ECONOMIC DEVELOPMENT AND INFRASTRUCTURE COMMITTEE

Inquiry into Mandatory Ethanol and Biofuels Targets in Victoria

Melbourne — 31 July 2007

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Mr P. Martin, Grown Fuel, and Wimmera Biodiesel.

The CHAIR — Good afternoon. I welcome Mr Paul Martin to the public hearing of the Economic Development and Infrastructure Committee's Inquiry into Mandatory Ethanol and Biofuel Targets in Victoria. All evidence taken at this hearing is protected by parliamentary privilege. Such protection is not afforded outside of the hearing. There may be things you wish to put on the public record, given that you have parliamentary privilege.

I ask you to state your name and address and whether you are attending in a private capacity or representing an organisation. If it is an organisation, I ask you to state your capacity within that organisation.

Mr MARTIN — Paul Martin, Grown Fuel and also Wimmera Biodiesel. Grown Fuel is based in Melbourne, and Wimmera Biodiesel is based at Kaniva on the way to Adelaide. That is our primary operation, that is out Kaniva way.

I have seen a lot of the biodiesel industry over the years. It has come from nothing to an industry that has sort of peaked. It had nearly 200 employees, now it has probably shrunk down to less than 100. I think that is a natural cycle of the biodiesel industry finding its place in Australia. It grew too quickly; now it is contracting. The oil price has a major effect on the industry and whether it flourishes or flounders. We have got a lot of opinions about whether we should use food crops for energy and issues like that.

Often the term 'biofuels' is used where in fact the issues, as we have seen, for ethanol and biodiesel are very different — everything from use for livestock to droughts. I think they are two very different industries. I have strong opinions about both, but biodiesel is my technical background, and that is my passion.

What I would like to see is that we move forward and look and say, 'Right, we need to reduce emissions. We know that biofuels can reduce emissions'. One of the best studies available is the report by Newcastle Council and the RTA in New South Wales on what B20 did for Newcastle Council's vehicles. It reduced emissions by about half. I think that is a very important fact. If we are going to look and say we are going to clean up emissions for health and for global climate change, then this is a real opportunity for us. I see that by using more grain and more seeds in Australia we are going to provide more food for the livestock industry. Instead of putting it on a ship, we value add, put another step in the chain, get some energy out of the grain or seed — oil seed — and then the animals eat what is left over.

Part of my business out at Kaniva is actually producing animal feed. It is actually the primary part. When we start up the crush mill to make biodiesel two-thirds of what we produce is actually meal, so we are producing a lot more animal feed than was available before, value-adding the local area.

I think it is very important to keep it in perspective. I grew up in the cities, and it has been a big learning curve for me going out, working, spending time and living in regional Australia and cropping areas. I do not know why they do it. They do it really tough. My business partner gets 2 per cent return on his investment. Why would you bother? Sell the farm, put the money in the bank, and sit on Bondi Beach. Why would you bother?

I think sometimes we miss the point that farmers do not get a lot of money. Okay, they had a bumper year a year or two ago, so all the prices went through the floor. They are getting, what, prices from 20 years ago, they are saying, in a bumper year, and then they get a drought year and they get nothing, and they just have to weather that. I think an increase in commodity prices by entering into the fuels market would have a lot of benefit. I see that there would be more food available for animals in lot feed, and you would see farmers getting better prices for their products.

The value-adding that we are doing out in Kaniva is: local employment — you are in a shire that does not do any value-adding except for some chickpeas in the local supermarket and this is a huge opportunity. For years my business partner has been the three-headed alien who is going to run his car on what? And now it is at the point where we are putting a lot of money into the local area and we are getting a lot more respect because we are actually value-adding.

That is the future. If you look at Austria, especially, which is the home of biodiesel, you will see that that is what is happening. We start with the big grandiose biodiesel plants — we are going to build them in the city on a port, we are going to import all these very cheap feedstocks, turn them into diesel and then sell them really expensive into European markets or wherever and make a lot of money — that is a flawed concept.

