Sucrogen Bioethanol welcomes the opportunity to make comment on the discussion paper. The company is Australia's oldest producer of ethanol, including fuel ethanol. Fuel ethanol capacity at the Sarina, Queensland distillery is approximately 60 million litres pa. Under the right policy and investment environment there is potential to expand production from molasses.

Sucrogen Bioethanol or CSR Ethanol as it was known then, commissioned Energetics to conduct a carbon cycle analysis of its ethanol production cycle which started with the sugar cane crop through growing, harvesting, milling, molasses transport, conversion of molasses to ethanol and fuel ethanol combustion.

Ethanol produced by Sucrogen from molasses produces less than half the CO$_2$e emissions than petrol. Every kilolitre of petroleum replaced by Sucrogen Bioethanol reduces emissions by 2 tonnes.
Furthermore the potential for further developments of biofuels was acknowledged by Shell’s General Manager, Alternative Energies and Fuel Development Strategy, Arthur Reijnhart. At a recent F.O Licht’s World Ethanol & Biofuels Conference in Barcelona he stated that "We see biofuels as the single most important alternative to hydrocarbons in mobility in the next 20 years." Given the increasing cost of oil and oil exploration Shell clearly see the opportunity to develop biofuels, citing their $12billion joint venture with the Brazilian sugar and ethanol producer Cosan.

Sucrogen Bioethanol has expansion potential within Australia given the right mix of State and Federal policies. Although ethanol is not taxable under the Cleaner Energy Futures Scheme, the company has been seeking an assessment of excise based on CO2 emissions, rather than the energy based arrangements in pace today. This incentivizes the industry to install low carbon footprint processes. The Federal Government has undertaken to study this approach further as part of the Clean Energy Futures program. Sucrogen supports this approach.

There are many factors driving the biofuels market. No one factor is compelling. The industry is in its infancy in Australia and needs a firm base from which to grow and introduce new technologies. The vehicle emissions standards can be supportive of both the motor vehicle industry and the biofuels industry by setting vehicle standards which reward and encourage the industry.

The E 85 Holden project is one such technology, whereby consumers have choice about fuels and can make a commitment to reduced environmental footprint.

Sucrogen Bioethanol supports policies which drive this change. We recommend that the Government provide discounts to those manufacturers who provide equipment which can use biofuels. Such discounts could reflect the degree of compatibility. Thus one level of discount could apply at say E10 and a greater discount for say E85. Such discounts, by proxy, provide recognition of the full benefit of a carbon cycle. Using tail pipe emissions does
not reflect the true picture of the environmental impact and are inadequate in this respect. Other technologies, such as hybrid and electric powered cars would have an unfair advantage if tail pipe emission were the sole determinant.

Biofuels readily fit within the existing fuel infrastructure in Australia and the technology to use them in vehicles is improving and generally well understood. This is the next step in vehicle fuel systems to lower emissions.

Yours sincerely,

Garry Mulvay
Executive General Manager
Sucrogen Bioethanol Pty Ltd

Cc Martin Jones
General Manager Government Relations
CSR Limited (Registered Lobbyist)