

Senate Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Industry, Tourism and Resources Portfolio
Budget Estimates Hearing 2007-08
28 May 2007

AGENCY/DEPARTMENT: INDUSTRY, TOURISM AND RESOURCES

TOPIC: Syntroleum GTL licence (relates to A1-90 and A1-91)

REFERENCE: Written Question

QUESTION No. B1-78

Senator Evans asked:

Following on the answer to AI-90 and AI-91 from the February 2007 hearings:

- a) Specifically when did the Government announce the assistance offered to this project?
- b) What were the components of the total assistance offered?
- c) As part of this package did the Federal Government purchase a \$15m licence from Syntroleum for the use of gas to liquids technology?
- d) What is the period for this licence?
- e) Why wasn't the purchase of that licence made conditional on the project going ahead?
- f) What action has the Department taken to recover the license fee through sharing in fees paid for the use of the Syntroleum technology in Australia, East Timor, Indonesia, or PNG?

ANSWER

- a) 18 February 2000.
- b) The investment incentive offered by the Australian Government to Syntroleum Corporation consisted of a \$30 million licence agreement giving the Australian Government access to Syntroleum's proprietary technology for converting natural gas to liquid (GTL) synthetic fuels; and a \$40 million loan to support further research, development and demonstration work to commercialise the GTL fuel technology in Australia.
- c) The package offered included \$30 million for a technology licence. Syntroleum and the Australian Government subsequently agreed to amend the cost of the licence asset to \$15 million to reflect the amount paid.
- d) The license is valid until August 2015. However, the term of the license can be extended until such time as the Australian Government has received the full benefit of the \$15 million or assigned the benefit to a third party.

- e) The licence was purchased to demonstrate Australia's commitment to supporting the development of GTL technologies in Australia and Syntroleum's commitment to development of an Australian project remains. \$15 million of the License cost of \$30 million was subject to a performance clause that required the technology to be demonstrated on a commercial scale by 30 June 2004 and accordingly Syntroleum is not in receipt of this amount.

- f) The Australian Government does not intend to market the Syntroleum technology as it does not consider this an appropriate role for government. The Australian Government's expectation of the License is that Syntroleum will seek to commercialise its technology in Australia, which it has actively done over the last several years. The Department monitors Syntroleum's marketing of its technology in the license area.