

30 November 2023

Director, Aviation White Paper Project Office
Aviation Green Paper
Department of Infrastructure, Transport, Regional Development, Communications and the Arts
GPO Box 594
CANBERRA ACT 2601

Dear Director,

Aviation Green Paper

About ACSI

Established in 2001, ACSI exists to provide a strong voice on financially material environmental, social and governance (ESG) issues. Our members are Australian and international asset owners and institutional investors with over \$1trillion in funds under management.

Through research, engagement, advocacy and voting recommendations, ACSI supports members in managing ESG investment risk and exercising active ownership to strengthen investment outcomes. Active ownership, including the management of climate related risk, allows institutional investors to enhance the long-term value of retirement savings entrusted to them to manage.

Summary of ACSI's position

ACSI welcomes the release of the Aviation Green Paper by the Department of Infrastructure, Transport, Regional Development, Communications and the Arts ('the Department'), to help improve practices in the aviation sector and aid the transition to net zero. In this submission, ACSI provides general comments as they relate to our key areas of engagement along with high-level responses to questions relating to Sustainable Aviation Fuel (relevant to Chapter 5 – Maximising aviation's contribution to net zero).

Engagement with First Nations peoples

ACSI welcomes further engagement with First Nations peoples to improve understanding of the Aviation industry's impact on cultural heritage, and the recognition of First Nation peoples' connections to land, sea and sky. ACSI supports the proposed establishment of the Community Engagement Standard and ACSI notes that consultation with First Nations peoples should be undertaken using the principles of good faith and constructive engagement.¹

Climate Change and the transition to net zero

ACSI welcomes the development of the Net Zero Roadmap and Action Plan and establishment of the Jet Zero Council. A mix of policy initiatives will be required to support the transition and achievement of targets, including supporting a reduction in reliance on carbon emitting fuels.

ACSI recognises that many hard-to-abate sectors cannot, with existing technology, fully decarbonise their operations, and will therefore likely involve the use of offsets (along with technology development). We encourage Government to consider how it might incentivise the aviation industry to use high-quality offsets that provide permanent emissions removal and co-benefits such as protecting biodiversity or developing new technologies.²

¹ Company Engagement with First Nations people: <https://acsi.org.au/wp-content/uploads/2021/12/Company-Engagement-with-First-Nations-People.Dec21final.pdf>

² ACSI's submission to the ACCU Review Discussion paper <https://acsi.org.au/wp-content/uploads/2023/10/ACCU-Review-ACSI-submission.pdf>

Sustainable Aviation Fuel (SAF)

ACSI supports further work to consider how Australia might develop a Sustainable Aviation Fuel industry.

The international SAF market is competitive as global airlines are competing for a limited supply, and current and projected international supply is not enough to meet demand of the international aviation industry.³ ACSI therefore supports the development of policy and regulatory settings to support the development of a domestic SAF industry. As with any policy development, further consultation with industry and investors should be conducted as policy initiatives are identified.

It is clear that there is interest in the feasibility of sustainable aviation fuels. See for example recent announcements by IFM Investors, GrainCorp⁴ and Macquarie Asset Management⁵, Ampol Limited's Memorandum of Understanding with the Queensland Government,⁶ Qantas and Airbus' Memorandum of Understanding with the Queensland Government⁷.

We recommend the Government leverage this interest and continue to work with industry participants and investors to assess the feasibility of the industry and policies to support the production and uptake of a local SAF industry. For example, there have been noted cost-related barriers to SAF uptake in the Australian aviation sector. ACSI encourages further exploration into policies that could subsidise the use of SAF, such as tax credits or funding opportunities.⁸ Setting appropriate governance arrangements will be critical to the design of Government policy in this area to ensure that any subsidies or incentives flow through to projects that deliver real outcomes and projects that would not have otherwise been pursued commercially. Any scheme should be able to clearly demonstrate the benefit of SAF uptake to consumers, industry participants and environmental outcomes.

We note policy settings are already being implemented in the US and the UK to support the SAF industry. See for example, the work being done in the UK post the development of its own Jet Zero Council, and the development of the Advanced Fuel Fund⁹ to support investor confidence as well as research and innovation. The UK Government is also researching further mechanisms to help bolster revenue certainty around the domestic production of SAF.¹⁰ In the US, the passage of the Inflation Reduction Act (IRA) has resulted in tax credits for SAF mixtures that have a minimum 50% reduction in greenhouse gas emissions across their lifecycles.¹¹ The state of California has also introduced a cap-and-trade mechanism to support the use of low-carbon fuels.¹² Other incentives can include increased funding to promote research and innovation in alternative sustainable sources for biofuels.¹³

In addition, nature and biodiversity risks are also increasingly being recognised across markets, both in relation to dependencies and impacts on nature. We encourage nature and biodiversity factors to be considered when developing the work on sustainable aviation fuels.

I trust our comments are of assistance. Please contact me or Kate Griffiths, Executive Manager – Policy and Research (kgriffiths@acsi.org.au), should you require any further information.



Louise Davidson AM
Chief Executive Officer
Australian Council of Superannuation Investors

³ [2022 Sustainable Aviation Fuel Outlook | BloombergNEF \(bnf.com\)](#)

⁴ Grain Corp and IFM announce renewable fuels initiative <https://www.graincorp.com.au/ifm-investors-graincorp-announce-renewable-fuels-initiative/>

⁵ Macquarie Asset Management invests in a leading SAF platform SkyNRG <https://www.macquarie.com/au/en/about/news/2023/macquarie-asset-management-invests-in-a-leading-saf-platform-skyng.html>

⁶ [Ampol and ENEOS Partnership | Ampol](#)

⁷ The Queensland Cabinet and Ministerial Directory statement <https://statements.qld.gov.au/statements/97770>

⁸ International Air Transport Association [Fact Sheet: EU and US policy approaches to advance SAF production](#)

⁹ The Department of Transport Advanced Fuel Fund <https://www.ricardo.com/en/news-and-insights/campaigns/aff>

¹⁰ UK Government Measures to Support SAF Industry <https://www.gov.uk/government/news/new-measures-to-support-sustainable-aviation-fuel-industry>

¹¹ S&P Global [US-based United Airlines expects Inflation Reduction Act to spur more SAF output](#)

¹² California Air Resources Board [Low Carbon Fuel Standard](#)

¹³ Supply-side and demand-side policies will need to mutually reinforce each other to scale up SAF production and demand: [Aviation - IEA](#)