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To Whom it may Concern

## **RE: Unlocking Australia's Low Carbon Liquid Fuel Opportunity**

Queensland Cane Growers Organisation Ltd (CANEGROWERS) is a not-for-profit public company with the sole purpose of promoting and protecting the interests of sugarcane growers since inception in 1925.

CANEGROWERS is the peak body for the sugarcane industry. With 13 district offices in Queensland, our strong regional presence ensures that services and advocacy are provided in local communities as well as at the highest levels of industry and government decision-making.

CANEGROWERS welcomes the opportunity to provide a submission to the Future Made in Australia: Unlocking Australia's Low Carbon Liquid Fuel (LCLF) opportunity consultation.

CANEGROWERS believes that several steps must be taken to ensure that Australia's low carbon fuel sector develops successfully.

### **Supply Side Incentives**

#### Securing Feedstock

Arguably there will be two levels of feedstock available to produce low carbon liquid fuels. The first, which will be lower cost and more easily accessible is genuine low value waste. With no or little current use, this feedstock is likely to require fewer incentives to access and transform into LCLF with potentially lower cost processing. Due to its limited supply, however, this feedstock will be insufficient to meet the needs of producers.

The second level of feedstock will have to be diverted from a current economic use and thus require a higher cost point to obtain. This feedstock will primarily come from agriculture and may involve a higher cost LCLF production process. However, this feedstock will be required to for a genuine increase in the scale of production of any low carbon liquid fuel.

This is where CANEGROWERS believe the sugarcane industry sits with over 30 million tonnes of sugarcane of which nearly all the constituents (sugar, molasses, bagasse and mill mud/ash) have a current economic value and will only be available if there is realistic business case for an alternative use.

If the LCLF industry is to reach a scale in sufficient time to contribute to the low emissions pathways there needs to be different policy measures to derisk and encourage the diversion of feedstock from current economic activities.



Demand incentives for processors is critical for feedstock suppliers to negotiate long term (20 years) agreements with processors at prices which offset the current economic value of the feedstock from sugarcane. Any supply incentive which allows for the processor to be in a position to offer acceptable secure commercial agreements is beneficial to feedstock producers.

In particular CANEGROWERS support the development of contracts for difference if they can guarantee offtake and price for feedstock suppliers.

### National Feedstock Strategy

This basic outline of the process reveals how complex any sourcing of feedstock supply, from the sugarcane industry is likely to be, with multilayered government policy and incentives needed.

As such, CANEGROWERS supports the establishment of a National Feedstock Strategy for LCLF, which would provide a mechanism to coordinate the supply side of this emerging industry.

In addition to the mechanisms outlined above for securing and incentivising the supply of sugarcane feedstock, this strategy must cover the timeline for the establishment of the industry and outline government mechanisms to ensure that there will be an incentive to open new areas and expand production of feedstock.

Policy settings need to be established to support the development of a domestic sustainable aviation fuel industry. This may require import tariffs on ethanol alongside restrictions on the use of foreign made SAF. While Ethanol and SAF produced overseas may currently be cheaper, once the Australian industry is given the opportunity to scale up, geographic advantages and a more integrated supply chain will provide the domestic industry a competitive advantage.

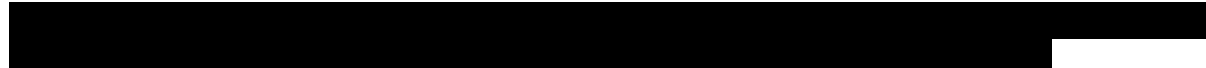
### Sustainability Factors

Sugarcane growers have a strong track record on sustainability. The CANEGROWERS led Smartcane BMP program has existing sustainability requirements in place for growers to be certified that can be adapted if necessary to fulfil sustainability criteria for feedstock for LCLFs.

Any sustainability criteria developed should be relevant for Australian conditions and achievable for growers. It is essential that feedstock suppliers are involved in developing these criteria, which in other instances is often set by the demand side to meet idealistic goals without adequate understanding of production processes.

### **Demand Side Measures**

CANEGROWERS believe that the introduction of demand side measures such as mandates is important. The timing of demand side needs to be considered carefully to ensure Australian produced LCLF's producers are available to prevent reliance on imports.



Yours Sincerely

Dan Galligan

**Chief Executive Officer**