



5 August 2016

Ms Stephanie Jolly
A/Director – Biofuels
Department of Energy and Water Supply
PO Box 15456
City East Qld 4002

Email: <mailto:stephanie.jolly@dews.qld.gov.au>

Dear Director

Re *Biofuels Mandate Implementation - Biofuels Mandate Exemption Guideline*

1. Introduction

- 1.1 The Motor Trades Association of Queensland (MTA Queensland or the Association) responds to your request for consideration of the Department of Energy and Water Supply's (DEWs) biofuels mandate Implementation - exemption guideline and related matters.
- 1.2 Thank you for consultations and documentation on the proposed exemption guideline and sustainability criteria. Our Service Station and Convenience Store Association (SSCSAQ) membership have further considered the proposals and submit the following comments for your consideration.

2 Threshold

- 2.1 The Association recognises that the proposed threshold policy is to meet the biofuels mandate; however, the strong view is that the proposed threshold is too low having the potential to cause economic, administrative and compliance difficulties for some fuel retailers.
- 2.2 The threshold should not have the consequence of lessening competition in the fuel retailing market. The Australian Competition and Consumer Commission in its *Quarterly Report on the Australian Petroleum Industry June 2016* observed that 'gross indicative retail differences in Brisbane were higher than those in the other largest cities.' After considering transport and Terminal Gate Prices similarities, the ACCC stated that 'the high relative prices in Brisbane are likely to reflect inadequate competition at the retail level.'

MTA Queensland

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- 2.3 The threshold should not put at risk the viability of independent or small operators. Some fuel retailers which meet the threshold requirements may be unable to compete with the majors putting their businesses at risk of being unsustainable. The ACCC in its June Quarterly report drew attention to New South Wales, where vapour recovery legislation and the biofuels mandate applies requiring higher margins to operate a sustainable business.
- 2.4 DEWS should consider the threshold in the context of current economic circumstances. Attention is drawn to recent public reports which refer to the economic fragility of the local construction sector. In turn this will flow through to the fuel retail market with slower product uptake.

3. Exemption Criteria

- 3.1 The biofuels mandate compliance and exemption application processes as proposed are highly technical requiring intense resource and administrative inputs which have the propensity to incur unforeseen costs - especially for small business. The processes should be trialled so that they are effective and efficient and can be actioned with minimal administrative and financial outlays.
- 3.2 The coercive regulatory requirements and the need for ongoing provision of sensitive financial data for an exemption application for infrastructure works, that may be ongoing, are unnecessarily onerous and financially pervasive and should be reconsidered. Privacy issues pertaining to the provision of confidential and sensitive financial information relating to viability for example, must be assured.
- 3.3 Absent from the biofuels mandate exemption application process is recognition of the fuel retailer's investment in a market where the return on investment is unknown or cannot be determined due to changing market conditions such as the progressive displacement of the internal combustion engine. This should be a prime consideration.
- 3.4 The exemption criteria for fuel retailers for financial hardship should not be based on earnings before interest and tax but based on industry profitability figures.

4. Education and Promotion

- 4.1 Government, having made the decision to invest in and further develop a biofuels industry in Queensland must undertake an ongoing public education and promotion program to inform consumers of the advantages of purchasing biofuels products. The program must drive demand for consumer uptake to avoid business losses and must remain the responsibility of government.

5 MTA Queensland background

- 5.1 The MTA Queensland is the peak organisation in the State representing the specific interests of businesses in the retail, repair and service sector of Queensland's automotive industry located in the State. There are some 13,000 automotive value chain businesses employing in excess of 90,000 persons generating in excess of \$14.5 billion annually. It is an industrial association of employers incorporated pursuant to the *Industrial Relations Act* of Queensland. The Association represents and promotes issues of relevance to the automotive industries to all levels of Government and within Queensland's economic structure.

- 5.2. The Association is the leading automotive training provider in Queensland offering nationally recognised training, covering technical, retail and the aftermarket phases of the motor trades industry through the MTA Institute (MTAI) - a registered training organisation. It is the largest automotive apprentice trainer in Queensland employing in excess of 35 trainers geographically dispersed from Cairns to the Gold Coast and Toowoomba and Emerald. The MTAI last financial year accredited courses to in excess of 1,600 apprentices and trainees.

6 Conclusion

- 6.1 Thank you for your inclusive consultations. We would be pleased to provide further comment on any matters in our submission that may require further clarification or amplification.

Thank you for your consideration.

Yours faithfully



Dr Brett Dale
Chief Executive Officer

Yours faithfully



Kellie Dewar
General Manager – Member Services