

FEDERAL Member for Dawson, George Christensen's, fight for North Queensland's ethanol industry received a boost today with the Prime Minister indicating the Liberal National Government would not increase the tax on the biofuel.

Prime Minister, Tony Abbott, acknowledged Mr Christensen's "deep commitment" to the ethanol industry and offered greater certainty to farmers and businesses depending on the emerging industry.

"This is a government which is determined to keep faith with businesses which have made investment decisions honestly and fairly on the basis of government policy," Mr Abbott said.

Mr Christensen said substantial investments had been made in development of the ethanol industry based on the knowledge that a lower tax rate would apply to the biofuel until 2021.

He attacked a recent bureaucratic report recommending the removal of the ethanol fuel rebate, effectively increasing the tax rate on ethanol.

"The ethanol fuel rebate is not about subsidies or handing out money for free. This is a charging a lower rate of tax on a different fuel and encouraging a fledgling industry that can provide enormous benefits if the goal posts are not moved before half-time," he said.

"If Canberra bureaucrats had their way and increased the tax on ethanol, ethanol projects like AustCane in the Burdekin might never see the light of day and I would have grave fears for the future viability of Sarina distillery.

"Removing the ethanol rebate is simply increasing a tax that would kill the business model that Burdekin businessman Geoff Cox has developed and that would be a great shame for the cane farmers in the district who would miss out on the benefits of that venture.

"It would also take away a valuable alternative for cane farmers who stand to gain a market and to get paid for more than just the sugar that is produced from their cane."

Mr Christensen said ethanol, as a fuel, was greenhouse neutral because carbon dioxide produced when the fuel is burnt was reabsorbed as the next crop grew.

"Ethanol plants can even be powered by the crop itself, using co-generation, which is already being used by a mill in Mackay," he said.

"In addition, burning ethanol instead of fossil fuels would see a reduction in chronic diseases like asthma, bronchitis, and uvulitis.

"Mandated ethanol would grow a new industry and would make Australia less reliant on imports for our energy needs and I'm pleased to see today's indication that the Liberal National Government will maintain its commitment to industry."