

Sugarcane Bioenergy Inquiry 2025

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Mr Stephen Bennett MP
Chair
Primary Industries and Resources Committee
Member for Burnett
Parliament House
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Dear Mr. Bennett,

Re: Inquiry into sugarcane bioenergy opportunities in Queensland

GrainCorp welcome the opportunity to contribute to the Primary Industries and Resources Committee's inquiry into sugarcane bioenergy opportunities in Queensland. As part of our central role in a nationally significant renewable fuels project, we commend the Committee's recognition of the need to examine the broader potential of bioenergy in decarbonising Australia's energy system, enhancing energy security, and supporting regional economies.

Our submission focuses on the opportunity to establish a commercial-scale renewable fuels industry in Queensland, anchored in Hydroprocessed Esters and Fatty Acids (HEFA) technology. This technology offers an immediately deployable and internationally certified pathway for producing Sustainable Aviation Fuel (SAF) and renewable diesel (RD) from a wide array of vegetable oils and fats feedstocks including used cooking oil, tallow and canola oil.

While sugarcane may hold long-term potential in bioenergy applications, the most practical and commercially mature approach today is to accelerate the development of HEFA-based fuels. This would lay the necessary foundation for a domestic renewable fuels sector, creating immediate economic benefits while also enabling the future integration of emerging feedstocks, including those derived from sugarcane.

1. HEFA as the Foundation for Australia's Renewable Fuels Industry

Hydroprocessed Esters and Fatty Acids (HEFA) technology is globally recognised as the most advanced and commercially viable pathway for the production of renewable liquid fuels. HEFA-derived SAF is certified under international aviation fuel standards and is already in use in commercial aviation in North America, Europe and Asia. Renewable diesel produced through HEFA is similarly compatible with existing diesel engines, requiring no vehicle or infrastructure modifications.

In contrast to other pathways still in the early stages of commercial development, HEFA is lowest cost, technically proven, scalable and can be deployed within this decade. The required feedstocks, such as used cooking oil, tallow and oilseed oils, are already available in significant quantities in Queensland and can be mobilised through existing logistics and processing infrastructure.

HEFA is critical to reducing Australia's reliance on imported fossil fuels, particularly in sectors such as aviation, heavy road freight, mining and agriculture, which are less suited to electrification in the near term.

2. National Demand for Renewable Diesel and SAF

Australia faces a significant and growing demand for low-carbon fuels. The global energy transition is accelerating, and transport operators, airlines, governments and institutional investors are increasingly aligning with net zero targets. There is strong and rising demand from the aviation sector for SAF in response to decarbonisation mandates and sustainability commitments.

International policies, such as the United States' Inflation Reduction Act and the European Union's ReFuelEU Aviation regulations, are catalysing the uptake of SAF and renewable diesel. In the Asia-Pacific region, jurisdictions such as Singapore, Japan and South Korea are actively positioning themselves as SAF production and distribution hubs. The

majority of our feedstocks are currently exported overseas, including nearly 80% of Australia's canola in 2024-25 exported, much of it used to make renewable fuels overseas.

Domestically, the Commonwealth's Jet Zero Council, has clearly signalled the need to establish a sovereign SAF industry. However, Australia currently lacks commercial-scale renewable fuel production capacity. Without coordinated policy support, there is a real risk that Australia will remain dependent on imports while missing out on the economic and regional development opportunities of domestic production.

3. Joint Industry Initiative: Building a Renewable Fuels Supply Chain

In July 2024, GrainCorp, IFM Investors and Ampol entered into a Memorandum of Understanding to explore the establishment of an integrated renewable fuels industry in Australia. This partnership brings together critical capabilities across the supply chain, from feedstock aggregation and logistics to infrastructure, refining and fuel distribution.

The proposed project aims to deliver an end-to-end domestic solution for the production of SAF using HEFA technology. This includes:

- Leveraging GrainCorp's agri-energy networks, including access to domestic feedstocks such as canola oil, used cooking oil and tallow.
- Drawing on Ampol's refining capability at the Lytton (Brisbane) Refinery, fuel import/export infrastructure and established customer base to scale production and ensure market access.
- Utilising IFM Investors' experience in large-scale infrastructure investment including Brisbane Airport to underpin the capital-intensive components of renewable fuel production and distribution.

The project is strategically aligned with national decarbonisation priorities and the development of a sovereign industrial capability. It will also create new regional employment opportunities, particularly in feedstock production, logistics and refining.

4. The Need for Coordinated Policy and Investment Support

While the commercial fundamentals for HEFA are improving, the development of a domestic renewable fuels industry requires targeted policy intervention to address market barriers and attract private investment. Without such support, Australia risks losing its natural advantage to international competitors and will continue to rely on imported renewable fuels to meet growing demand.

There is a clear role for both the Queensland and Commonwealth governments in enabling industry investment through the following measures:

- Investment certainty through long-term policy frameworks, such as a national SAF blending mandates.
- Supply-side incentives to de-risk significant capital investment for renewable fuels projects.
- Capital support for first-of-a-kind projects.
- Fuel certification, permitting and approval processes for renewable fuel production and distribution to ensure Australian based feedstocks are supported as part of a domestic industry.

We encourage the Committee to examine successful policy models from other jurisdictions, including the United States, where targeted support has enabled rapid scaling of SAF and renewable diesel production.

5. Role of Sugarcane in the Renewable Fuels Landscape

While the focus of this submission is on the role of HEFA in meeting Australia's near-term renewable fuel needs, we acknowledge the long-term potential of sugarcane as both an energy and feedstock source.

Sugarcane-derived materials such as bagasse, ethanol and advanced cellulosic feedstocks will play a future role in the production of biofuels, including alcohol-to-jet (ATJ) and gasification-to-liquid (GTL) fuels. However, these technologies are currently at a much earlier stage of development.

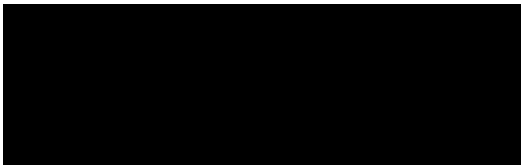
We support a technology-neutral and feedstock-diverse approach to developing the bioenergy sector in Queensland, with a clear recognition of the respective maturity levels, investment readiness and policy needs of each pathway.

6. Conclusion

The establishment of a renewable fuels industry in Queensland represents a critical opportunity for regional economic development, emissions reduction, and sovereign fuel security. HEFA-based technology provides a commercially viable and scalable foundation upon which to build this industry, while also enabling the future integration of additional feedstocks, including sugarcane.

GrainCorp strongly encourage the Committee to recognise the immediate opportunity presented by HEFA, and to support policy mechanisms that can facilitate private investment in renewable fuel infrastructure. A coordinated approach across state and federal governments will be essential to achieving the national ambition for decarbonisation and fuel resilience.

Your sincerely,



Jesse Scott
Head of Agri-Energy
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