



Speech by

Andrew Cripps

MEMBER FOR HINCHINBROOK

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LIQUID FUEL SUPPLY (ETHANOL) AMENDMENT BILL

Mr CRIPPS (Hinchinbrook—LNP) (9.28 pm): I rise to make a contribution to the debate on the Liquid Fuel Supply (Ethanol) Amendment Bill. I commend the member for Burdekin for introducing this private member's bill to once again provide the opportunity for the state of Queensland to become a leader in the development of a renewable fuel industry in Australia. This is the third time that the opposition has introduced such a bill. To that end, I have a history lesson for the member for Whitsunday. If the state Labor government does not support this bill, it will be the third time that the Labor Party has denied Queensland the opportunity to develop the commercial confidence and commercial certainty required for a strong renewable fuels industry to be established.

The opposition introduced a Liquid Fuel Supply Amendment Bill during the 50th Parliament which was debated and defeated by Labor in 2002. The opposition also introduced a Liquid Fuel Supply Amendment Bill during the 51st Parliament which was debated and defeated by Labor in 2004. Both bills sought to introduce an ethanol mandate. I was hoping that it might be a case of 'third time lucky' for an ethanol mandate in Queensland and that base politics would be put to one side. I am very disappointed that the state government has indicated that it will again deny Queensland this opportunity.

The objective of the bill is to amend the Liquid Fuel Supply Act 1984 to require a minimum ethanol content in relation to the total volume of motor vehicle fuel sold in Queensland. The primary policy objectives of the bill are to specifically require a minimum ethanol content in relation to the total volume of fuel for motor vehicles sold in Queensland; to allow the required percentage and periods for the required percentage to be maintained to be determined by regulation; to stimulate the orderly development of and investment in a fuel ethanol industry in Queensland; to stimulate regional and rural economic development through the creation of an alternative market for feedstock produced in Queensland and the creation of new jobs in the fuel ethanol industry; to improve the quality of unleaded petrol and reduce greenhouse gas emissions from motor vehicles in Queensland by blending a minimum quantity of the oxygenate, ethanol, with unleaded petrol used in Queensland; to reduce Queensland's reliance on foreign oil imports and Queensland motorists' exposure to the vagaries of the global oil market and subsequently the volatile domestic price of fuel; and to take advantage of the emerging second generation technology producing ethanol from lignocellulosic biomass, eliminating the need to use traditional food crops and creating a renewable, clean and green liquid fuel alternative to fossil fuels.

Today marks 760 days since the last state election. The state government distributed glossy brochures to letterboxes during the 2006 election campaign committing a re-elected state Labor government to a five per cent ethanol mandate in fuel sold in Queensland.

Mr Rickuss: Did you say 760?

Mr CRIPPS: I certainly did say 760 days. Despite an abundance of rhetoric and slogans, no serious action has been taken to deliver on the campaign pledge. The opposition has demonstrated a strong commitment to establishing a demand for ethanol in Queensland, twice introducing private members' bills into the Queensland parliament to create an ethanol mandate, and is again today advocating for a

proactive move to encourage a renewable fuels industry. For cynical political reasons, the state Labor government has twice voted those private members' bills down. And it is strike 3 today.

The state Labor government had previously suggested that Queensland did not have the power to legislate a mandate at a state level because it conflicted with a Commonwealth act, but the government has since proven itself to be a hypocrite by promising a five per cent mandate at the last state election. The state Labor government evidently misled the people of Queensland in 2002 and 2004 because it has changed its tune since then and, indeed, because another state, New South Wales, has introduced its own ethanol mandate.

Following the state election in September 2006, the state Labor government used the speech by the Governor of Queensland during the opening of state parliament to qualify its election commitment to introduce a five per cent ethanol mandate in Queensland. It is regrettable that the state Labor government sought to avoid responsibility for its election commitment and decided to announce its intention to go soft on its election commitment via the Governor's speech, which made a convoluted reference to further studies and lengthy consultation before a mandate might be introduced in December 2010. That time line delayed the promised mandate until after the next state election, due by September 2009, which of course means that the state Labor government will promise the five per cent mandate again during the next campaign, giving it two promises at two elections for the price of one.

