THE COLONG FOUNDATION FOR WILDERNESS LTD.

Thursday November 30th, 2017

Mr Paul Forward
Chairperson
Planning Assessment Commission
Level 3, 201 Elizabeth Street
Sydney NSW 2000

Dear Mr Forward,

Further Submission as an Objection to the Invincible Extension Project 07_0127 MOD 5 (D490/17)

I wish to make two further points regarding the Invincible Mod 5 proposal:

1/ Manidlra was the major beneficiary of the ethanol production grants program that did not deliver on the promised benefits in a material way. It did not deliver in relation to the boiler at the Bombaderry Plant that apparently requires specialised coal inputs. Surely finding a cheaper, less specialised coal input would be a priority for over half a Billion dollars in grants that Manildra received from the program.

Manildra should have used its very generous tax-payer assistance to upgrade its boiler to use coal of lesser quality and without specialty characteristics.

Castlereagh Coal now has no grounds to insist upon the destruction of beautiful grassy table land woodlands of special significance for production of bituminous coal to a nut coal particle size. The Colong Foundation believes this claim is unsubstantiated because the coal of special significance is currently provided by two coal mines and should in any case been a need that the grants program did away with.

The old-fashioned and expensive boiler requirements are due to a lack of foresight and planning regarding the Manildra plant and nothing further should be done by government to assist a company that does not spend half a billion dollars in government money wisely. Particularly government should not allow destruction of an important natural environment due to Manildra's lack of foresight.

2/ I note the Manildra political donation declaration and provide the following information: Honan Holdings Pty Ltd (NSW) received $543,379,313 from the EPGP grant recipients and amounts, from 2002–03 to 2013–14 and during that time made fairly large donations to the major political parties that were not fully reported in the DA process but restricted its declaration to one financial year (see Auditor General, 2015 – attached and Potter, B., 2014 Financial Review below).

Thank you for the opportunity to make a further comment.

Yours sincerely,

[redacted]

Keith Muir
Director
The Colong Foundation for Wilderness Ltd

The Financial Review

By Ben Potter

Feb 11 2014

Ethanol subsidies reach the end of the gravy train

Dick Honan's Manildra Group has poured about $3.5 million into the coffers of the Liberal, National and Labor parties since 2000. Over roughly the same period, the Nowra, NSW-based flour milling and biofuels group has scooped up the lion's share of $755 million in ethanol production rebates handed out since the Howard government pulled the policy out of a hat in September 2002.

In 2012-13, Manildra scored 69 per cent of $108 million handed out under the rebate, or about $75 million. Its share of the total reached as high as 90 per cent in 2006. No direct causal relationship between the donations and the preferential treatment has ever been established.

Honan would not respond to questions about how much of the total rebates had passed through Manildra's hands since 2002, but it could be as much as two-thirds, or about $500 million. The rebates refund the 38.14¢ per litre federal excise on locally produced ethanol fuel, making it more competitive against both regular petroleum fuels and imported ethanol, both of which attract the full 38.14¢ excise.

Still, the ethanol producers' gravy train may be about to come to an end at the hands of the Abbott government, amid a sea change in how the Coalition parties view rural subsidies and a damning report from the Bureau of Resources and Energy Economics.

Making hay

Manildra Group donations to political parties

Total given since 2000-01 ($)	Labor	Greens	Liberal	Nationals
Manildra Group	$1,662,735.00	$0	$989,437.18	$909,327.00

Estimated net revenue from ethanol, 2012-13 ($/litre)

	Molasses	Wheat	Sorghum
Net cost of production	0.62	0.94	0.77
Pre-EPG ethanol price	0.57	0.57	0.57
Net revenue without EPG	-0.05	-0.37	-0.20
Domestic ethanol maximum price	0.95	0.95	0.95
Net revenue with EPG rebate	0.33	0.05	0.21

Manildra Group uses wheat to make its ethanol

SOURCE: BUREUA OF RESOURCFES AND ENERGY ECONOMICS

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The report found the subsidy delivered none of the promised benefits in any ¬material way, cost taxpayers more than $100 million a year and hampered innovation in “second generation" biofuels technologies with more long-term potential than “mature" ethanol fuel.

Honan told The Australian Financial Review on Monday the BREE report was “absolute rubbish" and promised a fuller response in the coming days.

In the past, Manildra’s generosity hasn’t harmed its ability to persuade the largest political parties to dance to its tune when it comes to ethanol. In 2011, the NSW government required oil companies operating in the state to include 6 per cent ethanol in their total petroleum sales. That means E10 – 10 per cent ethanol blend, which does not meet the needs of all motorists – would have to be 60 per cent of all petroleum sales, though it isn’t clear how it can be enforced if motorists don’t buy it.

The measure sent the then federal Labor government into orbit because it would have blown the annual cost of the ethanol rebate from about $120 million a year to about $200 million a year at a time when it was desperately trying to maintain a “return-to-budget-surplus" pledge.

The damning BREE report rejects every major benefit advanced as a justification for the government favouring ethanol over petroleum or other biofuels.

“It’s good for the environment, adds value to our agricultural production, provides regional employment and reduces our ¬reliance on $20 billion of oil imports," Honan told another newspaper in 2012.

“How many more good reasons do you need?’’ But the BREE report found ethanol’s ¬environmental benefits negligible, its value to agricultural production minimal, its employment impact slight and its cost massive at as much as $680,000 per direct job.

As for energy security, the report argued that if anything, ethanol made a negative contribution. The concentration of production in the hands of three companies – Manildra, United Petroleum and Wilmar BioEthanol (Australia) – and their distribution networks potentially weakened our energy security by making the liquid fuel supply chain more vulnerable to disruption.

There were also no measurable technology or intellectual property spinoffs from the mature “first-generation" technology of ethanol, the BREE report said, and limiting support to such an unpromising technology potentially hampered innovation in more promising second-generation technologies, the BREE report said.

“Government policies that currently support first-generation production and their relatively high costs could also be viewed as an impediment to the development of second generation biofuels."

Second-generation technologies, such as the conversion of lignocellulose (woody or fibrous plant material) to a range of fuels including ethanol and synthetic diesel, hold a richer potential for large-scale alternative fuel supply but are not market-ready and need further development, the report said.

The origins of the ethanol production grant lie in the tempestuous politics of the early 2000s.

By 2002, Manildra was already established as a major donor to the National and Liberal Parties. It tipped $241,000 into their coffers during 2001-02 – the year of the “Tampa election" and the eruption of boat people politics – and $55,000 to Labor.