



Australian Chamber  
– Tourism

**Australian  
Chamber of Commerce  
and Industry**

ABN 85 008 391 795

T: +61 2 6270 8000

info@acci.com.au

www.acci.com.au

18 July 2024

Director  
Low Carbon Liquid Fuels Consultation  
Department of Infrastructure, Transport, Regional Development, Communications  
and the Arts  
GPO Box 594  
CANBERRA ACT 2601

By email: [lclfconsultation@infrastructure.gov.au](mailto:lclfconsultation@infrastructure.gov.au)

Dear Director,

Australian Chamber – Tourism is a peak body representing Australian businesses engaged in the visitor economy. It brings together key participants in the tourism and travel sector to advocate better policies, including tax, regulation, tourism marketing, research, labour supply, visas and infrastructure. The Chamber is part of the Australian Chamber of Commerce and Industry (ACCI), Australia's largest and most representative business network.

Australian Chamber – Tourism appreciates the opportunity to provide comment as part of the low carbon liquid fuels industry consultation process. In our submission, which complements ACCI's main submission, we confine our comments to Sustainable Aviation Fuel (SAF). Australia must utilise its natural resources to develop a domestic SAF production industry and must be supported to do so by government.

The government has recognised that “a strong and competitive aviation industry is a prerequisite for growing Australia's visitor economy, which is vital for Australia's national prosperity”.<sup>1</sup>

Before the pandemic restrictions in Australia, domestic and international tourism and travel spending totalled \$166 billion and was the fourth largest export sector.<sup>2</sup> In the regions, there was a direct benefit too, with 44 cents of every tourism dollar spent in regional destinations,<sup>3</sup> and the industry supported over one million jobs, directly or indirectly.<sup>4</sup>

Following prolonged COVID-19 restrictions, travel and tourism is still recovering. Pleasingly, this recovery is occurring well, with international visitor spend back to 99 per cent of pre-COVID-19 levels and trip numbers reaching 89 per cent for the March 2024 quarter. The outlook for international arrivals growth has been revised higher this year relative to that presented last year. However, it is still expected to take until 2025 for international arrivals to surpass the pre-pandemic level.<sup>5</sup> To support continued growth back to 2019 levels and above, it will be crucial to ensure that domestic settings allow for this.

<sup>1</sup> Department of Infrastructure, Transport, Regional Development, Communications and the Arts (2023), *Aviation Green Paper: Towards 2050*, September 2023, pg.30.

<sup>2</sup> Ibid.

<sup>3</sup> Tourism Australia n.d., *The Economic Importance of Tourism*.

<sup>4</sup> Department of Infrastructure, Transport, Regional Development, Communications and the Arts (2023), *Aviation Green Paper: Towards 2050*, September 2023, pg.30.

<sup>5</sup> Tourism Research Australia (2023), *Tourism forecasts for Australia: 2023 to 2028*, November 2023, Australian Trade and Investment Commission.



As the government is aware, Australian tourism and travel is heavily dependent on inbound and outbound air travel. While other international travel methods contribute to the visitor economy, air travel carries most travellers to and from Australia. As Australia makes the transition to net zero, it is crucial that hard to abate sectors, such as aviation, are appropriately assisted to support the transition. Not only will this be critical for the immediate aviation industry, but there will also be ramifications for the broader visitor economy – including hospitality and travel and tourism industries more broadly – which are reliant on some abatement across the interrelated areas of the economy to reduce their own scope 3 emissions if this does not occur.

In a global environment where Australia competes against other nations for travellers and tourists, Australia must have a credible position on sustainable travel. Without such, Australia risks being overlooked by prospective travellers in favour of destinations with more sustainable settings. Furthermore, a country like Australia which is dependent on long-haul travel with significant internal distances should take a collaborative leadership position with regard to sustainable travel.

The lack of an overarching strategy or approach to sustainable aviation is already being felt by the business events sector, for example. The business events sector is a key contributor to Australia's visitor economy, attracting high-yield domestic and international travellers to and across Australia. For instance, in the 12 months to 31 March 2024, visitors traveling for business events spent \$20.4 billion in Australia over the duration of their trip. Business events are organised well in advance of the event itself, with a host of logistics associated. These include selection of the event location and travel for participants – business events often have significant international contingents travel to the destination country. When considering a 'bid' or proposal for a business event to a country, organisers take into consideration a range of factors, including costs, of travel and of visas, as well as available venues and, increasingly, sustainability of travel to, from and between the destination. Given the economic boost business events deliver, there is a competitive global market. Australia is at risk of losing potential business events due to the lack of mitigations to being a long-haul destination, in addition to the already high costs to travel to and stay here.

The lack of a strategy may also impede the ability of Australians to travel internationally. In addition to the abovementioned consequences, it is very likely that airlines will reduce their allocation of aircraft to Australia in instances where there is no access to SAF.

SAF is the primary pathway to the credible decarbonisation of the aviation industry in the medium term. It is broadly compatible with existing refueling infrastructure and can be used by current aircraft without blending or modification to engines.<sup>6</sup>

Australia currently does not have any SAF production capacity. Small volumes of SAF are currently used in Australia's aviation sector on international flights from countries with sustainable fuels requirements. Due to the small volumes produced relative to demand, it is typically blended with jet fuel at rates of 10 per cent.

