

**HON KIM CHANCE MLC
MINISTER FOR AGRICULTURE AND FORESTRY**



**BIOENERGY AND BIOFUELS IN WA:
INITIATIVES AND CHALLENGES CONFERENCE
BREAKFAST MEETING**

DATE: FRIDAY 10TH FEBRUARY 2006

**VENUE: NOVOTEL LANGLEY HOTEL, ADELAIDE
TERRACE, PERTH**

TIME: 7.30AM – 9.00AM

ACKNOWLEDGEMENTS:

- **MR MATTHEW ROSSER, CHAIR OF THE WESTERN AUSTRALIAN SUSTAINABLE ENERGY ASSOCIATION (WA SEA) INC**
- **MR DAVID WORTH, CONVENOR SUSTAINABLE TRANSPORT COALITION (STC) INC**
- **SENATOR CHRISTINE MILNE**
- **HON GRAHAM GIFFARD MLC**
- **HON LOUISE PRATT MLC**
- **HON PAUL LLEWELLYN MLC**
- **HON TERRY REDMAN MLA**
- **WHEATBELT, MIDWEST AND PEEL DEVELOPMENT COMMISSIONS**
- **SHIRE OF YORK AND MERREDIN AND CITY OF ROCKINGHAM**
- **RURAL WOMAN OF THE YEAR BEV LOGUE**

SPONSORS:

- **BP AUSTRALIA (REPRESENTED BY MR FRANK RUSSELL)**
- **DEPARTMENT OF INDUSTRY AND RESOURCES**
- **SUSTAINABLE ENERGY DEVELOPMENT OFFICE**
- **DEPARTMENT OF AGRICULTURE WA (REPRESENTED BY MR IAN LONGSON)**
- **ASPO AUSTRALIA (AUSTRALIAN ASSOCIATION FOR THE STUDY OF PEAK OIL AND GAS)**

IT GIVES ME GREAT PLEASURE TO BE HERE TODAY TO OPEN THE BIOENERGY AND BIOFUELS IN WA: INITIATIVES AND CHALLENGES CONFERENCE.

IF WE ARE LUCKY, WE GET ONE CHANCE IN A LIFETIME TO ENGAGE IN THE CONSTRUCTION OF SOMETHING THAT MAKES A PROFOUND DIFFERENCE. I BELIEVE THAT ALL OF US IN THIS ROOM NOW HAVE THAT OPPORTUNITY.

BEFORE I TALK ABOUT THE ACTIVITIES GOVERNMENT IS CURRENTLY INVOLVED WITH REGARDING THIS NEW AND EMERGING INDUSTRY IN WESTERN AUSTRALIA, I WOULD LIKE TO TELL YOU ABOUT THE ESTABLISHMENT OF THE BIOFUELS TASKFORCE.

THE LEGISLATIVE ASSEMBLY MADE THE DECISION TO ESTABLISH A BIOFUELS TASKFORCE IN SEPTEMBER LAST YEAR TO ENSURE WESTERN AUSTRALIA DEVELOPS AN ECONOMICALLY AND ENVIRONMENTALLY SUSTAINABLE BIOFUEL INDUSTRY.

AS MANY OF YOU WOULD BE AWARE, NO LARGE SCALE BIOFUEL PRODUCTION CURRENTLY OCCURS IN THIS STATE, ALTHOUGH THERE ARE SEVERAL BIODIESEL AND ETHANOL PROJECTS THAT ARE UNDER DEVELOPMENT.

THE GOVERNMENT BELIEVES THAT THE DEVELOPMENT OF THE BIOFUEL INDUSTRY NEEDS TO BE SUPPORTED BY A GROUP THAT WILL ENSURE KEY ISSUES IN THE AGRICULTURAL, FORESTRY, TRANSPORT AND ENERGY SECTORS ARE ADDRESSED ON BEHALF OF THE INDUSTRY.

I WAS VERY PLEASED TO ANNOUNCE THE ESTABLISHMENT OF THE TASKFORCE LAST MONTH, AND I LOOK FORWARD TO RECEIVING SUGGESTIONS FROM THE GROUP REGARDING THE PRACTICAL STEPS GOVERNMENT CAN TAKE TO DEVELOP THE BIOFUELS INDUSTRY IN THIS STATE.

