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Dear Phil,

R.E. Implementation of alternative fuels taxation policy

Australian Pork Limited (APL) is the national representative body for Australian pig producers. It is a producer-owned not-for-profit company combining marketing, export development, research, innovation and strategic policy development to assist in securing a profitable and sustainable future for the Australian pork industry.

We wish to lend our support to the Australian Lot Feeders' Association (ALFA) submission into the Treasury Inquiry.

APL supports the need for Australia to reduce its greenhouse gas emissions and recognises that biofuels are an alternative energy source. However, APL is opposed to an ethanol mandate using grain as a primary input.

The mandate will be devastating to the Australian pork industry. Despite assertions that ethanol will be produced using waste starch or grain by-products, there is no guarantee the mandate will not limit the grain supplies available to the pork, as well as poultry and cattle industries. The mandate will tighten grain supply and increase feedstock prices, more so during dry periods, when the grain harvest is reduced.

Grain is the single biggest input cost for pork producers - up to 80% in dry periods. Such an outcome is concerning for our industry. This will make pork less competitive with subsidised pork imports domestically, and impact on Australian pork competitiveness in export markets.

Mandates for ethanol are already opposed by some state governments and industry associations. It will become a financial impost to the public as ethanol production has to be subsidised. It is also doubtful that ethanol production via a mandate is sustainable, and at the same time better for the environment in the long term.

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APL supports 2nd or 3rd generation ethanol sources that do not rely on grain. The current NSW mandate does not provide the ethanol industry incentive to further research and develop 2nd or 3rd generation biofuel production technologies. Until second-generation technologies are commercially available, grain is likely to be the primary feedstock used to meet a national mandate.

An ethanol production mandate encourages farmers to grow crops for biofuel, not food production. Put simply, this is ill conceived public policy, which will ultimately cost the Australian consumer.

Yours sincerely,



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