Australia benefits from access to large volumes of agricultural and forestry residues, as well as municipal waste, that can be used as feedstock for SAF production.

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<sup>6</sup> CSIRO (2023), [Sustainable Aviation Fuel Roadmap](#).



The CSIRO Sustainable Aviation Fuel Roadmap identified that there is sufficient feedstock to supply almost 5 billion litres of SAF production in Australia, or around 50 per cent of forecast jet fuel demand in 2025. Given the potential availability of this level of feedstock, Australia could be well placed to become a globally significant producer of SAF and other renewable fuels. With significant volumes of a variety of SAF feedstocks, the transition to clean fuels presents a significant clean economy opportunity for Australia.

However, in the development of a domestic SAF industry, Australia is likely to face strong competition from less developed countries in our region, including Indonesia, Malaysia and India. These countries have access to similar large volumes of agricultural and forestry feedstocks, but with much lower labour and construction costs and lower environmental standards.<sup>7</sup> Over the next five years, Asian countries are expected to experience the largest growth in production and consumption of biofuels.

Australia is also likely to face strong competition for investment in low carbon liquid fuel production from the United States (US) and European Union (EU). These countries offer substantial production subsidies and other support through the Inflation Reduction Act (IRA) in the US and the Green Deal Industrial Plan in the EU. These countries are also further advanced in the development of biofuels industries than Australia.

The consultation paper outlines examples of other nations that have adopted policies regarding sustainable travel, particularly on SAF, such as the United Kingdom (UK) and Singapore. Canada is another example and, unlike the UK and Singapore, is similar to Australia as it has disparate travel destinations within the country. Canada has recently invested into a new study looking to support the growth of a domestic SAF industry in the country and the construction of a SAF factory in Manitoba.<sup>8</sup> It is important that Australia take advantage of the similar opportunities available to us, not only to remain competitive to international travellers but to develop high-value-add industries and jobs and avoid losing out to other nations. It is important to note that while the development of an Australian domestic SAF industry would support Australia in reducing aviation emissions and adopting a more sustainable approach to travel, it will also assist other global economies to increase their uptake of SAF and reduce travel emissions more quickly.

The consultation paper considers time-limited grants and incentive schemes. ACCI would be supportive of such an approach as a straightforward mechanism to encourage a domestic SAF industry and support its development for both domestic use as well as for exports; support should be provided for both the supply of SAF – through support for development of a domestic industry – and on the demand-side – by considering a mandated level of SAF.

While the concern that travellers will opt for more sustainable travel away from Australia in the future is an incentive in itself, the government must play a role in supporting and incentivising the travel and aviation sectors to adopt SAF in the short term, and other low carbon fuel alternatives in the longer term, noting the costs associated with it and other low carbon fuel products as opposed to current fuel sources.

ACCI would be supportive of production tax credits and the introduction of a regulatory regime that incentivises producers to undertake domestic SAF production to supply domestic markets initially, with potential to expand and export this to other markets.

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<sup>7</sup> Department of Agriculture, Fisheries and Forestry (2022), [Snapshot - World biofuels trade](#).

<sup>8</sup> Airport Technology (2024), [Canada invests C\\$6.2m into SAF study](#), 19 January 2024.



Any incentives and supports for the domestic industry should be directed towards those who are compliant with international standards. This would ensure that Australia's domestic industry can be internationally marketed and competitive in the future but also to ensure that international airlines and various aircraft are compatible and can actually travel to and from Australia. It will also ensure SAF produced in Australia is recognised as meeting the emissions reduction standards of other countries, allowing aircraft from Australia to fly to destinations, such as Europe, without incurring additional levies (such as carbon border adjustments) and support exports of SAF.

Development of a domestic SAF industry must be prioritised; however, encouraging prospective and existing participants to do so too quickly may result in suboptimal products, or products which are not compatible with international standards. It will be important to ensure that the safety, quality and overall output of the domestic SAF industry and internationally competitive and compatible.

Demand-side interventions to encourage SAF uptake should be considered. These should be targeted and align with approaches taken in other comparative countries and be proportionate to supply available. Further to this, as the market develops, with SAF supply increasing and costs reducing, it may be appropriate to extend these obligations. Any increased requirement must be proportionate to the development of low carbon liquid fuel production capacity, to ensure sufficient supply is available.

Support must accompany any demand-side interventions to ensure airlines, airports and surrounding industries are able to adopt and adapt to the changes. For example, where the government requires an aircraft to use a percentage of SAF and where such an aircraft requires modifications or complete replacement, there must be partial or complete support to do so. While the aviation industry is already taking steps to increase their usage of SAF and other low carbon fuel alternatives, government support through financial incentives would expediate this. Such support will be crucial noting the cost differentiation between current fuel sources and SAF, also.

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Yours sincerely

**John Hart OAM**  
Executive Chair  
Australian Chamber – Tourism