THE TASKFORCE WILL CONSIDER SOME SIGNIFICANT ISSUES OVER THE COMING MONTHS, INCLUDING THE NEED TO REDUCE GREENHOUSE GAS EMISSIONS, HOW TO IMPROVE THE SECURITY OF SUPPLY BY DEVELOPING ALTERNATIVE RENEWABLE FUEL SOURCES, AND TO IDENTIFY NEW INDUSTRY OPPORTUNITIES FOCUSSED ON REGIONAL DEVELOPMENT.

I BELIEVE ONE OF THE MOST IMPORTANT BENEFITS THE ESTABLISHMENT OF A BIOFUELS INDUSTRY IN WESTERN AUSTRALIA WILL PROVIDE IS THE BOOST TO RURAL ECONOMIES AND THE INCREASE IN EMPLOYMENT OPPORTUNITIES THAT ARE LIKELY TO EVENTUATE.

THE DIFFERENCE THAT THIS INDUSTRY COULD MAKE IN RURAL AND REMOTE AUSTRALIA (IF WE CAN HANDLE IT PROPERLY) WILL INDEED BE PROFOUND.

I HAVE CHARGED THE TASKFORCE WITH PROVIDING A REPORT TO PARLIAMENT WITHIN THE NEXT 12 MONTHS. THE GROUP WILL WORK EXTENSIVELY WITH INDUSTRY TO PROVIDE RECOMMENDATIONS AND STRATEGIES ON A RANGE OF ISSUES, INCLUDING

- IDENTIFYING THE OPPORTUNITIES AND IMPEDIMENTS TO THE DEVELOPMENT OF A BIOFUELS INDUSTRY IN WESTERN AUSTRALIA;
- INCREASING CONSUMER ACCEPTANCE OF BIOFUELS; AND
- USING BIOFUELS AS COST-EFFECTIVE ALTERNATIVES TO PETROL AND DIESEL, PARTICULARLY IN REGIONAL AREAS.

I BELIEVE IT IS VITAL THE TASKFORCE ALSO LOOKS AT WAYS THIS STATE CAN MEET THE AUSTRALIAN GOVERNMENT'S RENEWABLE FUEL TARGET AND MAXIMISE WESTERN AUSTRALIA'S PARTICIPATION IN THIS AND OTHER PROGRAMS.

THE TASKFORCE WILL ALSO ASSIST THE DEPARTMENT OF INDUSTRY AND RESOURCES IN THE DEVELOPMENT OF A BIOENERGY STRATEGY FOR WESTERN AUSTRALIA AND PROVIDE ADVICE TO THE SUSTAINABLE ENERGY DEVELOPMENT OFFICE FOR ITS PREPARATION OF A RENEWABLE ENERGY STRATEGY.

THE TASKFORCE WILL BE CHAIRED BY THE HON. GRAHAM GIFFARD MLC. THE LEADER OF THE WESTERN AUSTRALIAN NATIONAL PARTY MR BRENDAN GRYLLS MLA, AND LIBERAL PARTY MEMBER HON. NIGEL HALLETT MLC HAVE ALSO JOINED THE GROUP. REPRESENTATIVES FROM THE DEPARTMENT OF AGRICULTURE, THE DEPARTMENT OF INDUSTRY AND RESOURCES, THE DEPARTMENT OF HEALTH, THE DEPARTMENT OF PLANNING AND INFRASTRUCTURE, THE OFFICE OF ENERGY, THE FOREST PRODUCTS COMMISSION, THE DEPARTMENT OF ENVIRONMENT, AND THE DEPARTMENT OF PREMIER AND CABINET FORM THE REMAINDER OF THE GROUP MEMBERSHIP.

IMPORTANTLY, THE TASKFORCE WILL ENGAGE REPRESENTATIVES FROM INDUSTRY AND COMMUNITY GROUPS TO ENSURE ANY RECOMMENDATIONS MEET THE NEEDS OF INDUSTRY. I AM SURE THE TASKFORCE WILL PLAY A MAJOR PART IN THE DEVELOPMENT OF A VIABLE AND SUSTAINABLE BIOFUEL INDUSTRY IN WESTERN AUSTRALIA, AND I LOOK FORWARD TO RECEIVING THEIR REPORT LATER THIS YEAR.

