E10 uptake, to encourage the demand side of it, I think there is certainly room to move. I think that there have been some failures from the government's perspective.

In wrapping up, for any producer of an input—whether it be sugar or grain—there is an opportunity cost when it comes to what other things they might be able to do with that input. In my region, I would not want to see that driving up food costs and the cost of production for what is a big employer, a big industry, that generates a lot of money on the Darling Downs, and that is our feedlot industry supplying both domestic and international markets. There are many thousands of mouths that are dependent on that industry. I would not want to see costs getting more expensive for them. There is real opportunity cost there that I think needs to be considered when we are looking at this area.

On a recent committee trip to Mackay, we visited a research project that QUT are involved in. There are definitely some opportunities around the by-product from sugar cane to be used in the aviation industry. Focusing on that research and trying to encourage alternatives on the supply side rather than having mandates on the supply side is probably a better way forward particularly to support our sugar industry, which is very important to us, but also hopefully to find some solutions for our aviation industry. We need a good aviation industry with a cheap fuel supply to help get us around Queensland.

(Time expired)