

**From:** [George Houen](#)  
**To:** [biofuels](#)  
**Subject:** Response to Discussion Paper  
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Please consider my submission, as follows:

As a person who has spent a whole career in livestock and grain crop production, in farmer representative organisations and as a rural consultant, I am strongly opposed to the ethanol mandate proposal.

## Principles

The whole plan is tainted because:

1. It amounts to a subsidy to cane and grain producers at fuel user's and taxpayers' expense.
2. It contradicts Australia's ambition to boost its role as a food supplier to the world - its fundamentally wrong to force a proportion of our scarce agricultural land into transport fuel production instead of food production - at best its a political gimmick, and a very short-sighted one at that.
3. Its a severe threat to cattle feedlotter and other intensive animal producers such as piggeries and chicken farms - how can the Government justify putting them in the firing line for higher grain prices and potential shortages ?
4. It is totally unnecessary from a resource allocation perspective, as we have a vast supply of CSG which can be used as transport fuel in the form of LNG or converted to liquid.
5. It might, however, make economic sense to put public resources into encouraging adoption of LNG-powered vehicles and fuel distribution networks - Australia's transport fuel needs into the future can be comfortably guaranteed from LNG or gas to liquids conversion.
6. But an ethanol mandate offends the most basic rules of good economic management.
7. Nothing has been said by the scheme's proponents about ethanol's compatibility with vehicle fuel systems - how do I know my 20 year-old four wheel drive, carburetor-fueled wagon won't be damaged by it.
8. I can be sure that even if I'm still able to buy standard unleaded, the cost will be higher because service stations are forced to install extra bowsers to accommodate the blend.
9. As to my diesel car, again how do I know it won't damage my engine - and since its common for service stations to have just one diesel bowser (besides high-flow bowser(s) for trucks) won't there be higher costs to be passed on because more bowsers are needed to sell the same overall volume ?
10. It amounts to cane and grain producers bludging on me as a vehicle user and taxpayer, which I bitterly resent.
11. It goes against the market - if the existing voluntary ethanol blends still only have a 10% (and declining) share of the petrol market - surely that shows only a minority will choose to use it even though its artificially cheaper.
12. The cost of regulation and enforcement will be a considerable but avoidable burden on taxpayers.
13. Like all subsidies, the scheme is vulnerable to loss of the subsidy - if the Federal Government takes away the excise exemption, if a future state government takes away the mandate.

14. Since the post-war days when we went down the protectionist tunnel for a while, Australia and its primary producers in particular have stood firm against subsidies and we're a far stronger, more resilient exporting nation because of that - this move will undermine that strength. This scheme is a backward-looking indulgence which should be abandoned.
15. The claims of environmental virtues for ethanol production are frankly unconvincing - compared to what ? How could growing, manufacturing and burning ethanol transport fuel possibly compare in its environmental impacts with producing and burning LNG, for example.

Regards

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