



# Media Release

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## **BIOFUELS – NO TO VICTORIAN MANDATE. Greater potential for Victorian transport in natural gas**

Today, the Victorian Parliament's Economic Development and Infrastructure Committee tabled its final report on the Inquiry into Mandatory Ethanol and Biofuels Targets in Victoria.

The Committee's report contains 27 recommendations that it considers are appropriate for the development of the biofuels and alternative fuels industries in Victoria.

The key recommendation of the Committee is that the Victorian Government not introduce a mandatory target for biofuels use at this time.

"While biofuels are viewed by many as a solution to declining petroleum fuel supplies, at this stage the weight of evidence indicates there is potential for the costs associated with the introduction of a biofuels mandate to exceed the overall benefits", said the Hon. Christine Campbell, Chair of the Committee.

"In particular, issues brought to the Committee's attention highlighted limited feedstock availability and the potential for increased biofuels production to place upwards pressure on feedstock and food prices."

While not supportive of a biofuels mandate, the Committee did emphasise the potential for smaller and regionally located biodiesel plants to encourage investment in local communities.

A number of recommendations were made to encourage regional development through biofuels, including that the Victorian Government's Biofuels Infrastructure Program continue to prioritise biodiesel initiatives in regional areas.

"The Committee believes that local biodiesel enterprises offer an exciting means to encourage regional development in Victoria, particularly when feedstocks are sourced locally and consumers are local businesses," Ms Campbell said.

In recognition of the role that government has in promoting biofuels, the Committee recommended that the Victorian Government require transport providers to use biodiesel fuel when contracts become available for renewal or tender. The Committee also recommended that the Government initiate a pilot project with a public or privately owned public transport provider to use B5.

The Committee's report also noted the enormous potential for fuels derived from natural gas – such as CNG, LNG and LPG – to significantly contribute to Australia's future fuel mix.

"Victoria has access to considerable reserves of natural gas that could be developed for use in transport," Ms Campbell said.

The Committee recommends that the Victorian Government examine the merits of expanding the CNG industry in Victoria.

During the course of the Inquiry, the Committee received 65 written submissions, convened public hearings with 35 witnesses and received briefings from a number of government representatives.

The Victorian Government has six months to respond to the Committee's recommendations.

Contact the Hon. Christine Campbell, MP for further comment on pager 9625 1108.

Copies of the report are available from the Papers Office, Parliament House, or at [www.parliament.vic.gov.au/edic](http://www.parliament.vic.gov.au/edic)

# INQUIRY INTO MANDATORY ETHANOL AND BIOFUELS TARGETS IN VICTORIA

## Recommendations

### **Recommendation 1:**

Given increasing interest in vehicle air emissions reductions in association with biofuels use, that EPA Victoria also implement procedures to ensure improved compliance of existing vehicles with current air emissions requirements.

### **Recommendation 2:**

That the Victorian Government work with other state governments, in particular NSW and Queensland, to advocate to the Commonwealth Government for the continued development of harmonised and consistent biofuels standards.

### **Recommendation 3:**

That the Victorian Government request that the Commonwealth Government introduce biodiesel blend standards for both B5 and B20 blends.

### **Recommendation 4:**

That the Victorian Government request that the Commonwealth Government create a biodiesel labelling standard.

### **Recommendation 5:**

That the Victorian Government advocates that the Commonwealth Government increase resources and personnel allocated to monitoring biodiesel fuels to ensure that all suppliers provide biodiesel to the market that meets the Australian standard.

### **Recommendation 6:**

That the Victorian Government initiate a pilot project with a public or privately owned public transport provider to use B5.

### **Recommendation 7:**

That the Victorian Government require transport providers to use biodiesel blended fuel when contracts become available for renewal or tender.

### **Recommendation 8:**

That the Victorian Government not establish mandatory targets for biofuels at this time.

### **Recommendation 9:**

That the Victorian Government conduct a formal review of the merits of a mandatory biofuels target by 2013.

### **Recommendation 10:**

That the Victorian Government continue to support the establishment of a national emissions trading scheme and request that a national greenhouse gas emissions target be established. The trading scheme and target should apply to transport applications.

### **Recommendation 11:**

That the Victorian Government work with industry to develop a comprehensive GHG emissions auditing process, with a particular focus on emissions associated with transport applications.

### **Recommendation 12:**

That the Victorian Government continue to facilitate the development of a renewable fuels industry, with the key focus being the reduction of greenhouse gas emissions.

### **Recommendation 13:**

That the Victorian Government ensure that biofuels manufactured and/or sold in Victoria are obtained from environmentally sustainable sources.

**Recommendation 14:**

That the Victorian Government promote the benefits to regional Victoria of investment in biodiesel plants, particularly where the majority of raw materials are sourced locally and key consumers are local businesses.

**Recommendation 15:**

That the Victorian Government find mechanisms to encourage local councils to support local biofuel-related initiatives.

**Recommendation 16:**

That the Victorian Government place on the agenda for a future regional councils meeting the issue of support for the biodiesel industry. Consideration of support for the biofuels industry should consider uniform regulation across government and councils to provide information about, and streamline processes for, the establishment of biodiesel facilities.

**Recommendation 17:**

That the Biofuels Infrastructure Grants (BIG) program continues to prioritise biodiesel initiatives in regional areas.

**Recommendation 18:**

That the BIG program be independently evaluated and extended if the evaluation indicates proven economic benefits to regional areas.

**Recommendation 19:**

That cost-benefit analyses regarding the expansion of a biofuels industry in Victoria should be conducted through an independent and transparent process that examines:

- production, infrastructure and distribution costs;
- agricultural requirements, including land and water usage;
- feedstock prices;
- government support;
- energy security;
- life-cycle greenhouse gas emissions;
- fleet transformation; and
- life-cycle air pollutants.

**Recommendation 20:**

That the Victorian Government, in consultation with other state governments and the Commonwealth Government, investigate the feasibility of requiring all vehicles sold in Australia to comprise technology to enable use of a range of fuels, including higher blends of biofuels.

**Recommendation 21:**

That the Victorian Government encourage major oil companies to construct shared biodiesel blending facilities at the Melbourne terminal.

**Recommendation 22:**

That independently, peer-reviewed research be conducted at regular intervals to provide updated data on the life-cycle greenhouse gas emissions and life-cycle air pollutants produced from the use of biofuels in transport applications.

**Recommendation 23:**

That through representation on the relevant ministerial council the Victorian Government seek to place on the agenda for consideration the development of a nationally coordinated research program to examine feedstock and biodiesel production technologies for application in the Australian biodiesel industry.

**Recommendation 24:**

That the Victorian Government request the Commonwealth Government to review and assess plastics-to-diesel fuel with a view to including this fuel under the definition of “cleaner fuels” in the Energy Grants (Cleaner Fuels) Scheme Act 2004 (Cth).

**Recommendation 25:**

That the Victorian Government request the Commonwealth Government review and assess plastics-to-diesel fuel with a view to introducing a 50 per cent reduction to standard fuel excise rates applied to plastics-to-diesel fuel from 1 July 2011, in line with excise rates to be introduced for other alternative fuels.

**Recommendation 26:**

That the Victorian Government conduct an extensive cost-benefit analysis of the merits of an expanded CNG industry in Victoria, with particular attention to infrastructure requirements and initiatives to increase market demand.

**Recommendation 27:**

That the Victorian Government conduct a public transport pilot program with CNG.