Ports Australia

Cleaner Fuels Program: Powering low carbon liquid fuel production in Australia Consultation Paper

Ports Australia submission to
Department of Infrastructure, Transport, Regional Development, Communications, Sports and the Arts

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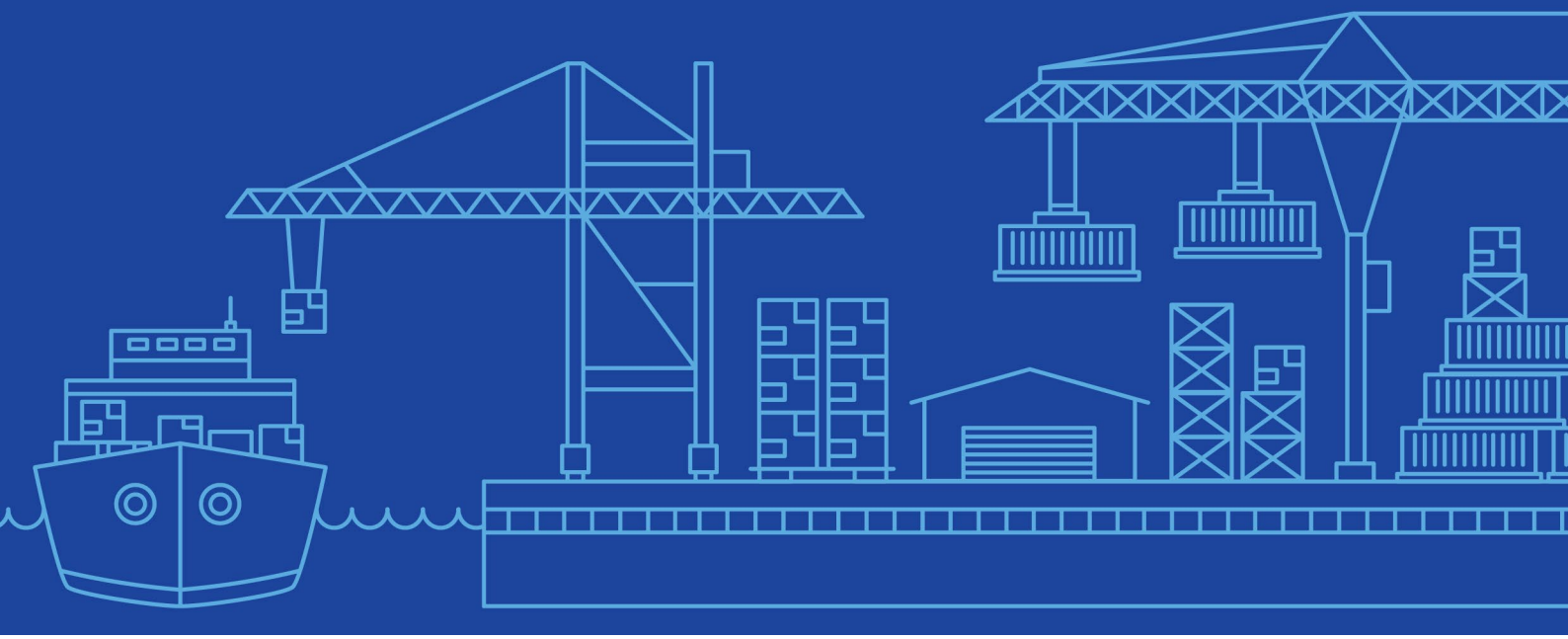

Ports Australia is the peak body representing the interests of the Australian port industry. It serves as a national voice and plays a crucial role in advocating for policies and initiatives that promote the growth and development of Australian ports.

Ports Australia is governed by a Board of Directors comprising the Chief Executive Officers of 14 port corporations and authorities from across Australia.

We bring together various stakeholders, including government entities, industry members, and representative bodies, to ensure Australian ports are at the forefront of environmental, safety, and security matters. Ports Australia brings all these groups together in collaboration to ensure our ports are not only in compliance with relevant regulations but go above and beyond to ensure the best outcomes.