With high fuel prices hurting consumers throughout the state, an ethanol mandate would deliver some relief for more motorists by making ethanol blended fuel, which is excise free, more widely available at petrol stations. That relief is needed now, not after the next state election. Queensland motorists could be using a higher percentage of renewable fuel, improving the state's air quality and offering an opportunity to rural industries, such as the sugar industry—a major industry in Queensland, including in my electorate of Hinchinbrook—to diversify the sources of demand for its product if this bill is passed today as a result of the initiative of the LNP opposition.

This private member's bill follows the Rudd Labor government's decision to cut more than \$15 million in ethanol grants in this year's federal budget. The grants had been available to assist service stations reduce the cost of installing new pumps or converting existing infrastructure to supply ethanol blended petrol. The Rudd Labor government has cut funding to the Ethanol Distribution Program by \$5 million and the Ethanol Production Grants program by over \$10 million. These programs, which were established by the former federal coalition government and which offered incentives for investment in ethanol production and distribution, have now been undermined by Labor. More than ever before, incentives to give commercial certainty and commercial confidence for the establishment of a renewable fuels industry is needed, and this bill has the potential to make that happen.

A mandate would help to create a Queensland biofuels industry by sending a clear signal to consumers that biofuels have merit and do not cause damage to vehicles that are suitable to use ethanol blended fuel. That has been an insidious rumour perpetuated by some groups with a vested interest in undermining the establishment of a biofuels industry. On that point, I think the promotion of the use of E10 fuel by the state Labor government through its various advertising campaigns has been a good thing and has, to a certain extent, been useful to encourage the use of E10 in Queensland.

Having said that, this state Labor government has always done the public relations exercise particularly well, but it has always had trouble following through with the decision to take action. This is true once again with the ethanol mandate. On that basis, this bill should be supported by the state Labor government, because it is an action to implement an initiative that it has supported, at least in principle, since the 2006 state election.

The New South Wales government has introduced a two per cent ethanol mandate. Queensland was beaten to the punch by New South Wales. This must have been terribly embarrassing for the Queensland government. It is important Queensland is not left behind as this important renewable fuels industry develops throughout Australia. With the federal Labor government cutting funding for ethanol programs, it is even more important that Queensland moves to encourage investment in ethanol production.

This bill being considered today addresses some previous concerns about ethanol production levels by allowing for the exact mandated percentage to be introduced in stages as production capacity increases. Mandating a mixture of fuel ethanol will improve air quality in urban areas, reduce overall greenhouse gas emissions and provide an economic incentive to primary industries.

An ethanol mandate could provide a massive boost to the fledgling renewable fuels industry, reduce Queensland's reliance on imported oil for fuel and create jobs. As far as north Queensland is concerned, it offers an opportunity to the sugar industry to diversify and reduce its current reliance on world sugar prices. The exact percentage of the mandate would be staged as production capacity increases. If this bill is passed, a five per cent ethanol mandate could be increased to 10 per cent by 2011, over a period of time. We would then be substituting a significant level of fossil fuels for a renewable fuel source in the state of Queensland.

With rising petrol prices and the global push to remove carbon emissions, demand for renewable fuels is growing. An ethanol mandate in Queensland will give investors confidence to pursue ethanol production. Of all the Australian states, Queensland is the best equipped to develop an ethanol industry because of the size of our sugar cane and grain industries.

Another reason raised in the past in some quarters for not supporting previous efforts to introduce an ethanol mandate related to Queensland not having the production capacity to satisfy a percentage mandate. The flexible provisions of this private member's bill make that excuse redundant. Existing refineries and the extra incentive created by this proposal could prove to be the catalyst for significant investment in a renewable fuels industry. All that is needed is some political will from the state Labor government.

The flexibility of the private member's bill put forward tonight by the LNP in relation to supply and production capacity should make it worthy of bipartisan support for an ethanol mandate. The state Labor government is to be condemned for its petty, base politics on this issue. Once again I commend my colleague and friend the member for Burdekin and my colleagues in the LNP opposition for their continued support for this worthy initiative. I commend the bill to the House.