CANBERRA AIRPORT

DECEMBER 2025

CLEANER FUELS PROGRAM

Submission to the Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts

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INTRODUCTION

Canberra Airport appreciates the opportunity to contribute to the Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts' *Cleaner Fuels Program: Policy Design and Engagement Paper*. This submission complements Canberra Airport's response to the Department's *Low Carbon Liquid Fuels Consultation Paper* by strengthening calls for a domestic Sustainable Aviation Fuel (SAF) industry to be established.

With no viable large-scale alternatives to liquid fuels expected in the medium term, SAF remains the only practical pathway to delivering immediate and meaningful emissions reductions from airlines. Australia has both the feedstocks and the infrastructure to play a leading role in producing SAF domestically, provided the right policy settings are established.

This submission outlines why SAF must be the priority of the Cleaner Fuels Program, the critical importance of accelerating domestic production and the role that regions such as southern NSW can play in supplying the feedstocks and infrastructure required for a domestic industry. It also sets out the practical steps, including long-term production credits, streamlined approvals and a national SAF mandate, that will be required to unlock investment, support early projects and bring forward the economic and environmental benefits of local supply.

With existing "drop-in" compatible fuel infrastructure, strong industry collaboration and direct investment in emerging SAF-enabling technologies, Canberra Airport is prepared to support domestic airlines as they begin scaling up SAF use.

KEY CONSIDERATIONS

SAF must be the priority

Progressing the decarbonisation of the aviation sector must remain a clear priority for the Commonwealth Government, industry participants and the broader community. Unlike other parts of the transport sector, airlines do not yet have access to viable large-scale alternatives such as electricity or hydrogen. The investment requirements, performance challenges and safety considerations associated with these technologies mean they are unlikely to be produced or deployed at scale in the short-to-medium term. As such, Canberra Airport considers SAF to be the only practical low-carbon liquid fuel capable of delivering immediate and meaningful emissions reductions. Importantly, SAF is fully compatible with existing aircraft and airport infrastructure, making it the most feasible pathway to accelerate decarbonisation across the aviation sector.

The necessity to progress the production of SAF has consistently been emphasised by leading international and domestic aviation bodies. The International Air Transport Association's *Net Zero Roadmap* outlines that SAF will contribute around 65 per cent of the carbon emission reductions needed by 2050. This position is supported by Airport Council International who emphasised at COP28 that SAF offers the most immediate and scalable emissions-reduction pathway for both airports and airlines, given its compatibility with existing aircraft and fuel infrastructure. While the Jet Zero Council has clearly articulated the need for the establishment of large-scale domestic production given

Australia has the potential to produce billions of litres of SAF due to its extensive stocks of canola, tallow and waste oils. Ongoing reliance on imported SAF or exporting feedstocks for refining exposes Australia to supply chain vulnerabilities which can limit economic opportunities for regional producers, particularly those in southern NSW.

Given this, the Cleaner Fuels Program should be focused on the rapid development of a viable domestic SAF industry. Accelerating production in Australia will support the domestic aviation industry reduce emissions, in line with its international counterparts. It will also ensure Australia is not left dependent on imported SAF, once airlines begin to proactively take-up use. By placing SAF at the centre of the Cleaner Fuels Program, it will also provide certainty to investors to construct production facilities, unlock supply chains across the regions and guarantee local feedstocks are used for domestic production rather than being shipped overseas. Canberra Airport, therefore, urges the Department to prioritise the domestic production of SAF through the Cleaner Fuels Program.

Canberra Airport's support of the uptake of SAF

Canberra Airport is committed to supporting the aviation industry's transition to lower-emission operations and stands ready to play an active role in increasing the uptake of SAF across domestic airlines. The airport is already well placed to facilitate greater SAF use. The state-of-the-art fuel farm can store approximately 770,000 litres of jet fuel and is built to the highest environmental and safety standards. Importantly, the existing infrastructure is fully compatible with "drop-in" SAF blends, meaning airlines could begin using SAF at Canberra Airport without any modification to current storage, transfer or refuelling processes. As demand for SAF grows, the facilities and operating capability ensure the airport is prepared to support airlines to scale up their use while maintaining efficiency, reliability and safety.

Canberra Airport also recognises the critical importance of research and industry collaboration in driving down the cost of SAF and enabling its wider adoption. The Department's work in fostering this collaboration is essential, particularly with focus on cost-effective production that avoids placing unnecessary pressure on airfares. With close proximity to major universities and research institutions, Canberra Airport is well positioned to assist with future SAF trials and emerging technologies, providing the infrastructure and operational environment needed to support innovation.

Beyond facilitating SAF uptake on-airport, Canberra Airport has taken direct steps to help accelerate the development of a domestic SAF industry. In 2023, the airport invested USD$10 million into Vast, an Australian renewable energy company developing advanced concentrated solar thermal (CSP) technology capable of supplying clean, dispatchable power for the production of green methanol, which is a key feedstock for SAF. Vast's reference plant in Port Augusta will combine CSP v3.0 technology with a co-located green methanol demonstration facility expected to produce up to 7,500 tonnes annually. Canberra Airport sees significant potential in this technology to underpin large-scale and low-cost production of SAF in Australia.