Cleaner Fuels Program Policy Design and Engagement Paper

Ports Australia welcomes the opportunity to provide feedback on the **Cleaner Fuels Program Policy Design and Engagement Paper** released by the Department of Infrastructure, Transport, Regional Development, Communications, Sports and the Arts (DITRDCSA) in November 2025.

The Australian Government invited written submissions on the *Cleaner Fuels Program Policy Design and Engagement Paper* (the Program) on the design principles and framework of the Program to support a domestic low carbon liquid fuel (LCLF) industry, as part of a *Future Made in Australia*.

Ports Australia's response is consistent with Ports Australia and its members previous substantial responses to the *Transport and Infrastructure Net Zero Consultation Roadmap; Low Carbon Liquid Fuels Consultation Paper* and the *Maritime Emissions Reduction National Action Plan (MERNAP) Issues Papers,* which noted the importance of supporting Australia's maritime decarbonisation efforts, including having multiple future fuel and technology strategies.

For the purposes of this response, the term 'future fuel/s' is used to denote hydrogen and hydrogen-derived fuels, zero or low carbon fuels, biodiesel, and/or low carbon liquid fuels. Where there is a distinction required a particular term will be used, in particular for low carbon liquid fuels (LCLFs) as the focus of this Consultation Paper.

Ports Australia continues to welcome engagement by DITRDCSA on the viable pathways, actions and policies to support decarbonisation.

In light of the ownership and operating model differences within the ports and maritime sector, this submission does not represent all industry perspectives. Ongoing engagement by Departments with each port will be necessary to understand the particular nature, experience and challenges they have.

Should the Department require further details on information provided, please contact Ports Australia.

With shipping as the most sustainable transport mode for large cargo volumes, Ports Australia members are actively engaged in decarbonisation of their own operations, in addition to supporting the broader supply chain's decarbonisation efforts, particularly on the maritime side. Echoing this, decarbonisation and long-term sustainability are cornerstones of Ports Australia's strategic priorities.

International experience demonstrates government investment is critical in many freight and maritime supply chain decarbonisation efforts – whether research, development or technology trials – and in undertaking what will be significant reforms and importantly infrastructure investment.

To maximise the ongoing decarbonisation of the Australian port and maritime environment, as the Federal Government partners with industry and the community towards Net Zero, port knowledge and experience will be essential to shaping suitable and practical pathways.

Ports Australia recognises contained in the intention to establish the optimal policy mix between production incentive design and demand within the **Cleaner Fuels Program** includes improving *'Australia's sovereign liquid fuel capability and security by diversifying Australia's liquid fuel use and mitigating risks to global supply chain disruptions.'*

Ports Australia supports the Federal Government establishing policy settings to encourage the growth and use of sustainable fuels, noting the importance of government not committing Australia's maritime industry to a single source of future fuel.

Government Investment – Choice Agnostic, Outcomes Focus

Underpinning the Cleaner Fuels Program, Australian governments should not seek to make future fuel choices for industry, rather government should recognise movements in future fuel choice are likely as advantages and disadvantages of each is understood and industry requirements are clarified.

The significant impact across all industries in one-off and ongoing costs of decarbonisation, does and will impact the ability of industry to invest in infrastructure, its people and securing Australia's trade routes.

While development and application of both technology and infrastructure is best undertaken by industry and manufacturers; government provision of financial assistance to industry participants to overcome cost barriers needs an outcome focus of encouraging industry to invest long term in future fuels and decarbonisation initiatives.

Australian ports gain investment confidence from stable, nationally aligned regulatory frameworks providing industry with certainty across electoral cycles. Government delivering such regulatory, as well as financial, certainty over the medium to long term within a domestic LCLF industry is a prerequisite for industries to invest in innovation and infrastructure, particularly where the market does not yet exist.

In the absence of federal bipartisanship on the lynchpin economic drivers in the transition to future fuels – whether in policy settings or funding – investor confidence in decarbonisation and renewable energy projects risks remaining stagnant.

The Cleaner Fuels Program should be just one component of Government support and investment for decarbonisation projects - with a mix of government grant programs; tax incentives; underwriting initial offtake agreements; local content incentives; co-investment; and in certain circumstances government mandates.

