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MEDIA RELEASE

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‘Delusional’ Ethanol Proponent Responds to Biofuels Attack by Namoi CMA

‘Delusional’ ethanol proponent, the Independent Member for New England, Tony Windsor, has reacted to comments made by the Namoi Catchment Management Authority in relation to the development of an ethanol industry as part of the energy mix in northern NSW.

Mr Windsor said if the CMA was making wide ranging economic policy comments it should release the documents or so called research from which the conclusions are drawn.

Mr Windsor said he took issue with a number of the comments made by the Authority.

1. The CMA suggests the profitability of ethanol plants was questionable at grain prices which were 50% of the current market price a few years ago. The CMA fails to mention that the oil price has increased more than two fold in the same period. In fact, when the first ethanol plants were proposed, oil was \$35-40 US per barrel, now it is \$110 US per barrel.
2. The CMA questions the energy balance conversion ratios of grain to ethanol as poor even though positive. Under what farming system were those energy in/energy out ratios calculated? Was a no till farming system used or a disc plough bash and belt energy consumptive system used in the calculations? Was the energy used to get Australia’s surplus grain to port (no trains this year from Pacific National as they were apparently not viable) and the shipping energy to overseas buyers included? Was the energy cost of shipping oil back from overseas from corrupt world markets and then carting some of that oil (by road these days) back to the North West for the community and industry to use included? I think not.
3. The CMA falls for the purist economic argument that the removal of tax is a subsidy. Currently, until 2011 renewable biofuels aren’t subject to the same tax levels as non renewable fossil fuels. Is the CMA seriously suggesting that renewable energy sources should be seen as a source of tax revenue? Will it be arguing that wind, solar, wave, geothermal energy sources as well as lignocellulosic sources of biofuels be taxed under the same regime as fossil fuels? Will it claim that those industries are subsidised from a ‘bottomless pit of taxpayer subsidies’? I would have thought that the CMA would support an incentive based approach to renewable fuels rather than a taxation source.

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“Like the CMA, I am very supportive of research into lignocellulosic ethanol which could be the long term future for that industry” Mr Windsor said. “I am curious to know however the CMA’s position on ‘tax concessions’ to timber plantations that could be used as a source of cellulose in the future.”

“I would have thought the CMA would be searching for ways to enhance and value add to those industries that the Namoi can sustain rather than arguing that a fossil fuel taxation system be used to cruel an infant industry that could have positive environmental, economic and regional impacts as well as balance of payment implications.”

“This narrow view of the world that the Namoi CMA is displaying is exactly the reason most of our serious renewable and alternate energy scientists have taken their expertise overseas where their initiatives are encouraged rather than taxed or disparaged.”

“If wanting a better future for this region, rather than that of peasant food production at corrupt world prices, I plead guilty to being ‘delusional’.”

Mr Windsor said it was difficult enough for country representatives to argue the cause of value adding to food production without having those representations white anted from within our own area.

“What that means on the ground from a new Government that is committed to keeping food prices low is that farmers receive the lowest possible prices for their food production and not move into the much higher priced energy market for their surplus production. It seems the Namoi CMA agrees with that philosophy.”

“The CMA virtually defeats its own argument by saying ‘the short to medium term profitability of the grains industry, assuming normal seasonal conditions, was assured given the 30 year low in world grain stocks and **continuing conversion of grain into ethanol** in the US.”

“OK for them apparently, but not for us,” Mr Windsor concluded.