I did that years ago with Australian Biodiesel Group. I started that company and back from 2000 on we made good money, it was a good business. But now it is different. Look at the regional papers — for the last year at least biodiesel has been on the radar screen. It is finally sinking in that this is a really exciting industry. It does not wreck your engine if you do it properly. We can have decentralised biodiesel plants making good-quality biodiesel fuel and basically more investors, more farmers involved. We do not just have to have one big industry in the city.

I see massive potential for regional Australia. I see preventing that is uptake — we had the ethanol debacle years ago, which scared people off ethanol. Because of that ethanol debacle I think it is only fair that the industry gets a bit of help to try and get ethanol out there, and I think the best way the government can help the industry is to use it. For any contracts the government is doing, any vehicles that the government has, it should lead by example and use biofuels.

I have found in life generally that you cannot tell someone to do something you are not doing yourself. 'Use biofuels' would be the biggest thing that I have to say to the committee — use it, lead by example. Get your contractors to use it. If they are going for a job to build a freeway or whatever, ask them, 'Do you use biodiesel? Do you use ethanol?'. Give them a tick or a cross. I think that would be my biggest recommendation.

If you do have a mandate, if we do start using a lot more biofuels in Australia, the next issue is that we have high wages in Australia. Things cost more here. It is just cheaper to cut down rainforest, grow palm oil and import it and then flood the market with the cheap imports. I think any mandate or any moves by the government to actually use biofuels and to promote that industry should really ensure it is sourced from the local suppliers — that is to support Victoria and support local industries because you can have a flip side where you have so much in the way of imported fuel that it wipes out the local industries. Avoid that.

The other thing is — I am trying to cut right down because there are all sorts of things — the EPA takes a long time, there are all sorts of ways that we can speed up biofuels in Australia — but watch out for the imports, look at the true source of biodiesel and if it is sustainable, because there is a lot of biodiesel out there that is not — palm oil is the biggest one that is just not sustainable. We have a round table on sustainable biodiesel, which companies refer to as being their way of actually reducing emissions, but then we are getting reports from the UN that in Indonesia, the third biggest polluter in the world, four-fifths of pollution is coming from rainforest burning. What is driving the rainforest burning? Biodiesel.

The CHAIR — Is it?

Mr MARTIN — Yes. That is all sort of coming out in the public and now the UN and everyone is starting to catch on. It is like food with ethanol; with biodiesel it is a palm oil issue. People are starting to cotton on to the reality of it. Even the Federal Government is trying to assist in reducing deforestation from producing palm oil.

I would say: watch where the biodiesel is coming from, support Victorian industries, support decentralised high-quality biodiesel plants so you get more benefit spread around and start doing value-adding. I think that would be the best way forward. From what I have seen, it is a real goer. Have a look at Austria. They are demonstrating that you can keep so much more money in town. I could keep going but I will stop there and wait for your questions.

The CHAIR — I congratulate you. That is extremely helpful. In relation to Victoria, and part of our brief is to look at decentralisation and jobs, you have covered a number of points in your presentation. If you were writing the recommendations for this committee, what would be your two key recommendations that would enable jobs to increase in rural parts of Victoria?

Mr MARTIN — Mandate and use biofuels yourself — as in within the government fleet. Lead by example, and push that the rest of the community starts an uptake of biofuels. We are not talking about large percentages here. Secondly, do not let imports flood the market and stuff it for all the farmers. That would be my two.

The CHAIR — Thank you.

Mr TEE — Is the converse true though, that you destroy it for the pork producers and the wheat producers by increasing the costs of feed?

Mr MARTIN — We are doing a lot of interesting things at Kaniva, as a lot of other biodiesel companies are, pioneering new feedstocks. One of the feedstocks for instance that we are looking at growing is growing oil seed between the wheat crop; so you grow two crops on one heap, and then when you direct-head it you have a screen which basically separates the small seeds from the bigger seeds. You can grow two crops in one paddock, for instance, rotating canola with wheat. Farmers all tell me there are good advantages in that and they have been doing that for a while.

