


Prime Minister of Australia <i>John Howard</i>		WWW.PM.GOV.AU
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BIOFUELS TARGET TO BE MET

I am pleased to release today the industry Biofuels Action Plan which will underpin the future for a sustainable biofuels industry in Australia.

I welcome the aggregated industry projections in the Biofuels Action Plan that show industry expects to not only meet but exceed the Government's biofuels target of 350 megalitres (ML) by 2010.

Following a very positive meeting with oil majors in September, today's release of the Biofuels Action Plan demonstrates a significant step forward and a strong vote of confidence in the industry.

The collective company action plans submitted by major oil companies, members of the Independent Petroleum Group and major retailers reveal a major commitment to Australia's biofuels industry.

The Australian Government will monitor and review progress towards these targets on a six-monthly basis and the industry players have committed to annually update their company action plans.

Much progress has already been made. For example, there are now over 400 service stations Australia-wide selling ethanol and biodiesel blends thanks to rollouts by BP, Caltex, Shell, Coles Express, United, Australian Farmers Fuel, Neumann Petroleum and Freedom Fuels.

The Government has led by example to encourage drivers in its vehicle fleet to use ethanol blends where available. My Government has removed barriers to the uptake of ethanol blends and will monitor the uptake across its vehicle fleet.

New investments are occurring in the biofuel supply industry involving both established and new players. Car manufacturers and motoring organisations are supporting Australia's biofuels industry.

Consumer confidence, reliable supplies, competitive prices and removal of market barriers remain critical to achieving the biofuels target.

Oil majors, the Independent Petroleum Group, petrol retailers, vehicle manufacturers, motoring and consumer groups will continue to play an important role in restoring consumer confidence and building a sustainable future for Australian biofuels.

I commend all these players for their constructive efforts to date. I particularly congratulate the oil majors, members of the Independent Petroleum Group and major retailers for the work on, and commitment to, the Biofuels Action Plan. I look forward to the continued partnership between the Government and industry to support a promising future for the Australian biofuels market.

A copy of the Biofuels Action Plan is attached.

22 December 2005

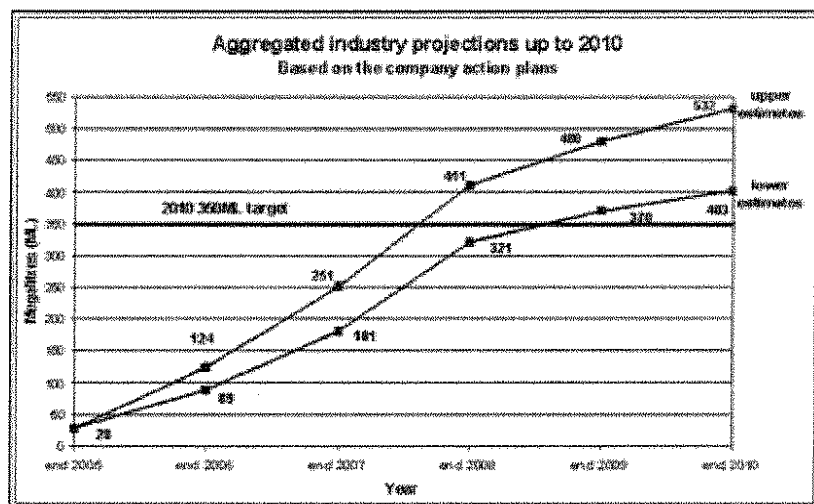
THE BIOFUELS ACTION PLAN

The Australian Government has received Action Plans from the major oil companies, members of the Independent Petroleum Group, and the major retailers, which collectively provide achievable annual volumetric milestones to underpin progress towards the government’s target for 350 megalitres (ML) of biofuels production by 2010. This industry-government partnership establishes a clear framework and foundation for a sustainable biofuels industry in Australia.

The Action Plans clearly set out volumetric goals and business plans, including marketing and retail strategies, for both ethanol and biodiesel blended fuels. Based on the plans submitted, the 350ML target is achievable by 2010.

The pathway towards achieving the 350ML target by 2010 will increase annually from a base of 28ML in 2005 and will exceed the biofuels target of 350 ML in 2010, based on the aggregation of each company’s projections. These estimates are predicated on continued improvements in consumer confidence, reliable and multi-source supplies of biofuels at competitive prices and the removal of market barriers.

The Australian Government will monitor and review progress towards these targets on a six-monthly basis. The industry players have committed to update their company action plans on an annual basis and regularly assess their progress against the targets set out in their action plans.



Some highlights:

- BP supplies E10 in many parts of Queensland including Brisbane, and has opened three sites in Canberra to provide E10 to that market and to service the government fleet. BP will be commissioning an E10 blend plant early in 2006 in Mackay.
- Caltex has sites selling E10 in Far North Queensland, south-east Queensland and northern New South Wales. Caltex also supplies B5 and

B20 blends in New South Wales and South Australia, including a trial of B5 at three NSW service stations.

- Shell markets Shell Optimax Extreme, a super-high octane fuel formulated with 5 per cent ethanol, through Coles Express. Shell Optimax Extreme will be the official fuel of the V8 Supercars Championship for 2006.
- Independents including United, Australian Farmers Fuel, and Neumann Petroleum sell biofuels across Australia. United sells Plus ULP and Boost 98, both formulated with ethanol at over 90 locations Australia-wide, Australian Farmers Fuel sells biofuels at more than 50 outlets across Australia, and Neumann Petroleum and Freedom Fuels each retail biofuels at 25 service stations.

This industry-government partnership is firmly committed to working together to create a sustainable biofuels industry in Australia. Australian Government initiatives to support these efforts include:

- a \$37.6 million Biofuels Capital Grants Program which will support new or expanded biofuels production capacity which will help to reduce supply constraints;
- Commonwealth fleet use of E10;
- simplification of the ethanol label;
- increasing the number of fuel quality compliance inspections to ensure motorists receive high quality fuel that is safe for their vehicles;
- vehicle testing of E5 and E10 blends; and
- a study to assess the health benefits of E10 under Australian conditions; and
- consideration of minor specification changes to help encourage development of biofuels.

Since the release of the Australian Government's recent biofuels package, there has been increased activity in the biofuels sector across Australia.

The government-industry partnership welcomes the positive actions of other significant stakeholders including vehicle manufacturers, automotive clubs and biofuels producers.

In this regard, the four local vehicle manufacturers recently agreed to develop a label for new Australian-made vehicles that can use E10; the Federal Chamber of Automotive Industries has usefully updated and simplified its list of vehicles that can operate satisfactorily on E10; and the National Roads and Motorists' Association has given strong public support to ethanol.

The Australian Government and industry commend the positive action to date and look forward to a continued partnership between the government and industry to create a promising future for the Australian biofuels market.