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Project Manager – Queensland biofuel mandate
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Dear Sir/Madam

Towards a Clean Energy Economy: Achieving a Biofuel Mandate for Queensland

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

APL understands the need for Australia to reduce its greenhouse gas emissions and supports 2nd or 3rd generation ethanol sources. However, APL is opposed to an ethanol mandate using grain as a primary input due to the high potential for grain markets to become distorted, artificially inflating grain and food prices.

Feed is the single most expensive input into pig production – comprising around 60% of all costs, with feed grains a primary feed source. During dry periods, feed grains can represent up to 80 per cent of the cost of production. The proposed Queensland ethanol mandate is likely to impact pig producers the greatest when the grain harvest is reduced – in terms of both availability and cost. APL considers that the price of grain will increase if the proposed ethanol mandate is implemented. This will make pork less competitive against subsidised imported pork, and impact on Australian pork's competitiveness in export markets.

Queensland has one of the largest pig herds in Australia at around 63 000 sows or 23 per cent of the Australian pork industry. APL estimates that the pork industry contributes over \$500 million to the Queensland economy. This mandate will impact on the competitiveness and sustainability of the Queensland pork industry and is likely to discourage further investment at a time when the industry is expanding its export markets into Asia.

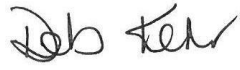
Competition for Australian grain from fast growing grain export markets is expected to continue to constrain feed grain supply within Australia. This competition, if it continues at trend, will constrain domestic feed supplies as increasingly more feed is exported directly to Asia.

To reduce risk, production costs and its reliance on feed grains, the Australian pork industry, in collaboration with Queensland and Murdoch universities, is researching the use of algae and other feedstocks that meet the nutritional requirements of pigs while mitigating the impacts of the growing demand for grain and increasingly variable seasonal conditions.

APL is supportive of the issues raised in the 'Alliance Against Ethanol Mandates' submissions and their strong representation on this issue. APL considers that an ethanol mandate is a public policy with substantive perverse impacts, which will ultimately reduce investment in Queensland's intensive animal industries and cost the Queensland consumer.

Should you have any questions about this submission, please do not hesitate to contact John McGoverne on 02 62708846 or via email John.McGoverne@australianpork.com.au.

Yours sincerely

A handwritten signature in black ink, appearing to read "Deb Kerr". The signature is written in a cursive, slightly slanted style.

Deb Kerr
General Manager, Policy