

Submission re Liquid Fuel Supply (Ethanol and Other Biofuels Mandate) Amendment Bill 2015

Bio Processing Australia has patented technology from which it grows microbial feed products. The technology includes the use of novel substrate - crude glycerine. Glycerine is a by-product of both biodiesel and to a lesser extent, ethanol production.

Queensland has many resources for biofuels production. For example, in SEQ there is an abundance of used cooking oil, tallow and oilseeds. Regional areas also have good resources for biodiesel production - there are tallow producers along the eastern seaboard and there are oilseed producers in many areas.

An obstacle to a company like BPA is the security of feedstock supply (in our case glycerine). BPA can use sugar to grow its products but yields are inferior - therefore sugar is a back-up option and this brings the eastern seaboard of Queensland as a possible expansion area for BPA.

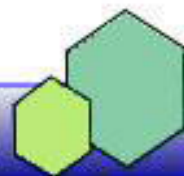
Biodiesel can be made in regional Queensland but there is risk that the large wholesalers might consolidate their purchasing power with SEQ producers rather than purchase from regional centres.

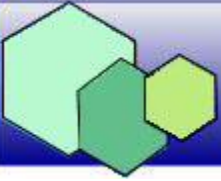
Therefore for a company like ours to consider locating in regional centres (that offer many other resources such as expertise, labour and logistics) we would like to see the biodiesel mandate grow in line (approximately) with future capacity/production of regional biodiesel plants.

There is very good opportunity to build a robust bio-production economy in regional Queensland and with strategic government planning the biofuels industry can play a big role in stimulating peripheral participants such as BPA. If located in regional Queensland BPA could make a range of products suitable for local livestock.

It might also be worthwhile considering incentives for different feedstocks used in biofuels production - eg industrial by-products such as tallow or low value rotational crops. The US state of California recently declared biodiesel to be the lowest carbon emitting source of fuel and this analysis combined with Federal policy in the US might create escalating demand for Queensland resources such as tallow but simply exporting the tallow misses the domestic opportunity to create new industry.

Regional centres have good demand for fuel and with the recent VW scandal it might be that the potential to reduce emissions has reached a "floor" with fossil diesel. Biofuels have a strong future but it will be a missed opportunity if wholesalers simply purchase in consolidated areas.





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