



PARLIAMENT OF AUSTRALIA
HOUSE OF REPRESENTATIVES

TONY WINDSOR MP
INDEPENDENT
FEDERAL MEMBER FOR NEW ENGLAND

Shop 5
259 Peel Street
TAMWORTH NSW 2340

All Mail: PO Box 963
TAMWORTH NSW 2340

Ph: (02) 6761 3080
Toll Free: 1800 66 8855
Fax: (02) 6761 3380
e-mail: Tony.Windsor.MP@aph.gov.au
Web Page: www.tonywindsor.com.au

MEDIA RELEASE

13th February 2003

Govt slow to give certainty to Ethanol developers

The Federal Minister for Agriculture, Warren Truss, failed once again to give investment certainty to the proponents of ethanol plants in New South Wales and Queensland.

In Question time in Parliament yesterday, Mr Windsor asked the Minister to tell the Parliament whether the Government intended to mandate a minimum level of ethanol in Australian fuels and whether the Government would maintain a 38c per litre excise exemption long term to allow for certainty of investment in the industry.

“Mr Truss paid lip service to the industry but would not be drawn on the Government’s intentions, if any.

It’s time that Mr Truss put some fuel in his tank and moved forward on this issue,” Mr Windsor said.

Mr Windsor said that in October 2001, the Government released its policy on renewable fuels called ‘the Biofuels for Cleaner Transport’ Policy.

The key elements of that policy are:-

1. the continuation of the excise exemption for domestically produced ethanol fuel
2. the introduction of a capital subsidy of 16c per litre for an additional 310 million litres of new or expanded capacity
3. the Government’s target is to achieve 350 million litres of domestically produced ethanol by 2010

On 12 September 2002, the Government, in an attempt to protect the domestic market, removed the 38c per litre excise exemptions and granted an interim twelve month production subsidy at the same 38c per litre level.

“This 12th September 2002 policy was designed to protect the local industry and new entrants from cheap imports.

However, it had the unintended consequence of halting the progress of at least 5 major renewable fuel projects in Australia.

For these projects to proceed, long-term policy certainty is required immediately,” Mr Windsor said.

(Attached is Hansard Question and Minister Truss’ Answer)

Question without Notice: Fuel: Ethanol

Fuel: Ethanol

[Mr WINDSOR](#) (3.01 p.m.) —My question is to the Minister for Agriculture, Fisheries and Forestry. Given the uncertain future of oil supplies from the Middle East and given that there are a number of commercial proposals to establish ethanol plants in country New South Wales, what is the government doing to expedite their development? Does the government intend to mandate a minimum level of ethanol in Australian fuel? Will the government ensure certainty for potential investors by guaranteeing a 38c per litre excise exemption in the long term for domestic production?

[Mr TRUSS](#) —I thank the honourable member for his question. As he would be well aware, I am an enthusiastic supporter of the ethanol industry. During the election campaign—

Mr Zahra interjecting—

The SPEAKER —I warn the member for McMillan!

[Mr TRUSS](#) —the government made a commitment to set a target for ethanol usage within the Australian liquid fuel mix and to provide support to the industry to enable it to develop the capacity to produce ethanol for Australian motorists. This particular policy has been developed over recent times, and the government has in fact made a commitment for 12 months to ensure that the excise concession is available to the local industry to enable it to proceed with a degree of confidence and security. But it is necessary to have in place a longer term policy to ensure that the investment that is required to build this capacity can effectively be put in place.

Over recent weeks, attempts by fuel companies and others to vilify the ethanol industry have severely affected the capacity of this industry to achieve its potential. Only a few months ago, people rightly considered ethanol to be an environmentally friendly fuel that had the capacity to make Australia more self-sufficient in its liquid fuel needs and to provide a lot of jobs in rural and regional Australia. But the campaign, orchestrated in many respects by members opposite, has damaged the reputation of ethanol, vilified the fuel and given the impression that—

Mr Tanner interjecting—

[Mr TRUSS](#) —It has vilified it and given the impression that if you put any ethanol at all in your fuel tank your car will break down before it leaves the service station driveway. That is simply dishonest.

Mr Tanner interjecting—

The SPEAKER —I warn the member for Melbourne!

[Mr TRUSS](#) —They failed to produce any evidence about the damage it is allegedly going to cause to motor vehicles; they just sought to undermine this industry which has so much potential in rural and regional Australia. I share the honourable member's enthusiasm about ethanol. The government is committed to ensuring that Australia has the capacity to produce the needs of the local industry and to do it locally. I agree with the honourable member that there are a number of proposals in New South Wales, Queensland and other places to build new ethanol plants. The government is looking at ways to give the industry the sort of security it needs to be able to proceed with those investments as quickly as possible.