

Media Release – 24 March 2022

Sustainable Aviation Fuel – Accelerating a new industry to drive down emissions and drive up the economy

Report released today - Bridging the price gap for Sustainable Aviation Fuel, EnergyLink Services

A report released today by the Sustainable Aviation Fuels Alliance of Australia and New Zealand (SAFAANZ) titled *Bridging the price gap for Sustainable Aviation Fuel*, has identified, amongst a number of other recommendations, the creation of a Jet Council as an immediate priority action for Government to accelerate the significant opportunity presented by the development of a domestic Sustainable Aviation Fuel (SAF) Industry.

“Following the lead of the UK and its Jet Zero Council, Australia and New Zealand should immediately establish a ‘Jet Council’ to connect the various levels of Government with aviation industry stakeholders to guide the ongoing development of sustainable aviation policies,” said Shahana McKenzie, CEO Bioenergy Australia.

“As a priority, the Jet Council would work with the various levels of government along with key industry participants to guide and support pathways for SAF R&D in Australia and New Zealand, as well as guide the design and implementation of policies to overcome existing barriers to SAF development,” McKenzie added

“The Council could also be a forum through which to consider policies that support new technologies and innovative ways to reduce aviation emissions.”

The Report identifies that robust policy frameworks and financial mechanisms are needed to unlock the potential of the SAF industry in Australia and New Zealand. Other recommendations include the creation of a National Framework for voluntary consumer purchasing, an emissions intensity scheme and investment through capital support and production subsidies

As identified in the Australian Bioenergy Roadmap (The Roadmap) released by Angus Taylor MP in November 2021, Sustainable Aviation Fuel has a significant role to play in unlocking its share of an extra \$10 billion each year in GDP, generating 26,000 jobs, while also reducing emissions by approximately 9 per cent. The Roadmap highlighted SAF as one of the few options to reduce aviation emissions in the short- and medium-term and given how geographically sparse Australia is, air travel is vital to connect communities and underpin local economies.

“The Bioenergy Roadmap showed that Australia could be producing 18% of the country’s aviation fuel market by 2030 if a favourable policy and market environment existed “said Heidi Hauf, SAFAANZ Chair.

Aviation emissions have been steadily increasing in Australia over the past several decades, in correlation with the industry growth rate of 2.2% (DIRD, 2017). In 2016, commercial aviation emissions totalled 22.02 MtCO₂e, approximately 4.1% of Australia’s total emissions.



“Beyond emissions reduction, this initiative supports jobs in regional Australia, economic development and fuel security,” said McKenzie. “Australia could be the SAF capital of the Asia Pacific region, if we act now.”

The global SAF market is projected to grow from USD\$66 million in 2020 to USD\$15,307 million by 2030. In May 2021, lawmakers in the United States introduced a bill that creates a tax credit of up to USD\$2.00 for every gallon of low-carbon sustainable aviation fuel which is to be produced from feedstocks such as grease, animal fats and plant oils.

The European Commission will soon stimulate growth in the SAF industry through the ReFuelEU Aviation initiative. This is expected to be achieved through legislation that mandates the phased blending of SAF with conventional jet fuel in conjunction with incentives towards increasing capacity production.

“This shows the growing global momentum towards decarbonising the aviation sector, and Australia is well placed to be a key SAF producer and leverage our natural competitive advantages to supply global markets with low emissions SAF,” said McKenzie.

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About SAF

Sustainable Aviation Fuels (SAF) is the blanket term used within the industry to describe technology that allows aviation fuel to be developed from sources other than fossil fuels.

SAF has gained significant interest from various stakeholders throughout the aviation fuel supply chain, with international airline association agreements and corporate emission reduction targets driving the shift towards lower-emission aviation fuels. However, as the SAF industry is not as mature or scaled as the conventional aviation fuel industry, there is a significant price difference between petroleum-derived aviation fuel and SAF.

To support the global emergence of SAF industries, various locational, national and international government bodies have implemented policies to foster the uptake of SAF. These encourage the industry to reach a sufficient scale that it can be a critical component of the aviation fuel supply chain without relying on Government support.

The feedstock currently utilised for SAF can include cooking oil, plant oils, municipal waste, waste gases, agricultural residue, woody biomass residues and nonbiological alternative fuels, such as 'power-to-liquid'. The utilisation of SAF as an alternative fuel source is of great interest to many aviation stakeholders. Not only does it help to reduce emissions and environmental impacts, but it also has the potential to create jobs and reduce reliance on imported fossil fuels. In Australia and New Zealand, the primary commercial jet fuel utilised is a kerosine-grade aviation fuel derived from crude oil (fossil fuel), called Jet A-1 (Qantas, 2013).

About the Sustainable Aviation Fuels Alliance of Australia and New Zealand (SAFAANZ)

The purpose of the Sustainable Aviation Fuel Alliance of Australia and New Zealand (the Alliance) is to create a collaborative environment to advance sustainable aviation fuel production, policy, education and marketing in Australia and New Zealand. Created and administered by Bioenergy Australia in order to accelerate:

1. the development of a new industry in Australia and New Zealand that will create jobs and benefits for the Australian and New Zealand economy
2. the availability of a commercially viable and environmentally sustainable supply of low carbon fuels for aviation in Australia and New Zealand
3. the implementation of the right environment (policy settings, market incentives etc) in order for the sustainable aviation fuel industry to become successful

Members of the SAFAANZ include the airlines, airports and potential SAF fuel suppliers into the Australian market. It also includes allied industry associations

Air New Zealand	Licella
Airlines for Australia & New Zealand	Neste
ATCO	Northern Territory Airports
Bioenergy Association New Zealand	Qantas
Boeing	Sydney Airport
CAAFI	University of Queensland
Cobham Aviation Services	Virgin Australia
Eneos	Viva Energy
Gevo	Western Sydney Airport (WSA)
Jet Zero	World Fuel Services
Lanzajet	Worley