We are also pioneering mustard. For instance, where the canola crop has just failed in the drought, we had a mustard crop. It was not huge, and I would not be wanting to invest in it from a year like that, but we had a yield as opposed to no yield. So we are pioneering things like that, crops that can be grown at other times when other crops cannot be grown.

I see that biodiesel is opening up a lot more crops. It takes time, it takes a long time, but we do not just have to displace one crop for the other. We can rotate and integrate. The sky is the limit, really. There were lots of things we can do. We need the uptake and we need more security in our market. We need people using it. Having this oil price go up and down makes it difficult.

The CHAIR — In terms of security of your market, what percentage of your local market have you managed to snare from loyal locals?

Mr MARTIN — As in fuel sales?

The CHAIR — Yes.

Mr MARTIN — The Kaniva plant is being built at the moment, so that one is not open yet, but we have had the crush mill going for a while. Years ago I did all the marketing for a biodiesel plant at Berkeley Vale, back in 2001. I did all the marketing before we had anything to sell. There was no point. When you actually opened the gate and had something to sell, we had lots of people that were interested.

We have come a long way since then. A lot of people now know that biodiesel works. It does not ruin your engine. It is a good quality fuel, made correctly. Local councils want to use it; lots of farmers want to use it. You have got all sorts of people, from organics — they want to actually have that on their label as well — to farmers that are just sick of watching their towns die. There are lots of people interested, and from what I have seen in the past when I did a lot of fuel sales, getting in and trying to sell it before you have a product was very difficult and pointless. Ninety per cent of your customers came when you actually had a product to sell, not when you had a concept.

Mr THORNLEY — Paul, could you just give us a quick Cook's tour of the economics of biodiesel. I presume, similar to the ethanol, you are living in that world between the feedstock commodities market price and the oil price and trying to make the spread in between. I am keen to understand what this looks like, and I suppose related to that, how much the feedstock price is driving your ultimate end gain versus the amortisation of the capital required to do the refining and distilling.

Mr MARTIN — You can manufacture biodiesel for about 80 cents a litre, so when farmers are not paying excise there is a margin there, but it is not a margin that they really jump at. As the fuel price goes up of course they get a lot more interested. So that is pretty much the cost of making biodiesel. If you are going to just import oil, it is a flawed business. It is not going to work. That is why we built a crush mill. As you are seeing with all the closures of biodiesel plants in Australia, expecting oils to be coming in very cheap, you value add it, put a high price on it and sell it for as much as you can. It used to work, but it is not working now. There are too many people in the market looking for the same feedstocks.

I consult buyers in the industry. I have worked with a lot of the buyers and people in Australia, and with a lot of them you will see the business plans they are relying on are saying oil is the other company. They usually use cooking oil to make it cheap and to make the economics work, and then you get your higher value feedstocks and it all sort of makes up. If there is one litre of used cooking oil, that is going to go to one company or the other; it cannot go to both.

I see the economics as, yes they work, but you need to be doing the crushing yourself. In doing the crushing yourself, we have to go out there and one by one talk to farmers and get them to grow. We have got farmers growing mustard for us this year. One by one we go out and talk to them and slowly get them converted, the idea

being that they also then take a bit of ownership over the fuel that they have helped create and run their farm vehicles on it too. A lot of the farmers really like that, because, you know, it is, 'Hey, we made it ourselves!'. So you give them ownership of the product as well. Do you want to know more about the economics?

Mr THORNLEY — Yes.

Mr MARTIN — Is that just what you are looking at — the cost of making biodiesel?

Mr THORNLEY — When we consider what government can do to help, more often than not that comes from a background where people's economics are not all that flash and they are looking for the government to intervene in the economics somehow, so I guess I am trying to understand what the economics are.

Mr MARTIN — Yes, the economics work. Since 2000, since fuel got over $1 a litre for the average consumer, the economics have worked for biodiesel, and that is on road. I mean, you have got 40 cents of excise. Depending on who pays what for excise depends on how good it is. For our business, we are better off to sell to, you know, Joe the four-wheel-drive driver, who pays what is on the actual board at the service station, rather than farmers. I wish it was the other way round, but farmers do not pay excise, so there is a 40 cent penalty there.