I WOULD NOW LIKE TO TALK ABOUT THE AUSTRALIAN AND WESTERN AUSTRALIAN GOVERNMENT'S CURRENT POLICY POSITIONS.

THE AUSTRALIAN GOVERNMENT BIOFUELS TASKFORCE RELEASED ITS REPORT IN AUGUST 2005, AND THE PRIME MINISTER REAFFIRMED THE GOVERNMENT'S COMMITMENT TO ACHIEVING A TARGET OF AT LEAST 350 ML OF BIOFUEL PRODUCTION IN AUSTRALIA.

FROM A STATE PERSPECTIVE, WESTERN AUSTRALIA SUPPORTS THE PRIME MINISTER'S NATIONAL TARGET AS THIS SHOULD STIMULATE THE DEVELOPMENT OF THE INDUSTRY.

WITHIN WESTERN AUSTRALIA, THE DEPARTMENT FOR PLANNING AND INFRASTRUCTURE, THE DEPARTMENT OF AGRICULTURE, THE DEPARTMENT OF INDUSTRY AND RESOURCES AND THE FOREST PRODUCTS COMMISSION HAVE BEEN WORKING ON ASPECTS OF BIOFUEL AND BIOENERGY FOR SOME TIME.

THE DEPARTMENT FOR PLANNING AND INFRASTRUCTURE IS CURRENTLY WORKING ON A SCOPING STUDY TO CONSIDER THE USE OF BIOFUEL BLENDS IN WESTERN AUSTRALIAN BUSES.

THIS STUDY WAS SCHEDULED TO BE COMPLETED BY THE END OF LAST MONTH, AND IF THE RESULTS ARE SATISFACTORY IT IS EXPECTED TRANSPERTH BUSES WILL BE RUN ON A B5 OR B10 BIODIESEL BLEND. THE DEPARTMENT IS ALSO COMMITTED TO THE PERTH HYDROGEN FUEL CELL BUS TRIAL.

THE DEPARTMENT OF AGRICULTURE HAS A BIOFUELS PROJECT AND CONTINUES TO RESEARCH ALTERNATIVE OILSEEDS AS SUITABLE FEEDSTOCKS FOR ALTERNATIVE FUELS.

IN ADDITION, THE BIOFUELS PROJECT IS CURRENTLY CONDUCTING ECONOMIC AND MARKET ANALYSES ON THE BIOFUELS INDUSTRY. IN THE NEAR FUTURE, A STUDY INTO THE FEASIBILITY OF A SUGAR ETHANOL PLANT IN THE ORD STAGE TWO WILL BE CARRIED OUT.

THE DEPARTMENT HAS CONDUCTED TWO YEARS OF COMMERCIAL TRIALS TO DEMONSTRATE THE USE OF MUSTARD AS A FEEDSTOCK FOR BIODIESEL AND HAS ONGOING TRIALS TO DEVELOP AN AGRONOMIC PACKAGE FOR MUSTARD, INCLUDING HERBICIDE TOLERANCE AND A FERTILISER REGIME.

SIMILARLY, THE DEPARTMENT IS RESEARCHING THE DEVELOPMENT OF HIGH STARCH/LOW PROTEIN CEREAL SPECIES SPECIFICALLY DESIGNED FOR ETHANOL PRODUCTION.

I AM PLEASED TO SAY THAT EIGHT OF THE DEPARTMENT'S RESEARCH STATIONS ARE USING BIODIESEL REACTED FROM MUSTARD SEED IN THEIR TRACTORS, TRUCKS, HEADERS AND GENERATORS, MAKING IT THE LEADING GOVERNMENT AGENCY IN WESTERN AUSTRALIA TO ADOPT THE USE OF BIODIESEL. MORE THAN 10 DEPARTMENT FLEET VEHICLES CURRENTLY OPERATE ON B100 (100% BIODIESEL).

THE DEPARTMENT OF AGRICULTURE IS ALSO ADVISING SEVERAL FARMER GROUPS AND PRIVATE COMPANIES ON BIOFUEL PRODUCTION AND INVESTMENT OPPORTUNITIES.

THE FOREST PRODUCTS COMMISSION (FPC) IS ALSO INVOLVED IN HELPING THE GOVERNMENT FACILITATE THREE PRIVATE ENTERPRISE BIO-ENERGY PROJECTS ACROSS THE STATE.

