

Liquid Fuel (Ethanol) Amendment Bill 2014

Explanatory Notes

Short title

This Act may be cited as the *Liquid Fuel (Ethanol) Amendment Bill Act 2014*

POLICY AND OBJECTIVES

The objectives of the Bill

The objective of the Bill is to amend the *Liquid Fuel Supply Act 1984* to require minimum ethanol content in relation to the total volume of motor spirit sales in Queensland.

The policy rationale for the Bill

- Amend the Liquid Fuel Supply Act 1984, specifically to require a minimum ethanol content in relation to the total volume of motor spirit sales in Queensland.
- Allow the required percentage and relevant periods to be determined by Regulation if required.
- Stimulate the orderly development of, and investment in, a fuel ethanol industry in Queensland.
- Stimulate regional and rural development through the creation of an alternative and stable market for feed stock produced in Queensland and the creation of new jobs in the fuel ethanol industry.
- 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.
- Reduce Queensland's reliance on foreign oil imports and Queensland motorists' exposure to the vagaries of the global oil market.
- Take advantage of the emerging second generation technology producing ethanol from lignocellulosic biomass (such as wood residues, municipal paper waste, grain sorghum, agricultural residues and dedicated energy

crops), eliminating the need to use traditional food crops and creating a renewable, clean and green liquid fuel alternative to fossil fuels.

ADMINISTRATIVE COST

It is expected that there will be minimal extra cost to Government.

FUNDAMENTAL LEGISLATIVE PRINCIPLES

The Bill is consistent with the fundamental Legislative principles.

NOTES ON PROVISIONS

Clause 1 - Short Title

Clause 1 provides that the short title of the Act will be cited as the Liquid Fuel Supply (Ethanol) Amendment Act 2014.

Clause 2 - Amendment of the *Liquid Fuel Supply Act 1984*.

Act Amended

Clause 2 provides that the Bill amends the Liquid Fuel Supply Act 1984.

Clause 3 – Amendment of s5 (Interpretation)

Section 5—

insert—

initial period, for part 5A, see section 35AD.

motor spirit, for part 5A, means prescribed motor spirit.

motor spirit-ethanol blend, for part 5A, see section 35AD.

primary wholesaler, for part 5A, see section 35AD.

relevant period, for part 5A, see section 35AD.

return, for part 5A, see section 35AD.

sell, for part 5A, see section 35AD.

Clause 4 - Replacement of pt 5A, hdg (Ethanol substitution)

Return means a return under section 35AH(1).

The definition for sell encapsulates all forms of trade including barter, exchange and supply for profit.

35AE Initial minimum percentage ethanol content

35AE (1) states that this section applies to motor spirit sales in the initial period.

35AE (2) outlines the responsibility of the wholesaler to ensure that sales of ethanol during a relevant period meet the required fixed percentage and states the maximum penalty for failure to comply.

35AE (3) defines that in this section fixed percentage is either the percentage prescribed by regulation or, if no such regulation exists, as being five percent (5%).

35AF Subsequent increased minimum percentage ethanol content

35AF (1) states that this section applies to sales by a primary wholesaler from a prescribed day.

35AF (2) outlines the responsibility of the wholesaler to ensure that sales of ethanol during a relevant period meet the required fixed percentage and states the maximum penalty for failure to comply.

35AF (3) defines that in this section, fixed percentage is either the percentage prescribed by regulation or, if no such regulation exists, as being ten percent (10%). Prescribed day is defined as the day immediately after the initial period ends.

35AG Exemptions from ss 35AE and 35AF

Section 35AE forms the remainder of the provision that allows motor spirit producers and refiners not to comply with the mandate provided for in Sections 35AE(2) and 35AF(2). Motor spirit producers, refiners and sellers can only avoid complying if the Minister grants them an exemption under section 52 and then only if the Minister is satisfied that an applicant for exemption cannot secure sufficient quantities of ethanol, at a prescribed price, to satisfy the requirement.

The exemption provision accepts that there will be shortages of ethanol while the industry is in its infancy. The exemption provision should provide protection against the import of ethanol, which may occur on a large scale without the provision of an exemption, and which may impede the development of a domestic industry. It should also limit any opportunity for oil companies to increase fuel prices to motorists; negating any argument that ethanol is more expensive to source than conventional motor spirit.

35AH Returns

35AH (1) states that the primary wholesaler must supply the Minister a return within one month of the end of a relevant period and states the maximum penalty for failure to comply.

35AH (2) states that a return must be in an approved form and contain information on the total volume of motor spirit sold, the total volume of ethanol sold and any other prescribed information.

35AI Requirements to keep records

35AI (1) details the requirements relating to record keeping and states the maximum penalty for failure to comply.

35AI (2) states that records must include details prescribed under a regulation without limiting (1).

35AJ False or misleading returns

35AJ(1) concerns false or misleading returns and states the maximum penalty for failure to comply.

35AJ(2) states that for a return mentioned in subsection (1), Section 47 does not apply.

35AK Allegations of false or misleading matters

35AK(1) states that a false or misleading statement, document or information are the basis for an offence in this part.

35AK(2) states that it is not necessary for a complaint to specify which in (1) apply.