If the aviation industry is to meet net zero targets, early and coordinated action is essential. Canberra Airport's investment in Vast reflects its long-held belief that airports have a responsibility to support the emergence of a domestic SAF industry, not simply wait for it to occur. Alongside other major Australian airports, Canberra is prepared to play a leading role in encouraging local production, enabling uptake by airlines and ensuring the industry has the practical mechanisms needed to cut emissions. This

approach is entirely consistent with Canberra Airport's commitment to sustainability and to supporting the long-term decarbonisation of aviation.

Leveraging southern NSW

Southern NSW is well-placed to support the development of a domestic SAF industry due to its significant feedstock. As a region, southern NSW is a core canola growing area and a significant contributor to the Australia's overall production. As highlighted by the Australian Oilseed Federation and the NSW Department of Primary Industries, southern NSW has well-established oilseed crushing, storage and transport infrastructure operated by various entities. Leveraging this existing infrastructure would accelerate a domestic production industry to convert the canola of southern NSW into SAF, rather than exporting it for refinement overseas before potentially reimporting the cleaner fuel for use in domestic aircraft.

In addition to canola, southern NSW is also known for its livestock farming, which plays a central role in the production of SAF. In particular, the region supports many cattle, pig and poultry farms, as well as more than a dozen abattoirs. Given the size of the industry across southern NSW, there would be a substantial volume of animal by-products that could be used for tallow, rather than going to waste. Many facilities are either exploring, or have implemented, rendering processes, which could be leveraged to accelerate a domestic SAF industry. By expanding or adopting it to support the production of SAF, southern NSW could supply a viable amount of tallow. Like canola, this would reduce the amount of waste from processing and contribute to reducing emissions across the domestic aviation industry.

These advantages highlight the strategic value of southern NSW as a foundation for a domestic SAF industry. The Department must consider the significant feedstock availabilities in southern NSW, the existing infrastructure and the investment opportunities that exist to advance SAF production in the region. With its close proximity to Canberra, Western Sydney, Melbourne and Sydney Airports, the region is well-positioned to facilitate the seamless movement of domestically produced SAF to major airports and support increased uptake by airlines. Southern NSW will be a key powerhouse in the development of a domestic SAF industry and fully leveraging the region's capacity should be a clear priority for the Cleaner Fuels Program.

Accelerating domestic production

There are clear opportunities in regions such as southern NSW to accelerate a domestic SAF industry, but it will not be possible without the correct policy settings under the Cleaner Fuels Program. To progress the development of such an industry, the Department must prioritise practical measures which support investment in SAF production. This includes creating long-term demand, reducing regulatory burden and providing financial incentives, particularly for those taking initial risk. Three actions that Canberra Airport suggests should be considered to fast-track a domestic industry are; providing long-term production credits; streamlining approvals and; introducing a national SAF mandate. Consideration of these measures will unlock a domestic SAF industry and ensure regional areas can play an active role in reducing emissions in the domestic aviation sector.

Introduce a long-term production credit

A multi-year production credit remains the most effective mechanism to reduce the cost difference between jet fuel and SAF. Guaranteeing a per litre credit over several years will support producers to secure investment, attract funding and negotiate long-term agreements with airlines. Similar initiatives have been adopted in international markets which has precipitated the increased uptake of SAF by airlines. Given early projects face higher capital costs and limited economies of scale, a production credit would ensure a domestic industry could compete with international counterparts. Canberra Airport submits that a credit is necessary to accelerate a domestic SAF industry.

Streamline approvals

As has been experienced by aviation industry participants, major development projects often must progress through lengthy and complex approval processes. It is likely that SAF projects would require multiple environmental, planning, safety and fuel certification approvals across multiple agencies. This would create regulatory and administrative duplication, therefore, prolonging the process and adding further costs for proponents. The Department is urged to consider how streamlining the approval process would accelerate construction of manufacturing facilities, ensuring the environmental and economic benefits of a domestic SAF industry are brought forward.

National SAF mandate

It is internationally recognised that SAF mandates are critical to supporting production capacity. A national mandate for major carriers operating domestic routes must be considered as a mechanism to increase demand and influence investment in new facilities. Mandates should be gradually phased in over the next five years and provide airlines with the adequate opportunity to deploy SAF across operations in line with domestic production capacity. With Canberra Airport's fuel infrastructure ready to take "drop-in" SAF blends, the airport is well placed to support airlines in meeting these obligations from the outset. A staged mandate, combined with airports that are operationally prepared, will allow producers to undertake viable investment, accelerate supply and ensure the aviation sector can transition to SAF in line with government targets.

CONCLUSION

There is a pressing need to develop a domestic SAF industry to support regional economies, reduce reliance on imported fuels and deliver a credible pathway to net zero for the aviation sector. With abundant feedstocks in regions such as southern NSW and aviation-ready infrastructure at airports like Canberra Airport, the foundations already exist for a viable domestic industry.

Prioritising improved policy settings through the Cleaner Fuels Program will accelerate the establishment of domestic production. Mechanisms such as a national SAF mandate, production incentives and streamlined regulatory pathways, will unlock the investment needed.

Canberra Airport is ready to support this transition and ensure Australia secures the environmental, economic and strategic benefits of a domestic SAF industry.

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