



South Australian Chamber of Mines and Energy

MEDIA RELEASE

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SACOME URGES LABOR'S PETER GARRETT TO SUPPORT

SA's GREEN GEOTHERMAL INDUSTRY

The South Australian Chamber of Mines and Energy (SACOME) has urged the ALP's new Shadow Minister for Climate Change, Mr Peter Garrett, to demonstrate his 'green' credentials by backing geothermal energy's eligibility for the same taxation concessions available elsewhere in the resources sector.

Senior Industry Advocate for the peak mining lobby group, Mr Andrew Blue, said the hot dry rock (HDR) and geothermal industry should have access to the Australian Taxation Office's Energy Grants Credit Scheme which cuts fuel costs for businesses in regional and rural Australia by providing a grant for fuel used for specified activities.

Geothermal energy is a potential renewable energy source which taps naturally occurring heat deep underground to create steam and generate electricity with a conventional turbine.

"SACOME urges Peter Garrett to join the industry and declare that the current ATO ruling - which says HDR Geothermal Energy is not a 'mining activity' - is ludicrous," Mr Blue said today.

"Under no reasonable interpretation could the techniques and methodologies used in the exploration and production activities for geothermal energy be deemed to be outside the scheme as they are no different than those used in the exploration and production activities of the mineral, oil or gas industries," he said.

"Other industries such as road transport, agriculture, fishing, forestry, as well as mining, oil and gas are all eligible industries, yet simply because the eligibility definitions have not kept pace with developing technology, the greenest of all potential energy sources is disadvantaged.

"Over 60 hot rocks and geothermal exploration licences have been granted in South Australia with companies aspiring to spend in excess of \$400 million over the next five years in their search for geothermal energy – this expenditure is an increasingly critical component in the wider Australian climate change strategy.

"SACOME has lobbied the ATO on behalf of the industry and made strong representations to the Federal Treasurer and the Federal Minister for the

Environment, all to no avail. Maybe Mr Garrett can take the issue up with the Federal Government.

“The Federal Government’s position is that it is planning a staged phase-in of the fuel rebate for geothermal energy from 2008 to 2012. However, such a time-frame is inappropriate if further commercial development of this breakthrough low emission technology is to be encouraged.”

A geothermal member company of SACOME has advised Mr Blue that its estimated fuel costs for drilling since January 2003 through to June 2006 was \$2.2 million (excluding GST). Of this amount \$554,000 was spent in the six months to June 2006.

“Notwithstanding the inherent inequities between the oil, gas and minerals industries and that of the geothermal energy industry, these figures present in no uncertain terms the sharply increasing cost structure for fuel as advancements are being made. This is nonsensical and at odds with the Federal Government’s own Low Emissions Technology Demonstration Fund,” Mr Blue said.

“Accordingly, SACOME strongly urges Peter Garrett to use his high profile and recent promotion to remedy the injustice of this arcane tax ruling,” he said.

FURTHER INFORMATION

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