



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: 1300 301 839
Fax: (02) 6761 3380
e-mail: Tony.Windsor.MP@aph.gov.au
Web Page: www.tonywindsor.com.au

MEDIA RELEASE

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Let's get serious about fuel prices - mandate ethanol fuel blends

The Independent Member for New England, Mr Tony Windsor, has called for a phased-in mandating of 10% ethanol usage in petrol.

Mr Windsor makes this call as a long term solution to Australia's exposure to international crude oil markets driving erratic and crippling increases in Australia's domestic fuel prices.

"The current media reports of fuel prices jumping to \$3 per litre are surely exaggerations, however the reality is that Australia's domestic fuel prices are subject to the whims of the Organisation of the Petroleum Exporting Countries (OPEC) and other international instability.

"A ten percent mandated ethanol fuel usage will provide positive benefits to regional Australia and at the same time fit in with broader policy areas in the Energy, Environment and Health portfolios.

"Regional communities do not have the access to subsidised public transport that is enjoyed by our city counterparts and fuel price increases have a very real impact on the disposable weekly income of regional Australians," Mr Windsor said.

Mr Windsor points out that both Coalition and ALP governments have chosen to be dependent on fuel taxation.

"Our Governments have no incentive to halt spiralling prices with the GST providing an extra \$542,000 per day for every ten cents increase in a litre of petrol.

The impact of the GST on fuel is felt more heavily in regional areas where fuel is often more than ten cents a litre higher than the best price found in Sydney.

In this case, the GST paid by country motorists is between one and two cents a litre higher than the GST paid by city residents per litre of fuel.

This situation is a breach of the policy commitment given with the introduction of the GST when this Government promised that the GST would not be applied in an uneven manner and would not bring about a price rise through its application.

Clearly the Government needs to reimburse regional motorists for this unfair impact of the GST through a renewed Fuel Sales Grant Scheme to paid at the bowser," Mr Windsor said.

Mr Windsor believes that part of the solution to OPEC driven price rises is to increase domestic production of sustainable fuels such as ethanol (either from grain or sugar) and bio-diesel and use these to decrease international demand.

"10 % ethanol blends are an effective octane booster and the ethanol actually replaces existing octane boosters that are known carcinogens. This factor, combined with job creation and new investment required for new ethanol plants in regional economies, should make mandated ethanol blends an essential part of any energy policy.

"The energy policy white paper recently released by the Government failed to encourage increased sustainable fuel production and the government needs to remedy this by establishing a 10% ethanol usage mandate if it is to gain my support for the passage of it's energy policy," Mr Windsor said.

For further information contact Tony Windsor, Ph (02) 6761 3080