

Question on Notice
No. 1436
Asked on Tuesday, 16 November 2021

MR N DAMETTO ASKED MINISTER FOR ENERGY, RENEWABLES AND HYDROGEN AND MINISTER FOR PUBLIC WORKS AND PROCUREMENT (HON M DE BRENNI)

With reference to Queensland's ongoing failure to reach the 4 percent ethanol fuel mandate that was fought for by the Katter's Australian Party and introduced from 1 July 2018—

Will the Minister advise (a) what Queensland's average, annual figure of sales of ethanol fuel has been since 2018 to 2021, (b) how many exemption certificates (including as a percentage amount of all eligible operators) have been issued to fuel retailers who are failing to contribute to and meet the required 4 percent mandate and (c) if, given the ongoing failure of numerous fuel retailers to meet the mandate required of them, the department has taken steps to prosecute any non-compliance offences in the courts?

ANSWER

Since the January to March 2016 quarter (prior to the commencement of the mandate), reportable volumes of E10, the most popular ethanol-blended petrol grade, has increased by 77%, from 81 megalitres in 2016 to over 144 megalitres in the April to June quarter of 2021.

Availability of E10 in Queensland continues to increase and is available at over 850 fuel retail sites.

The average annual sales of E10, which is regular unleaded fuel blended with 10 percent ethanol, from 2018 to 2020 is 601 megalitres per annum. An average of 62.4 megalitres per annum of pure ethanol was sold as a blended ethanol fuel during the same period.

These volumes include periods where COVID-19 has restricted travel causing sales of all fuel types, including ethanol-based fuels, to plummet. The most significant change occurred in the April to June 2020 quarter, with sales of all fuel types dropping by about 22 per cent on average compared to the previous quarter.

Volumes of fuels sold are now starting to return to pre-COVID-19 levels.

At liable retailer sites that sell E10, the average ethanol percentage sold to motorists has increased from an average of 2.6 per cent in the January to March 2018 quarter to 2.9 per cent in the April to June 2021 quarter. Sales peaked at 3.0 per cent in the October to December 2019 quarter prior the COVID-19 restrictions on travel. In the April to June 2021 quarter, about 78 per cent of all petrol fuel sold was from fuel facilities where E10 fuel was available.

Under the *Liquid Fuel Supply Act 1984* (the Act), a fuel seller is given the opportunity to demonstrate the steps they are taking to meet the mandated volume. Exemptions are granted for variable timeframes, and take into consideration the fuel seller's unique circumstances, as well as actions being undertaken to work towards meeting the mandated sale volumes.

Meeting the requirements of the mandate can be determined through either compliance or the statutory tool of conditional exemptions. Since the introduction of the mandate, there have been 164 time-limited exemptions granted to fuel retailers. Since January 2018 to June 2021, the average percentage of liable fuel retailers holding an exemption in each quarter is 47 per cent.

When the mandate was introduced, fuel retailers needed time to investigate retail site infrastructure compatibility with ethanol, potential infrastructure upgrades and costs, and E10 availability at each site. The dominant grounds for exemptions included the unreasonable cost of compliance to upgrade infrastructure, incompatible infrastructure with compliance plans (such as infrastructure upgrade programs to convert sites to sell E10) and that E10 was not available from their fuel supplier.

The grounds for exemption now reflect different challenges now that the number of sites selling E10 has more than doubled. The dominant grounds are that the fuel retailer is taking all reasonable steps but are unable to sell at least 4 per cent ethanol, extraordinary and unreasonable costs to change infrastructure, and compliance plans including infrastructure upgrade programs.

The Department of Energy and Public Works continues to work with fuel retailers to maximise the sale of biofuels through education and assistance, with offences under the Act enforced by court-ordered penalties only to be considered as a last resort. To date the department has been able to work with all liable retailers to ensure all reasonable steps are taken to comply with the mandate.

Fuel sales statistics are publicly available on the Business Queensland website at <https://www.business.qld.gov.au/industries/manufacturing-retail/retail-wholesale/selling-fuel-qld/qld-biofuels-mandates/fuel-seller-statistics>.