I cannot think of what else there is with the economics. Biodiesel plants have got to be prepared in crush mills. You have to crush it yourself and then turn it into biodiesel, and that is where your economics work. When you are crushing yourself you are actually a meal producer, because you produce two-thirds meal, and you are selling that to the stockfeed industry. We sell our meal as a high-protein meal, because it is better for the stockfeed industry. There is more of what they want in there. We import high-protein meals and we are starting up little biodiesel plants where you are actually producing more high-protein meal than biodiesel.

Mr THORNLEY — The bulk of the revenue comes from the meal sales or the biodiesel?

Mr MARTIN — Biodiesel. The energy market is still worth more. Meal is quite cheap.

The CHAIR — You were here for the earlier evidence. Have you got any comment to make in relation to comments made on the value to lot feeders of the meal?

Mr MARTIN — Just to do with some basic research from America. The Animal Feed Resource Information System, part of the Food and Agriculture Organisation of the United Nations, mentions the following results for brewer's grain:

> It is quite palatable and readily consumed by animals; lambs were found to perform at a similar level when brewer's grain accounted for up to 50 per cent of the concentrate being fed —

not 7 per cent or 20 per cent or 30 per cent —

> In feeding animals brewer's grain was found to be a satisfactory replacement for corn gluten meal in Russia for growing heifers and beef animals. Similar results are available for chickens and pigs.

Also, leading commodity specialists from a firm in Minneapolis in the USA — sorry, I do not know which one — had this to say about brewer's grain:

> This excellent product has become the base commodity for thousands of herds across the country. A commodity specialist company was a pioneer in the marketing of wet grains back in the 1970s and today markets brewer's grain across the USA.

If you have a ship going across the ocean, taking wheat away from Australia, and we decide to keep that ship here and turn it into ethanol and then you have half of that product going out as stockfeed, how can there be less stockfeed available? I am starting up biodiesel plants, which include a crush mill. We are producing more stockfeed than we are actually producing biodiesel. We are really a stockfeed producer, but the margins are not as good. There is not a lot of margin in it. I think that the lot feed industry is a bit scared by this, and who wouldn't be? But I think that in time they are going to find that it is a very complementary industry and that it helps them.

Mr THORNLEY — You are saying that this is export substitution, effectively, so it brings more in?

Mr MARTIN — Keep it in Australia and value add. But do not just value add in the cities, keep it regional. Do the smaller plants. Austria is leading the way. There are some amazing things going on in Austria

where the local towns are growing their own canola. Murex is one of them. They have a co-op with 590 farmers. They all bring their canola in, from that they get all the biodiesel.

Then they get biogas, and they also sell their pig shit and surplus fodder as well as the glycerine from the biodiesel, and they generate electricity, so they are also producing electricity. So biofuels in general can provide a lot of benefits to regional communities.

The CHAIR — You made one comment that I found quite interesting — that is, that on a farmer's investment on average they get about 2 per cent per annum. What do you think your plant will do to improve that percentage return? Will it make any difference?

Mr MARTIN — A big difference, because you are value adding. I cannot give you an exact percentage, to be honest. I am not a farmer, I grew up in the city, but I am now working with farmers, and you start to learn how hard it is out there.

The CHAIR — So your retort to, for example, the Lot Feeders Association, would be, 'Well, so what if you pay more for your product?'.

Mr MARTIN — Yes.

The CHAIR — Because it gives a fairer return, on your assessment, to those who at the moment are not getting a fair return on their investments?

Mr MARTIN — Absolutely, totally. I mean, to keep in perspective what is going on out there and which farmers are doing well, according to Aussie Helpers, which is a not-for-profit group that goes out and just helps farmers, at the moment there is one suicide per week of farmers in the Riverina. Now we are telling those people, 'Look, we are not going to help you get into the energy market because we want your grains cheap'. Why would you do it? I think farmers have got nerves of steel. I am quite proud of the project that we are doing out at Kaniva. We are actually involving locals — we use local contractors; as much investment as we could get was from locals.

