



19 December 2014

Agricultural Competitiveness Taskforce
Department of Prime Minister and Cabinet
PO Box 6500
Canberra ACT 2600

**Agricultural Competitiveness White Paper –
Green Paper Consultation**

Thank you for the opportunity to provide comments on the Agricultural Competitiveness Green Paper, which explores options for fostering the health and future of Australian agriculture.

The Qantas Group supports the Australian Government's policy objective to achieve a better return at the farm gate to ensure a sustainable and competitive agricultural sector. While the Green Paper canvases a number of options to achieve these goals, Qantas believes the White Paper should recognise the opportunities that an advanced biofuel¹ manufacturing industry presents for Australian agriculture. Australia is uniquely positioned to benefit from such an industry given Australia's landmass, a well-established agricultural sector and large areas of non-arable or semi-arable land.

The Qantas Group is one of the largest consumers of liquid fuels in Australia and a provider of vital links between regional Australia, major cities and global markets. Aviation fuel now represents the single largest operating cost for the Group – in 2013/14 a record \$4.5 billion was spent on fuel. Access to quality, reliable and affordable aviation fuel underpins our entire operations and is therefore an important matter for the Qantas Group.

Production of feedstock for advanced biofuels will provide new opportunities for Australian agriculture through the development of new markets and diversification of revenue for farmers. For example, agriculture and forestry residues (waste) are abundantly available in Australia providing farmers with the ability to generate new or additional income through feedstock production.

¹ Advanced biofuels are considered to be biofuels which are drop-in replacements for fossil fuel, that is, they are chemically identical and therefore fully fungible with existing fossil fuels and supply chain infrastructure.



Qantas Airways Limited ABN 16 009 661 901
Qantas Centre 10 Bourke Road Mascot NSW 2020 Australia
Telephone 61 (2) 9691 3636

qantas.com

The Australian agriculture sector therefore has an opportunity to underpin the commercialisation of advanced biofuel projects in Australia. Numerous studies, including Qantas' own research², show that project viability is largely determined by the price and availability of feedstock. Importantly, agriculture and forestry residues (woody biomass) are available in sufficient volumes in Australia but also have the potential to offer favourable economics.

The development of an aviation biofuel industry in Australia would generate employment, investment, skills and vital stimulus to rural and regional economies. A 2011 study by the CSIRO, supported by the aviation sector, found that such an industry is feasible and, over the next 20 years, could generate more than 12,000 jobs.

If Australia is to take advantage of this opportunity, carefully considered and coordinated policy across energy, agriculture and transport is needed. Such an approach would improve Australia's international competitiveness.

Australia is already behind countries like the United States where coordinated energy, agriculture and defence policy has helped facilitate a large and growing advanced biofuels industry which has attracted significant investment. For example, due to policies enacted in the United States, over US\$5.7 billion in private capital has been invested in building an advanced biofuels industry (including aviation), and 28 out of 50 states now have at least one existing or planned bio-refinery.

Importantly, the United States Department of Agriculture (USDA) has played a central role, working closely with the United States Department of Energy and the United States Navy. For example, the USDA recently awarded US\$5.6 million in grants to 220 feedstock producers to support the production of advanced biofuel feedstocks.³ The USDA is also helping to de-risk biofuel purchase agreements through buying down the cost of the biofuels component of any fuel purchase that is above the current price of fuel paid by the United States Navy.⁴

Against this context, Qantas strongly encourages the Agricultural Competitiveness Taskforce to consider the role and opportunity for the Australian agriculture sector in facilitating an advanced biofuel manufacturing industry in Australia.

Thank you for the opportunity to comment.

Yours sincerely,



Andrew Parker
Group Executive, Government and International Affairs

² Qantas and Shell Aviation Biofuel Feasibility Study (2013) - <http://www.qantas.com.au/infodetail/about/environment/aviation-biofuel-report.pdf>

³ <http://www.biofuelsdigest.com/bdigest/2014/12/02/usda-announces-5-6-million-in-advanced-biofuel-grants-more-in-nifa-awards>.

⁴ <http://www.biofuelsdigest.com/bdigest/2014/09/19/breaking-news-us-navy-doe-usda-award-210m-for-3-biorefineries-and-mil-spec-fuels>.