THE FIRST OF THESE IS PROPOSED FOR GNANGARA, WHERE BEACON ENERGY IS PLANNING A 43.5 MEGAWATT PLANT WHICH WILL HAVE 60 PER CENT OF ITS BIOMASS REQUIREMENTS SUPPLIED BY THE FPC IN THE FORM OF PLANTATION PINE RESIDUES.

BEACONS IS ALSO PLANNING A 45 MEGAWATT PLANT IN ALBANY, ALTHOUGH THIS IS STILL SUBJECT TO ENVIRONMENTAL AND INFRASTRUCTURE REQUIREMENTS BEING MET. THE FPC IS PLAYING A COORDINATING ROLE IN THIS PROJECT AS ONE OF SIX CO-DEVELOPMENT PARTICIPANTS, THE PLANT WILL BE FUELLED WITH EUCALYPT AND PINE RESIDUE.

IN ADDITION, THE FPC IS CLOSE TO SIGNING A BIOMASS SUPPLY CONTRACT WITH BABCOCK AND BROWN FOR A PROPOSED PLANT IN GREENBUSHES, WITH SITE ARRANGEMENTS STILL UNDER NEGOTIATION. AGAIN, EUCALYPT AND PINE RESIDUE WILL BE THE FEEDSTOCK. PINETECK'S SUPPLY CONTRACT WITH WESTERN POWER WAS ONE OF THE KEY DRIVERS IN ENABLING PINETECK TO RELOCATE ITS FACTORY TO COLLIE.

THE DEPARTMENT OF INDUSTRY AND RESOURCES IS INVESTIGATING THE OPPORTUNITY TO ESTABLISH A BIO-DIESEL PLANT IN THE JERRAMUNGUP REGION, AND INCORPORATING A BIOMASS POWER PLANT. IT IS INTENDED THE PLANT WOULD USE RENEWABLE AND LOCALLY AVAILABLE FEEDSTOCKS.

THERE ARE CONSIDERABLE ACTIVITIES IN THE WESTERN AUSTRALIAN BIOFUELS INDUSTRY CURRENTLY. SEVERAL PRIVATE COMPANIES ARE MOVING TOWARDS THE ESTABLISHMENT OF GRAIN-BASED ETHANOL PLANTS WITHIN THE STATE.

ONE COMPANY, AUSTRALIAN RENEWABLE RESOURCES, IS CONSTRUCTING A 44 MILLION LITRE BIODIESEL PLANT NEAR PICTON WHICH IS SCHEDULED TO BEGIN PRODUCTION LATER THIS YEAR. I BELIEVE TALLOW, CANOLA AND MUSTARD OIL WILL BE THE PRIMARY FEEDSTOCKS FOR THIS PLANT. ANOTHER, HARMONY BD P/L IS PLANNING A BIODIESEL FACILITY IN GERALDTON CAPABLE OF PRODUCING 214 MEGALITRES/ANNUM.

ANOTHER EXCITING ACTIVITY IS THE PRIVATE DEVELOPMENT OF TWO MODULAR BIODIESEL REACTION PLANTS, A BATCH FEED AND CONTINUOUS FLOW MODEL THAT SHOULD BE COMMERCIALY AVAILABLE IN ABOUT SIX MONTHS TIME.

WA ALREADY PRODUCES MORE THAN ENOUGH GRAIN TO COMPLETELY REPLACE THE USE OF PETROL IN WA AND ENOUGH OILSEEDS TO POWER EVERY DIESEL ENGINE WITH BIOFUEL. IF THIS WERE TO OCCUR, WE WOULD HAVE A STOCKFEED BY-PRODUCT STREAM OF SUCH SCALE AS TO REVOLUTIONISE OUR INTENSIVE ANIMAL INDUSTRIES.

IN CONCLUSION, I BELIEVE THERE IS AN EXCITING TIME AHEAD FOR THE BIOFUELS INDUSTRY AND WESTERN AUSTRALIA. THE BIOFUEL INDUSTRY WILL PROVIDE MANY OPPORTUNITIES, AND BY CONTINUING TO WORK TOGETHER I AM SURE WESTERN AUSTRALIA WILL DEVELOP VIABLE RENEWABLE FUELS FOR THE WHOLE WA COMMUNITY.

THANK YOU.
