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29 October 2019

Review of the Biofuels Act
Better Regulation Division,
NSW Department of Customer Service
McKell Building
2-24 Rawson Place
Sydney NSW 2000

Re: Biofuels Statutory Review

Wilmar is one of three major BioEthanol producers in Australia and one of two in Queensland. We have been producing BioEthanol in Australia for 92 years.

Two thirds of our annual production goes to motor fuel (40 million litres). The remainder goes to industrial and medical use.

Our feedstock is molasses derived from production of raw sugar at our Queensland mills. As one of the co-products of a vitally important regional agribusiness generating \$1 billion in economic activity annually and employing more than 2,000 people, our BioEthanol has social, economic and environmental value to Australia.

We are proud to be an Australian leader in renewable energy, bio-industry and sustainable agriculture. We support the New South Wales and Queensland biofuel mandates, but share the concern of other Australian BioEthanol producers that both mandates have not been effectively enforced, and therefore both have failed to yet meet their principal stated objectives.

It is not overstating the situation to say that the future of biofuels in Australia could well be decided by the outcome of these NSW and Queensland mandates.

The Federal Government has so far resisted calls for a national biofuel policy (and mandate) choosing not to follow the United States of America, Brazil and leading nations in Europe and Asia. Earlier this year, under pressure from the petroleum industry, Canberra conceded defeat on near term implementation of National Fuel Standards mirroring those applied widely already in the USA, Europe and Asia. Continuing procrastination leaves Australia lagging in development of a strong domestic biofuels industry, vulnerable to risks attached to global crude oil supply, and exposed to unnecessary and harmful levels of tailpipe emissions.

Therefore, the Biofuels Statutory Review has significance not only for BioEthanol producers in NSW, but also for all existing Australian producers and prospective producers.

The scientific, economic and geostrategic evidence underlines the importance for Australia in capitalising on its considerable biofuel potential. We have feedstock, infrastructure and expertise as well as three established BioEthanol producers. Yet, we have the remarkable situation of BioEthanol production currently exceeding market demand.

The New South Wales experience during 11 years of mandate, and Queensland's learnings from two mandates tells a consistent story – the Australian biofuels market needs pump priming.

Experience tells us that the biofuel market in Australia will only grow and achieve the aspirational objectives of governments if there is:

1. Bipartisan political commitment to mandatory use of biofuel;
2. Effective enforcement of mandated measures;
3. Investor appetite for expanded production;
4. Responsible and sustainable biofuel production;
5. Accessible and affordable product;
6. A consumer perception of E10 as a higher quality fuel than 91 RON for a lower price;
7. Sustained biofuel promotion and education campaigns by government;
8. Endorsement and support of biofuel from motoring organisations and the motor industry; and
9. Genuine co-operation of the petroleum industry in distribution, supply and marketing of biofuels.

The viability of existing Australian producers, and their appetite for further investment to expand production depends on sustained and increasing growth in the BioEthanol market - particularly the market for fuel grade ethanol for blending in E10. Unfortunately, sales of blended biofuels in Australia has fallen well short of expectation and would seem to not justify expansion investment at this time.

Wilmar is unable to respond to a number of legitimate and important questions posed in the Review's Discussion Paper because we do not have access to information on such things as: the number of exemptions granted to retailers under the NSW mandate, and for what reason; the enforcement measures taken by the NSW Government under the Mandate; and the extent and nature of NSW education and promotion campaigns in support of biofuels.

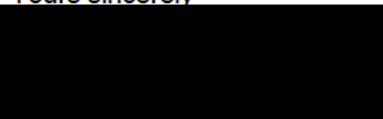
However, anecdotal evidence in the market suggests there have been no fines, prosecutions or penalties imposed under biofuel mandates in either New South Wales or Queensland. If that is correct – or even close to the mark - it suggests a self-evident answer to Discussion Paper questions on the appropriateness of penalties, enforcement measures and exemptions.

We ask IPART to consider Queensland experience as relevant to this review because of the similarity of objectives, challenges, experience and outcomes. Our submission to the recent review of the Queensland Biofuel Mandate by the Department of Natural Resources, Mines and Energy canvasses issues similar to those facing NSW regulators and BioEthanol producers. We draw on our experience in Queensland in recommending that the NSW Government continue to pursue its stated biofuel objectives, and that it do so by enforcing its mandate effectively including through:

- Penalties and fines sufficient to drive compliance;
- Exemptions limited only to 'exceptional circumstances';
- Mandated 95 RON specification for E10 (and labelling of E10 as 95 RON);
- Extensive private/public sector programs to educate consumers about and their benefits.

Thank you for this opportunity to make a submission.

Yours sincerely

A black rectangular box redacting the signature of Chris Stewart.

Chris Stewart
General Manager, Corporate Relations