Optimising Port Infrastructure and Opportunity Costs

With Australian ports facilitating some 700,000 jobs and more than 1.6 billion tonnes of annual trade – moving 99% of Australian international trade by volume – a majority of our ports have a limited capacity to expand and/or adapt existing land use to store and distribute LCLFs. In this light optimising long-term investment in capital-intensive port infrastructure, including the storage and distribution of LCLFs, is vital.

As the Department of Industry, Science and Resources December 2024 Report "*Australia's Offshore Resources Decommissioning Roadmap*" points out, there is an imperative for the Australian Government to work with the maritime industry, as well as state and territory governments to support cooperation on infrastructure and port developments, noting: *'Port access may…be constrained by competition from existing and emerging uses. Existing mining and offshore oil and gas operational activities, export opportunities, defence, civil engineering projects and potential offshore wind projects all compete for port access.'*

Clarity is necessary at the earliest opportunity on the large-scale storage and distribution of LCLFs within port and port-adjacent environments. This will ensure Australian ports have the capacity and ability to establish the logistics and any required new infrastructure to deliver LCLFs from our ports. Noting there will be a period of dual delivery and use of both current and future fuels within our economy; detailed planning is required to safeguard efficiency of our ports and crucial supply chains across the short to medium term.

For Australian ports to support emerging industries, including LCLFs, raises capacity challenges from factors including:

- decarbonisation projects within ports requiring land allocations (such as on-shore power connections, solar panels)
- necessary customs and border security screening enhancements (such as faster screening module infrastructure)
- use of lay-down areas for large infrastructure supporting Renewable Energy Zones, solar farms, on-shore and off-shore wind projects; as well as future Offshore Decommissioning returned material waste transfer
- expansion of existing and/or delivering new services to customers (such as accepting containerised/break-bulk/RoRo goods)
- capital city container ports in close proximity to metropolitan areas resulting in loss of adjacent industrial land through urban encroachment, including residential development.

The loss of port-adjacent industrial lands threatens unacceptable delays and higher costs for freight transport; increased road congestion; increased disturbance in residential areas; increased interference to commercial areas; and additional costly mitigation and management measures which will likely be borne by customers, whether individuals or businesses, and reduced economic productivity.

Streamlined delivery of domestic LCLF production and distribution, particularly in the short to medium term transition, will help secure Australia's economic prosperity, sovereignty and maintain a global competitive advantage. As such, it is imperative all levels of government through robust policy and planning frameworks work with Australian ports, fuel producers and the wider supply chain to coordinate planning approaches to protect key port and industrial precincts, freight hubs and transport corridors.

Guarantee of Origin (GO) Certification

Extension of the Federal Government's commitment as part of the *Future Made in Australia* program beyond the Guarantee of Origin (GO) certification scheme to track and certify emissions from hydrogen, then expanding to low carbon liquid fuels, is critical to deliver overall supply and supply fidelity.

As the 2024 LCLFs Consultation Paper noted, *'LCLFs are currently estimated to be between 2 and 5 times higher in cost than their unabated fossil fuel counterpart,…'.*

With future fuels for the foreseeable time being sold at a higher sale price point, there will be a significant incentive for 'counterfeit' or tainted fuels, or those without a sustainable origin, to enter the market.

Ports Australia submits the need for a government commitment should future fuels be sold at a premium they will have an auditable appropriate provenance and governments will commit resources to monitoring and prosecution of profiteering and/or counterfeit offences. Offences must be supported with appropriately severe penalties to deter both offenders and those considering supplying to the market non-sustainable fuels for profit.

Accounting for Globally Driven Maritime Decarbonisation

In developing availability of zero or net zero fuels within Australia it is important capacity to refuel large maritime vessels berthing in Australia is maintained. International studies highlight the transition to future fuelled ships within Australian waters will be in the medium to long term.

The OECD in April 2025 reported on the role of shipbuilding in maritime decarbonisation, noting ships capable of alternative fuels made up over 52% of gross tonnage in orderbooks, however only around 7% of the global fleet could operate with these fuels. https://www.oecd.org/en/publications/the-role-of-shipbuilding-in-maritime-decarbonisation_0c8362c0-en.html#:~:text=Recent%20regulatory%20measures%2C%20notably%20the,challenge%20of%20financing%20the%20transition.

