



2 July 2015

Project Manager
Queensland Bio-fuels Mandate
PO Box 15466
City East QLD 4002

Dear Sir/Madam,

Re: Bio-Fuels/Ethanol Mandate Submission

North Queensland Bio-Energy Corporation Limited (NQBE) welcomes the opportunity to lodge a submission in support of the proposed Bio-Fuels Mandate being contemplated by the Queensland government in this current term of office.

NQBE applauds the government on this initiative to establish a genuine renewable fuels industry in QLD, a state that has an abundance of variable feed stocks (sugar cane bagasse, woodchip) to satisfy the production of both the first and second generation bio-fuels.

A major concern for Australian business today should be the lack of fuel security (less than 18 days) in this country and the establishment of a bio-fuels industry in this state will go a long way to reducing the reliance on fossil fuels.

The employment opportunities and growth benefits to rural and regional economies will be a major plus for those communities, many of which are suffering through depressed commodity prices, a down turn in the resources industry and a continuation of the effects of the global financial crisis.

By way of example, the Economic Impact Assessment on the NQBE project indicated that there would be an increase of \$96m annually in economic benefit to the region, the creation of 258 new jobs in Ingham and the employment of between 350-400 people during the 30 month construction period.

The mandate **MUST** have bi-partisan support and it appears that, according to Hansard, both sides of QLD politics support the proposed bio-fuels mandate proposal. We urge the government to ensure that this bi-partisan support does not waiver.

It is also important to engage with the general motoring public who will be encouraged to use ethanol and bio-fuel blends in their vehicles. An exhaustive education campaign, including an education program in the State government and private schools, about the benefits of a renewable bio-fuels industry (reduction in greenhouse gases, fuel security, rural & regional employment and growth) is important and has to be part of the education program.

Previous claims by various associations about the damage to car engines caused by bio-fuel blends should not be forgotten and will be part of any future campaign against the mandate. NQBE believes that, whilst there may have been a softening in these stances by the likes of RACQ, the government should nevertheless get onto the front foot and seek out the support of car and truck manufacturers whose cars are designed to run on various levels of ethanol and bio-diesel blends.

Investment in the renewable bio-fuels industry requires certainty. The proposed bio-fuels mandate legislation must provide for a very definite and firm basis of incremental increases by certain dates.

It is recognised that the initial proposed 2% mandate is a starting point and one that can almost certainly be met immediately by the production from existing facilities. Having fixed incremental increases in the mandate will send a clear message to project proponents that there will be a market for increased bio-fuel production and this will also appease the bankers who will be financing these new bio-fuel projects.

There are a number of QLD bio-fuel projects that have already received Development Approvals and are in the financial and Due Diligence stages. The government should take into account when these projects are likely to come on stream and also the potential volumes of bio-fuels being produced when setting the incremental increase amounts and dates from which those increases should apply.

The proposed legislation, when introduced, should contain very few (if any at all) exemptions from compliance. The NSW experience has shown that the exemptions in that state's legislation were unnecessarily abused and this caused the mandate to become ineffective.

NQBE's view is that there should only be an exemption if the supply of bio-fuels was not available. Under these circumstances the retailer would need to seek an approval from the government or appropriate government authority.

Penalties for non-compliance of the mandate legislation should be significant and sufficient to discourage non-compliance. There is no point in slapping an offender with a "lettuce leaf" fine, as this will not encourage compliance with the mandate.

In relation to technology matters, the government should not hold up the introduction of the mandate pending the commercialisation of new technologies. The first generation bio-fuel technology available at present will deliver the government's initial mandated volumes. The second generation bio-fuels technology is very well advanced in this country through programs within universities and private enterprise. These technologies are currently being commercialised and are focusing on a range of feedstock including sugar cane bagasse, wood chip, and municipal green waste and so on.

By way of example, the Ethanol Technologies Limited plant, located at Harwood Sugar Mill in NSW, is currently producing a sugar solution from sugar cane bagasse and woodchip in less than 10 minutes. This technology should be commercially available by June 2017, thereby supporting the QLD government mandate increases. An example of the sugar solution is attached.

Technology also exists for ethanol to be blended with diesel fuel and this technology will drive the need for additional ethanol demand and support the government's bio-fuels mandate.

Thank you for the opportunity to provide a submission on the governments proposed bio-fuels mandate and should you require any further information in relation to this submission, kindly do not hesitate to contact me.

Kind Regards,

Robert M Carey
Chairman
NORTH QUEENSLAND BIO-ENERGY CORPORATION LIMITED

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