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## Media Release

### Government report confirms that ethanol is not the answer

A new Parliament of Australia report has confirmed concerns that ethanol has debatable fuel security, trade, environmental and regional development benefits.

The Australian Lot Feeders Association (ALFA) Vice President, Jim Cudmore stated that “the report *‘The economic effects of an ethanol mandate’* has confirmed our views that ethanol is not the panacea that many believe”.

“The report states that increased grain derived ethanol production may actually reduce fuel security and increase our trade deficit because Australia’s inevitable periods of dry weather will lead to grain shortages, reduced grain exports and potential imports of grain”.

“This would increase grain prices and hence food and ethanol prices due to the adverse supply conditions experienced in Australia”.

“The report also noted that jobs created by a Government assisted biofuel industry were difficult to justify (\$321,000 per job per year) and would be offset by job losses in other more viable rural industries that compete with the ethanol sector for grain such as dairy, beef, poultry and pork”.

“In fact it states that if Australia met its current biofuels target of 350 megalitres, GDP will likely decline by \$90mill due to the cost of forgoing employment of resources to more productive activities”.

“Notably the report states that the greenhouse benefits of biofuels were negligible (1-4%) and that further Government assistance was not warranted given that the costs outweighed the benefits”.

“The report concludes that there is no prima facie economic case for a mandate of ethanol content in fuel and that it would be more cost-effective to import ethanol than produce it domestically”.

“Research should instead be undertaken into production of ethanol from non-food crops which are more cost-effective, environmentally beneficial, and have a greater energy output to input ratio than grain ethanol”, Mr Cudmore concluded.

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