

RECEIVED

08 SEP 2006

ENVIRONMENT AND NATURAL
RESOURCES COMMITTEE

pp.6213-06
F30/13

6 September 2006

SUBMISSION

NO. 17

Mr V Koops
The Executive Officer
Environment and Natural Resources Committee
Level 8, 35 Spring Street
MELBOURNE VIC 3000

Dear Mr Koops

Inquiry into the Production and/or Use of Biofuels in Victoria

Thank you for your invitation to make a submission to the above inquiry and I would like to take the opportunity to inform the committee of some rather unique developments within our Shire in regard to bio-diesel supply and distribution.

Your committee would be aware of the Community Bank concept that was initiated by Bendigo Bank and its huge success across Australia.

They may not be aware that the first Community Bank, the Rupanyup/Minyip Community Bank was established in this Shire about eight years ago and this successful model has been used to establish the other hundreds of Community Banks that now operate around Australia with a percentage of the profits they make being returned to the communities in which they operate.

The success of the Community Banks prompted Bendigo Bank to establish a Community Enterprise Division which aims to help communities improve their prospects and to minimize the capital drain they face from the purchase of essential services.

Late in 2005, the Rupanyup/Minyip Finance Group approached the Bendigo Bank's Community Enterprise team to investigate the possibility of local bio-diesel use.

As a result, a decision was made to trial an 80/20 blend – 80% petro-diesel and 20% bio-diesel amongst farmers in the Rupanyup/Minyip area with the first deliveries made in May 2006.

The success of the trial encouraged farmers from the neighbouring communities of Murtoa and Warracknabeal to become involved and a steering committee was formed to establish the Central Wimmera Community Enterprise with the aim of establishing and operating a community owned bio-diesel blending, storage and distribution facility within the area.

Municipal Office
34 Lyle Street
Warracknabeal
Victoria 3393

ALL CORRESPONDENCE TO
PO Box 243
Warracknabeal
Victoria 3393

Telephone
(03) 5398 0100

Facsimile
(03) 5398 2502

Email
info@yarriambiack.vic.gov.au

Hopetoun
Telephone
(03) 5083 3001
Facsimile
(03) 5083 3309

Rupanyup
Telephone
(03) 5385 5060
Facsimile
(03) 5385 5300



The ultimate aim is to build a bio-diesel production plant to crush and process locally grown canola and other oil seeds to produce renewable, environmentally friendly fuel.

The process in the development of the community enterprise is the same used for Community Banks and will involve an awareness campaign within the communities to secure pledges of financial support, the establishment of a users group, the completion of an independent feasibility study and a three year business plan and then a final community vote on whether to proceed or not.

If yes, a prospectus inviting share subscriptions in the local company formed to operate the Community Enterprise is released and once the capital is raised the community company can commence trading.

Dividends will be paid to the local shareholders and a percentage of the profits will be returned to the community through contributions to local projects and organizations.

The steering committee have at this stage officially launched the project at a public meeting on 23rd August and have invited pledges of financial support and purchase of fuel which are to be submitted by 13th September, 2006.

There has been a great deal of interest in the project throughout our Shire with all meetings well attended and it will be interesting to see if that initial interest translates into the required financial support.

However, out of the process thus far, a number of issues have emerged that your committee of inquiry may find of interest:

- Federal Government recently changed the regulations relating to the diesel excise rebate for farmers to limit the bio-diesel component to 5%.
Previously, up to 49% bio-diesel blends still qualified for the full rebate.
- Machinery manufacturers may not honour their engine warranties if more than 5% bio-diesel blends have been used, despite the same engines running on up to 100% bio-diesel in overseas countries.
- The need for standards to be set for bio-diesel which may overcome the warranty problem and eliminate backyard producers.
- Farmers believe there is real potential to value-add their produce, particularly canola and to develop some level of self sufficiency in fuel.



- Some concerns about mandating a level of bio-diesel in fuel as it may generate a flood of imports rather than encouraging the development of local production.

I trust this information will be of assistance to your committee.

Yours sincerely

Ray Campling
Chief Executive Officer