There are just benefits all around. In time you will drive through Kaniva and you will see it as a renewable energy town. We do tours at the biodiesel plant; we already do training courses, so we are teaching people and telling them to take this back to their town and set it up. Start small, start your garage, get used to the idea, but then talk with your locals and get them to eventually put a co-op together. We can already demonstrate how the plant works and how you can do it on a small scale. We all get told that you cannot make biodiesel or a high-quality product on a small scale. That is absolute rubbish.

The CHAIR — I am again thinking about our recommendations. Would it be realistic to request that each local government in regional Victoria works with the State Government on a project similar to yours?

Mr MARTIN — Yes. It is better if people choose to do something, but sometimes, like with getting the lead out of petrol, we need to really push the agenda a bit further. We know that these fuels do not wreck engines. If we are making flexi cars down in Geelong and sending them to Brazil to run on 85 per cent ethanol, but then in Australia all our cars do not run on ethanol, I think that is a bit ridiculous. Climate change is becoming a big issue. Regardless of where we stand on that and where it has come from, it is an issue and people are aware of it. Let us promote change, let us move it forward. But while we are doing that, let us not just open up the market for overseas imports, let us do it in a way that will help Victoria. Let us do it in a way where we will get lots of small biodiesel plants making high-quality fuel.

The local council at Kaniva has been very supportive of what we are doing. It is very, very supportive and is right behind us, saying, 'We love what you are doing, we want to use your fuel when you are making it, we are right behind you.' It has still taken us a year to get all the development applications and everything together. I want to do a low-carbon plant, right? I want to keep my embodied energy in the whole plant down. But the EPA is making me pour — what is it? — 652 square metres of concrete, right? Two hundred of that I would have poured anyway, because I want a good factory floor, but the bunding area we could do in other ways. We are not using products that will contaminate and be a disaster. But the EPA then makes us do that.

The CHAIR — If you had the chance to say what you would want in recommendations, what would you want in recommendations re the EPA?

Mr MARTIN — From the EPA?

The CHAIR — From us to government.

Mr MARTIN — The EPA needs to start taking into account embodied energy and carbon emissions. We came up with solutions for the EPA to reduce the amount of concrete we were using. It was going to cost us about the same, but we wanted to stand behind our project and say, 'We used this many tonnes to build the plant and this is how long it is going to take us to pay it off'. Not good enough — more concrete. I think the EPA needs to take a broader environmental perspective. It also makes it very prohibitive to build a plant for over 2 million litres a year. It is a massive task for any farmer looking to get a works approval, and basically the EPA does not want you to have any input yourself; it just wants you to pay environmental consultants to go and do it.

The CHAIR — Again, keep going with recommendations. Here is your chance.

Mr MARTIN — Trying to focus — lead by example and use it, and do not let imports from overseas wipe out local industry.

Mr TEE — Is there a problem in terms of quality control in the sense that if you have got a large number of very small operators selling to the local towns, that is something that governments should encourage by way of mandate or subsidy or whatever, in terms of your recommendations?

Mr MARTIN — Yes.

Mr TEE — How do we know that the product that the consumer is going to get is a quality product?

Mr MARTIN — If you have people making poor quality biodiesel and putting it on the market, that is not good; it damages the industry. Mud sticks and bad news travels. The way to overcome that is to make it legal and helpful to do it rather than making it on the black market and trying to cover it up. People still do it anyway, but they do not like to ask for help. People do not want to volunteer information because it might be illegal. The problem with small-scale biodiesel is the testing, and that is what I have put in my recommendations; the actual cost of testing. To do a general test on biodiesel — and the batch can be 50 000 litres or 50 litres — you are talking about $270. If you make a few tonnes of biodiesel, it is quite affordable to test. That is how I would approach it. The testing is available.

Mr TEE — Are there quality standards out there now that people have to comply with?

Mr MARTIN — Yes.