The global dimension of international maritime sector decarbonisation is outlined in regular reporting of the Baltic and International Maritime Council (BIMCO) which in September 2025 reported in the previous month, 534 container ships were on order which will be able to use future fuels upon delivery – representing 53% of on order ships and 77% of the TEU. *https://www.bimco.org/news-insights/market-analysis/shipping-number-of-the-week/2025/0918-snow/*

These two reports note an uplift in future fuel capability relative to findings in a December 2023 BIMCO Market Report noting '*…only 1% of bulk, container, and tanker ships are prepared for using these* [zero or near-zero] *fuels and fuel availability is low.'* *https://www.bimco.org/news-and-trends/market-reports/shipping-number-of-the-week/20231220-snow?pn=2*

The 2023 Report further notes, '*As 1-2% of the fleet's deadweight capacity is recycled every year, the share of the fleet's deadweight capacity readied or prepared for alternative fuels will end higher by the* [International Maritime Organization's then] *2030 deadline…'*

In concluding BIMCO noted, '*So far, LNG has been shipping's most popular alternative fuel, however, methanol and ammonia have been gaining popularity.'*

With internationally built and owned vessels dominating Australian trade movements, the maritime industry path to Net Zero is globally focused; and key to the transition rate to no or low carbon fuels is access, choice, efficiency, cost and sustainability.

Building upon a scarcity of available future fuelled vessels to support Australian trade, and medium to long term transition, in recent years we have witnessed a significant rationalisation of the number of shipping lines servicing Australia.

As these vessels and their fuel source decisions are outside of Australia's direct control, in charting a successful course for maritime decarbonisation we will need to be both supportive of new and retrofitted vessels, as well as consistent with international standards and directions on future fuels and decarbonisation.

Critical to enable and accelerate future fuels and technology uptake in the Australian maritime industry – whether for production, storage/bunkering, use, disposal and risk management – is a Plan aligning with the international direction and standards for future fuels and technologies to:

- sustain Australia as a competitive market for international trade
- prevent unnecessary resource and time expenditure for Australian industry and government
- enable infrastructure, asset and fuel compatibility, and thereby efficiency and flexibility.

The path to LCLFs needs to support the Australian maritime industry to identify and then leverage the substantial research, established models, developed standards and future fuels and technologies implemented internationally.

By understanding what guidance materials are available and endorsed, will allow our economy to determine what should be adopted in Australia to enable national and international consistency; and target resources to adopt and/or develop future fuel and technology guidance and standards.

Ports Australia realises global shipping across time will move between fuel types – such as biofuels/low carbon liquid fuels, liquified natural gas (LNG), methanol, hydrogen and ammonia. As transitions occur, across the short to medium term, a majority of vessels servicing Australia's international trade routes are

expected to continue refuelling in countries other than Australia, due to factors including their principal port and more importantly favourable purchase pricing for fuels.

The price differential when refuelling in Australia will limit the potential market for LCLF use in the current maritime shipping mix. It is recognised over time particular future fuels may deliver fewer nautical miles and this may see greater Australian-based refuelling demand.

Sustained engagement by all levels of government and their departments with the Australian transport and infrastructure sector is important to understand the practical implications and implementation challenges of proposed pathways to ensure future strategies developed in this area will support the advancement of Australia's maritime decarbonisation efforts.

Encouragingly the ports industry consistently works in partnership with Federal Government and its agencies to identify and address challenges with Australia's supply chain, both proactively and in real time.

We recognise the MERNAP will aim to address decarbonisation of the maritime industry, and as ports are the key interface between maritime and landside trade, Ports Australia has previously made recommendations on the MERNAP informed by research on the international and national landscape and understanding of the port and maritime sector across Australia.

Ports Australia supports strategic planning by government to emphasise research and piloting measures, and appropriately position Australia to act and invest as further certainty on future fuels and technologies is gained. As part of this, Australian governments and businesses must carefully consider their resources and available measures to ensure comparisons between measures and adoption is fiscally optimal for long term sustainability.

