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**Dalby Bio-Refinery
Limited**

Press Release

Dalby Ethanol Bio-Refinery under threat of closure.

The Dalby Bio-Refinery is under threat of closure due to the lack of action by both the Federal Government and Queensland State Government. The Dalby Bio-Ethanol Refinery was closed for 3 weeks last Saturday due to lack of demand for fuel grade ethanol.

In 2011 the Federal Government confirmed that the Ethanol Production Grants Scheme would be renewed for a period of 10 years. On that basis companies such as Dalby Bio Refinery Limited and United Petroleum invested heavily in renewable fuels and worked hard to promote and market E10 Petrol and E85 to both Government and end consumers. However the Federal Government and State Governments have not taken any steps to ensure that the Oil Majors gave the consumer an option to buy the superior and greener fuels, nor did they take steps to ensure that their own fleets used these renewable fuels. Indeed both the Federal Government and State Governments know that the Oil Majors have been systematically removing filling positions from their sites to drive down sales, and not passing on the full excise benefit to the consumer. At the same time the Shell with their \$1.63 Billion investment in Ethanol production in Brazil and BP with their massive ethanol joint venture also in Brazil, are selling and promoting ethanol fuels in many countries across the world. The Oil Majors were as very disappointed that the Ethanol Production Grants scheme was ratified, as they wanted to import ethanol from Brazil.

The Federal Government in a quest to make budget savings are considering a backflip on an Australian Government promise to the renewable fuels industry which had strong bi-partisan support. The BREE Report commissioned by the Department of Industry contradicts many previous Government and Industry Reports, and is fundamentally flawed.

The Dalby Bio-Refinery is struggling to break even due to low demand caused by Queensland State Government inaction. We now find that following the investment of many millions of dollars into the renewable fuel industry the Federal Government will close down the Australian Ethanol Industry on Budget Night. This is clearly unfair and sets a dangerous precedent to local and foreign investors in any industrial enterprise in Australia.

United Petroleum has been a very strong supporter of renewable fuels and particularly ethanol and sells its E10 products in Queensland at a 4 cpl discount to unleaded petrol. It has continued to invest in ethanol fuels due to the Ethanol Production Grants and representations by Government in support of greener and renewable fuels. The move by the Federal Government to shut down the industry will deprive its customers the opportunity to choose a higher octane, greener and lower pump price petrol.

On a number of occasions the Ethanol Producers have requested an Ethanol Mandate in Queensland to shore up demand which clearly acts to reduce production costs and ensure that the Major Oil companies promote the use of ethanol. The Queensland State Government decided that despite falling volumes due to lack of Major Oil Company support, and the fact that there are two Queensland producers in regional Queensland, that there was no reason to act. If the Federal Government decides to close the industry down on budget night the action that should have been taken by the Queensland State Government will be too late.

Government Mandates are in place in some 59 countries across the world for health reasons, environmental reasons, and energy security reasons. In the United States of America it is mandated that ethanol is added to almost every litre of unleaded petrol sold in every State of that country. It seems that

more

Australia is the only country in the world to decide that renewable fuels should not be encouraged and fossil fuels are the future.

The Staff at the Dalby Bio-Refinery are hard working and highly skilled people and are worried about their futures. Further it will impact the contractors and suppliers to the Dalby Bio- Refinery most of which live on the Darling Downs. It is clear that whilst the Federal and State Governments talk about Regional Development when the election is over so is the support.

The Dalby Bio- Refinery is a very large purchaser of grain in the Darling Downs area and producer of high quality Cattle Feed. This supports our farmers by placing an effective price floor under the price of grain when the world prices fall to very low levels, which they do due the their cyclical nature. The loss of the Dalby Bio Refinery will be just another blow to the farmers of the Darling Downs, at a time when drought is biting.

The Federal Department of Industry has not acted to encourage the renewable fuels industry in Australia and the BREE Report encourages the importation of renewable fuels into Australia. Clearly given Australia's strong agricultural sector, a domestic renewable fuels industry is most important. At the same time the NSW State Government have been unable to enforce the 6% ethanol mandate that they have in place in NSW. The Major Oil Companies have time and time again flouted the NSW Ethanol Mandate and not met the NSW Government mandated targets without any proper reasons.

We call on the Federal Government to renew their commitment to the Ethanol production Grants Scheme to honour the green fuels and environmental commitments they made to the Australian people. We also call on the NSW State Government to enforce their legislation and bring the Major Oil Companies to heel. Importantly the Queensland State Government must now take action and introduce an ethanol mandate to stabilize the industry.

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