Mr TEE — Or is that something that we need to — —

Mr MARTIN — It is mandatary, and weights and measures go and check. If you are selling biodiesel, weights and measures actually collects a sample for DH, the Department of Environment and Heritage, and then it goes to the Intertech lab, which has the contract, and it checks the fuel. There is a very good system of checking. That is something I am very pro — good quality fuel.

Mr CRISP — I just want to give you one more opportunity to look at state regulations. I know we have talked about the EPA. I know much of this is about commonwealth standards as well as commonwealth issues. Is there anything else within the state powers that is in the way of these small-scale regional plants getting under way?

The CHAIR — If you wish you can take it on notice.

Mr MARTIN — No. When you get into the oil seeds market, you have got Cargill to contend with. It is more the companies like that that you are dealing with. So if you do not have a very rigorous business plan that can weather Cargill wanting to flick you away, which it does — —

The CHAIR — Cargill?

Mr MARTIN — Cargill is — —

Mr CRISP — International commodity traders.

Mr MARTIN — Yes. Basically it buys all the grains. It is one of the biggest private companies in the world and it buys all the grain and takes everything. If you are a competitor it will just dump soy meal on the market and put you under very quickly. It is very aggressive in its business. To be honest, for anyone entering the oil seeds market your biggest issue is more likely Cargill.

Mr THORNLEY — Your first recommendation is to get government to lead by example, to use the fuel.

Mr MARTIN — Yes.

Mr THORNLEY — What is the barrier to more people using the fuel anyway? If the economics stack up, why is this not just rolling out anyway? What are the barriers that are overcome by government leading the way? Is it that a lot of people do not want to buy biofuels?

Mr MARTIN — No. We have come a long way because biofuels have been in Australia for seven years now.

Mr THORNLEY — Yes.

Mr MARTIN — We have come a long way. People wait for your engine to break down and for you to look silly on the side of the road. Availability, so the more people consuming it, the more companies, governments and the like who say, 'Right, we want to use it' — —

Mr THORNLEY — So we are back to the chicken and egg scale problem.

Mr MARTIN — Yes. If you start using it, then more service stations will be built. It is more about ethanol than biodiesel, but there is still a bit of a scare that ethanol will wreck your engine. If you go to Sydney there are still service stations with 'No ethanol' painted on the station. Positive stories and governments saying they are using it helps to allay people's concerns.

Mr THORNLEY — You are just looking to get a critical mass of volume at a location so that it makes sense to build a plant. Is that the reason you want government to lead by example on the purchasing side?

Mr MARTIN — Lead by example, so you are demonstrating it is a good-quality fuel; you use it in your vehicles and create demand.

Mr THORNLEY — I am trying to understand why you need to do that, and what I think I am hearing is that if government did that, then you would get a critical mass in terms of the volume required and it would make sense to build more plants in more locations. Is that the reason you would like government to lead by example?

Mr MARTIN — Like it was pointed out earlier, B20 gives you your best overall emissions reduction for the amount of fuel you are selling because you are helping fossil diesel to burn. But then you have to sell four parts of someone else's product and one part of yours. We can have all the laws in place, if we want, to say that an oil company cannot be unfair to you and cannot preclude you from the product, but they can and they do. If they do not want you to exist, they will not sell you the fuel and will give you lots of problems.

Mr DAVIS — Have they done that to you?

Mr MARTIN — No.

Mr DAVIS — Are you aware of examples?

Mr MARTIN — South Australian Farmers Fuel have had a lot of issues with Caltex over there in Adelaide. Yes, they have had a lot of issues over time. A lot of it is subtle and a lot of industry people will not actually talk. It is a difficult one to actually pin down. If the company does not want to, they will always have a reason why they cannot sell it to you or it is too dear — they price you out of the market.

Mr CRISP — Are any of those problems made easier by your decision to work within a supportive regional environment?

Mr MARTIN — It totally solves the problems, yes, because you are not going so big that you need the support of a big oil company.

Mr THORNLEY — So you are buying ex-refinery; you are buying from a local distributor and it is not an issue?