Ports Australia and our members look forward to continuing to work with the Commonwealth and its agencies on the government actions and policies founding the path to Net Zero to ensure:

- government and industry are equipped to meet desired net zero targets, with progress informed by broad consultation and comprehensive impact assessments
- research, analysis and implementation of evidence-based and cost-effective solutions
- agile and flexible strategies as energy sources, technology and supply chain environments advance
- Australia continues to comply with international obligations
- recognition of differing attributes of ports and maritime industry participants, including their existing and proposed infrastructure
- recognition of the differing capacity of maritime sector participants to finance and implement decarbonisation measures
- understanding the cost implications for Australian consumers, exporters and importers are outweighed by the benefits to the Australian community
- a clear fit-for-purpose legislative and regulatory framework contains evidence-based and cost-effective measures minimising regulatory burden and provide investment certainty
- supporting an even playing field across the sector.

With Australian maritime decarbonisation expertise predominantly residing within industry; collaboration of the Australian Government with industry stakeholders in preparing for and negotiating successful outcomes during international engagement, including through the IMO, is required.

In parallel, Australian industry and governments need to monitor and prepare for when significant international future fuel types and decarbonisation decisions are reached and for those made in conjunction with other members of the IMO and international ship owners.

As future fuel production progresses and future fuel vessels commence servicing Australia, early implementation of supportive guidelines and standards should be prioritised; with the Australian Government and relevant Departments and Agencies progressing any necessary standards through Federal Parliament as well as the International Maritime Organization and/or other relevant international entities.

Investing in Future Fuels Supply Chains and Oceania Partnership

In meeting their required targets, industry faces regulatory burden to prepare and implement decarbonisation strategies and face significant risk without a guarantee of locally produced and locally supplied future fuels.

Australia and our Oceania neighbours share a tyranny of distance from key trading nations, comparatively smaller trading volumes, limited international leverage when acting alone; and an imperative need for region-based fuel solutions.

Recognising this, by partnering with our Oceania neighbours Australia can identify the optimal cost-effective investments for both governments and industry within Australia and our region to produce, supply and adopt future fuels.

Ports Australia urges the Federal Government to prioritise collective efforts with New Zealand and our Oceania neighbours to adopt a regional approach, particularly with respect to assessing regional capabilities and needs for future fuel production and storage.

Through identification and adoption of a limited number of regionally produced future fuels as well as location appropriate storage, economies of scale would see renewable resources used more effectively and with a broader Net Zero impact.

The Need for a National Future Fuels Plan

As part of the Cleaner Fuels Program pathway there must be comprehensive mapping of feasible future fuels – a National Future Fuels Plan - to assess domestic needs, obtain the costs and effectiveness of each measure, where available, and importantly identify and either financially support or identify accessible funding pathways for local production.

Ports Australia recognises developing a national plan will require drawing on the expertise of different government departments.

A **National Future Fuels Plan**, enabling fuel certainty for governments and industry, requires focus to:

- determine projected supply and demand models of future fuel requirements for the entire economy, including the transport and infrastructure sector
- identify the alternative fuel types and volumes available
- map supply chains and lifecycle each to understand those most viable
- highlight the supply chains to reinforce or establish
- understand and secure production and supply opportunities within Australia and/or Oceania
- anticipate requirements of domestic consumption and vessel use of future fuels
- map capabilities of Australian ports to undertake large-scale fuel storage and bunkering
- research safe storage times and degradation of future fuels
- identify global significant technological and future fuel developments and investment
- enable investment confidence in viable options.

The Federal Government needs to support Australian industry to identify and then leverage the substantial international research, established models, developed standards and future fuels and technologies.

Building on National Cabinet Cooperation - Government Expectations on Port Fuel Storage

Transport and infrastructure industries would benefit from each level of government being on the same page with respect to the significant infrastructure changes required in both switching to future fuels and commissioning domestic future fuels production - and for that commitment to be reflected in the Cleaner Fuels Program and other initiatives.

As noted in our Net Zero Roadmap and LCLF Consultation Paper responses, through the National Cabinet process the Federal Government has significant influence in setting the direction of Australian government reform and budget expenditure.

