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Senator Alan Eggleston  
Chairman  
Senate Standing Committee on Environment  
Communications, Information Technology  
And the Arts  
Parliament House  
CANBERRA ACT 2601

Dear Senator

Indcor Limited and Australian Biofuels Pty Ltd ("The Company") welcomes this opportunity to provide a submission to the Committee on the Fuel Quality Standards Amendment Bill 2003.

The Company welcomes the Liberal / National Coalition commitment to the expansion of Biofuels as a fuel blend stock by the introduction of cleaner renewable fuels into the Australian fuel market (Policy October 2001 "Biofuels for Cleaner Transport").

The Company has extensively researched the international ethanol and fuel blend stock industry as a development opportunity in Australia. The Company has also undertaken a review of all planned ethanol projects currently proposed for Australia. The Company has liaised with government together with stakeholder groups representing the Australian fuel distributors and consumer markets. We have carried out total life cycle (economic, social and environmental) analysis of ethanol projects sugar and grain feedstock under Australian conditions. The Company in conjunction with the major shareholder and partner, Multiplex Constructions Pty Ltd, has developed extensive commercial models to reflect environmental, economic and social benefit to the Australian community by way of introduction of renewable transport fuels along similar lines to many other countries.

The Company has advanced proposals for a number of ethanol projects in many states in Australia. The Company has spent over \$4 million in technology development and assessment, planning and development of ethanol projects and ethanol education/lobbying in Australia. The investment has been encouraged by the stated government policy for alternate fuels particularly biofuels. As part of this process the Company has identified extensive misinformation in the popular media and also in submissions to government pertaining to ethanol use and manufacture.

The ethanol industry is a developing industry in Australia and has battled against opposition from international oil companies and local self interest groups. This work has been totally funded by our shareholders without financial assistance from Government (State or Federal). A number of issues that the ethanol industry is addressing are a direct result of recent government decisions and extended delays in the introduction of federal legislation.

The Company is committed to the expansion of the renewable transport industry in Australia following the 14 years plus of successful use in this country without incident. The stated Government ethanol production target of 350 million litres by 2010 is considered a minimum target for the development of an ethanol industry and business investment in Australia. The Australian "ethanol industry" lags the penetration, development and capability, which have been established in other countries. Research, industry development in agricultural feedstock, distillers grain use in the stockfeed and other industries, fuel and environmental benefits are not well understood in Australia with most industry information generated from ethanol opposition sources and off shore experiences.

For the ethanol industry to develop in Australia an ethanol research and information institute should be developed now in order to consolidate and distribute Australian industry information and research. Currently this task is being funded and undertaken by the ethanol development companies, which have limited revenue base until ethanol production facilities are developed and reach commercial operation. - a period embracing the next five years. This period is critical to the success of the renewable industry development in Australia. Ethanol development groups consider that assistance, under the control of the ethanol industry, is essential to support local research and development activities over this five-year period. Assistance in this process should initially be the responsibility of government, which should pass to industry in approximately five years time.

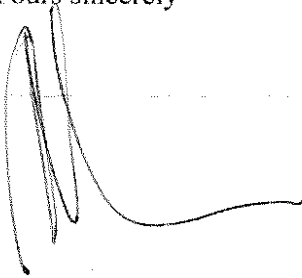
The Company believe the following five conditions should be put in place and supported by the Federal Government to ensure this commitment and successful introduction of fuel stock ethanol production and consumption in Australia.

1. New domestic and imported petrol operated vehicles licensed in Australia must be capable of using a 10% ethanol as a blended fuel stock.
2. The Federal Government funds the establishment of an ethanol information and research institute in Australia. Funding to be committed for a minimum period of 5 years at which time industry will take over financial responsibility.
3. Ethanol blend fuel to be available at all fuel outlets in Australia to an agreed national programme. As a suggestion alignment of the introduction of this programme could be in line with the excise introduction schedule announced in the 2003/2004 Federal budget.  
20% of fuel outlets by 2008  
40% of fuel outlets by 2009  
60% of fuel outlets by 2010  
80% of fuel outlets by 2011  
100% of fuel outlets by 2012
4. An immediate Federal Government grant of \$2 million be made available to the Australian Biofuels Association or another recognized industry body to promote the benefit of renewable fuel (including biofuel) uses in the Australian transport fleet to the Australian public by way of a media campaign managed by the ethanol industry.
5. The Federal Government Legislate for a minimum purchase price for ethanol from new local production together with a guaranteed take or pay for the five years to 2008. This initiative will underwrite the industry expansion for the first 350 million litres of annual production (Government stated target).

The Company recognise that biofuels (including ethanol) will become a significant component of transport fuel in the Australian market over the next few decades and beyond. It is essential that initiatives be put in place now to support the ethanol industry today and promote initial investment. There is a need to demonstrate success, counter the misinformation generated by interests groups outside the ethanol industry to ensure consumer confidence and support during the initial development of a major growth industry for Australia. This will underpin the short term issues faced by the ethanol industry and provide the impetus to grow and consolidate commercial production facilities without the need for continued longer term support from the Australian taxpayer.

The Company request that the Senate Standing Committee consider the above conditions as part of the overall biofuels for cleaner transport legislative package.

Yours sincerely

A handwritten signature in black ink, appearing to read 'P. Anderton', with a long horizontal flourish extending to the right.

**PETER ANDERTON**  
Chairman and CEO