Mr MARTIN — To that extent, yes. Also, in a way you are coming under the radar screen. You are too small to worry about so over time you get more smaller plants popping up and so it has a critical mass. But also for your cartels, your Shells and BPs, we are very small — we are doing 1.8 million litres a year which is just nothing in the fuel game. But in a local town of 1000 people like Kaniva that is jobs and is great for them. If they start breeding, you get more and more.

When you build a big biodiesel plant, the problem we have with ABG is that it is built so big that you have to discount your fuel so much to move the volumes. So you have a catch 22. You are trying to produce more biodiesel for the economies of scale, but then you produce so much that you have to discount so much to actually move the fuel. Why bother? Why not just keep it as small regional plants? You also have got less travel. We do not have to transport our fuel as far so that helps. We are out in the middle a long way from ports so we do not have as much transport cost as fossil fuel coming in — that also helps. There are a lot of little things that help the way we structure our business. There are a lot of things that work very well.

The CHAIR — Are there any federal or state subsidies in any way or assistance that has come to a company like yours?

Mr MARTIN — No, nothing at all. We have done it all with private investors. I am very cynical of the whole grants scheme to be honest. We started the BAA, the Biodiesel Association of Australia, back in 2000. The primary purpose of that association was to lobby. Now what we did was we went into federal politics because that is where more of our issues lie, especially with the National Party. They all knew what ethanol was but they had never heard of biodiesel, so we had a huge audience, because they were like 'wow, you can do this with diesel as well?'. It was really good — it was win-win. The economy wins — you have got value adding and environmentally you win. There is very little negative about it, so we got a lot of views and a lot of people really interested and excited about it. There used to be a bounty on ethanol to help that industry. 'Bounty' became a swear word and it just turned into a grant essentially. We took a barrister to Parliament House with us and we got the wording changed from 'ethanol' to 'biofuels'. That is where the word 'biofuels' entered politics — it was the lobbying we did with the BAA.

When those grants are actually issued — an example is South Australian Farmers Fuel, SAFF, went for a grant. They had 50 service stations to distribute fuel. They had the technology chosen to build the plant. They had feedstock, basically agreements coming in with the feedstock to get the oil to make the biodiesel. They had access to blending facilities. They had the whole chain ready to do biofuels, but they did not get the grant. Then another company gets a grant. They had no technology that they picked. They had no service stations. They had no agreement with service stations to sell fuel to. They just had a concept.

The CHAIR — Would I be guessing correctly if I said it was related to ethanol?

Mr MARTIN — No, no, I think that was more Riverland Oilseeds. Really they just must be very good at paperwork or putting together a good presentation, and good luck to them if they get it up and running, but when you have already got a chain of 50 service stations and you just need a bit of help and will really get biodiesel out there, and you do not get the grant, you can become a little bit cynical about it. So personally I do not put my time and effort into grants now. We just get out there and get on with it. I would really like to put effort into grants and get some help, and we probably will in time with this company, but I just found it to be too hard.

Mr THORNLEY — More trouble than it is worth.

Mr MARTIN — We are 1.8 million litres of fuel a year. That is nothing in the big picture. Then another company comes up and says, 'We are going to do 100 million litres a year'. Governments respond to that. They are like, 'That is so much better bang for buck'. But as you are seeing with the closures of biodiesel plants, large plants are flawed. The model's time has come and gone. You have got plants being sold and mothballed in this country — biodiesel plants — so it is pretty obvious that they are not working on their own, and they need a little bit of support.

The CHAIR — Has anyone anything else to add? Could I ask you to take on notice the question regarding any regulations?

Mr MARTIN — If there are any barriers?

Mr CRISP — Barriers, impediments, bad days out.

The CHAIR — Given what you have just said on paperwork, if we promise to follow them up with the relevant organisations, hopefully you will not feel like it has been a waste of time, because we can write to different arms of government or authorities and instrumentalities requesting those kinds of answers. Many thanks. You will be given a copy of the Hansard transcript for typographical corrections if required, and that should be with you in about a fortnight. Anything that you wish to add after today you can just forward to the executive officer. Thank you very much.

Mr MARTIN — Thank you.

Witness withdrew.