Under the auspices of National Cabinet, Ports Australia urges the Federal Government to arrange ongoing and productive discussions between the federal, state and territory governments, as well as relevant local governments, on the Federal Government's principles and expectations relating to future fuels, including LCLFs; in particular the vital infrastructure and budgetary supports respective levels of government will bring to the table, including in the maritime sector.

In this context state/territory and local governments have the final decision-making capacity with respect to environmental protections and infrastructure development including terminals and large-scale storage of future fuels and should be clear on the Federal Government's path to Net Zero to ensure infrastructure investment is not unnecessarily delayed or denied.

Based on their particular location, Ports Australia members would benefit from understanding which, if any, fuels would be deemed by their relevant governments (federal, state/territory and/or local) to be outside of acceptable scope for large-scale storage within a port environment and those which would require particular environmental mitigations/considerations.

As future fuels are introduced, their storage at Australian ports for supply to the Australian economy, export purposes and/or use by vessels will be underpinned by appropriate safe storage standards and emergency management procedures to meet government and community environmental expectations.

There are extensive benefits for all parties to have advance knowledge of the landscape within each state/territory and as such additional certainty from an understanding of expected government regulatory restrictions is vital.

In light of the considerable financial impost for the maritime industry to invest with certainty in their use and storage, a clear understanding is required of government (whether federal, state/territory or local) expectations and potential restrictions on bulk storage of future fuels at Australian ports.

Ports Australia urges the Federal Government to fund and commission a **Scoping Study** to identify and outline what will be mixed expectations of federal, state/territory and local governments on large-scale fuel storage at Australian ports. This Study should include insight of potential fuel environmental impacts and challenges in Australia's unique marine environment and projected mitigation measures.

For industry the Scoping Paper should include details from across all jurisdictions on the projected regulatory requirements around future fuels within both port environments and related to on-land storage – including safety, handling and storage standards, as well as exclusion zone requirements. AMSA would be well placed to provide expertise on a number of these matters.

Discussion at National Cabinet level of the final Scoping Study should be pursued to resolve any significant matters impeding safe storage and bunkering within Australian ports.

The purpose of the Scoping Study and National Cabinet discussions should not be to mandate which fuel will be used, rather what is not going to be deemed acceptable in a particular location or locations.

Certainty to Deliver in a Flexible, Outcomes-based Environment

In supporting industry long-term commitment, it is critical our domestic LCLF industry is underpinned by a national regulatory certain environment focused on an outcomes-based approach informed by the current international and national landscape of:

- Australia committing to net zero emissions by 2050, and an interim reduction of emissions by 62-70% below 2005 levels by 2035
- decarbonisation targets set by the International Maritime Organization (IMO), to reach net-zero emissions from international shipping close to 2050
- Australian states committing to their own interim reduction targets which either align or are more ambitious than the Australian interim reduction target
- future fuel emphasis moving between fuel types, including biofuels/low carbon liquid fuels, liquified natural gas (LNG), methanol, hydrogen and ammonia.

To ensure a fit-for-purpose and practical approach to LCLF implementation and successful investment pathways, supportive arrangements within the Government's remit include:

- proactive engagement and support of industry and government collaboration within Australia, across Oceania and internationally
- endorsement of international guidelines and standards
- consideration of available resources and measures ensuring evaluation and adoption is as cost-effective as possible for long term sustainability of Australian trade
- access to affordable capital investment, whether by government, institutions, superannuation funds or private equity
- access to available and appropriately skilled labour incentive programs supporting long-term investment in research, development and rollout of future fuels and/or technologies by the market
- regulatory arrangements consistent with evidence-based and cost-effective actions, and accounting for variation across industry sectors
- assuring fuel availability by requiring future fuel proponents to supply for domestic and/or bunkering use a proportion of locally produced low or no carbon fuel
- resourcing of AMSA to respond to relevant incidents within the marine environment.

Ports Australia asks federal government departments to work across industry on appropriate distinct approaches to the path to future fuel sources and storage, decarbonisation and supply chain risk mitigation.

By supporting industry and government responsiveness to the changing landscape with these factors in mind, Australia will be in the best position to achieve the objectives established.

ENDS
January 2026