

15 August 2023

The Hon Chris Bowen MP  
Minister for Climate Change and Energy  
Canberra ACT 2601  
[Chris.Bowen.MP@aph.gov.au](mailto:Chris.Bowen.MP@aph.gov.au)

Dear Minister,

We the undersigned, are seeking the support of the Federal Government to facilitate the establishment of a local renewable diesel refining industry in Australia. Renewable diesel is not commercially available in Australia but is readily available overseas and plays a key role in decarbonising a range of sectors.

Renewable diesel is a critical transition fuel while other technologies, such as electrification and renewable hydrogen, gather pace. Access to domestically produced renewable diesel represents a significant and immediate decarbonisation opportunity across multiple sectors, including road transport, construction, maritime, mining, rail, agriculture and forestry.

These sectors represent 29%<sup>1</sup> of the Australian economic output and they consumed 27.5 billion litres<sup>2</sup> of diesel in 2019/20, yet are 'hard to abate' meaning alternative technologies to using diesel are not readily available. Liquid fuels, including diesel, contributed around 117 MtCO<sub>2</sub>e<sup>3</sup> emissions in 2019/20, highlighting a significant proportion of the emissions attributed to diesel consumption.

Renewable diesel is an advanced biofuel made from animal fats, vegetable oils including used cooking oil, and agricultural waste. It is chemically identical to conventional diesel, can be used as a 100% 'drop-in' fuel without machinery needing any modifications, and use is widely supported by Original Equipment Manufacturers.

Renewable diesel offers an excellent, tested and readily available alternative to mineral diesel, with much as 75-95%<sup>4</sup> reduction in life cycle emissions compared with mineral diesel. Additional benefits include improvements to air quality compared with mineral diesel by reducing pollutants.

With the right policy settings, renewable diesel provides a viable and cost-effective decarbonisation option for hard to abate sectors. Renewable diesel enables equipment and machinery to live out its working life while we wait for zero emission technology to replace or where other options ultimately do not materialise. These sectors are the bedrock of the local economy and decarbonising these industries is critical to achieving the Australian

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<sup>1</sup> Remplan Economy, Jobs and Business Insights <https://app.remplan.com.au/eda-australia/economy/industries/output?state=PO1ghg!A9WwFjLd2FmvdOEi64bgehrHVf5rBhNbobei0nLnGfdfZYswfRlzz5JcAwy>

<sup>2</sup> Calculated from [BioEnergy Australia Transitioning Australia's Liquid Fuel Sector: The Role of Renewable Fuels](#) (Deloitte 2023)

<sup>3</sup> Calculated from [BioEnergy Australia Transitioning Australia's Liquid Fuel Sector: The Role of Renewable Fuels](#) (Deloitte 2023)

<sup>4</sup> [Neste, Reduced emissions](#) (viewed 25 May 2023)

Government's emissions reduction target of 43 per cent by 2030 and net zero emissions by 2050.

A domestic renewable diesel industry will provide significant regional employment in areas with abundant feedstocks. Additionally, it will diversify incomes and foster economic growth from domestic feedstocks and improve regional community resilience, as well as increasing Australia's fuel security.<sup>5</sup>

Minister, we are asking for strong policy signals such as a Low Carbon Liquid Fuel Policy, urgent investment in a domestic renewable diesel industry underpinned by a high integrity biological based feedstock industry and maximising current biodiesel<sup>6</sup> opportunities in the interim.

The Australian Government needs to invest in the establishment and fast upscaling of a domestic renewable diesel industry. An integrated policy response inclusive of tax treatment, capital grants and incentives would be expected to reduce barriers inhibiting the development of an Australian renewable fuels industry<sup>7</sup>.

The opportunity to the Australian economy is a renewable diesel industry that is built on domestic sustainable feedstocks, activates domestic refining and supports the decarbonisation of Australian industry sectors. There is also an opportunity for the Australian Government to maximise opportunities of the use of biodiesel by industry in the interim.

We would welcome the opportunity to discuss our position with you in further detail as we strongly believe a productive and successful local renewable diesel market in Australia would have enormous benefits to both Australia's economy and underpin the Australian Government's actions to achieve its carbon emissions reduction target of 43 per cent and net zero emissions by 2050. We would welcome consideration for renewable diesel to be included in the upcoming Reconstruction Fund.

Please contact Angela Gillham, Chief Executive Officer, Maritime Industry Australia Ltd on 0439 345 191 ([angela.gillham@mial.com.au](mailto:angela.gillham@mial.com.au)), or Dale Connor, Chief Executive Officer, Lendlease Australia, on 0477 360 888 ([dale.connor@lendlease.com](mailto:dale.connor@lendlease.com)) to arrange a convenient time.

Yours sincerely,

CC

Minister the Hon Tanya Plibersek MP – Minister for the Environment and Water;

Minister the Hon Ed Husic MP - Minister for Industry and Science;

Minister the Hon Catherine King MP – Minister for Infrastructure, Transport, Regional Development and Local Government

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<sup>5</sup> Adhikari Smith, Dia, Whitehead, Jake, and Hickman, Mark (2022). Planning a Transition to Low and Zero Emission Construction Machinery. Brisbane, QLD Australia: The University of Queensland. <https://doi.org/10.14264/93110de>

<sup>6</sup> Renewable diesel is often confused with the less advanced biofuel known as 'biodiesel.' Biodiesel is made from used cooking oil and tallow in Australia. Biodiesel is used as a blended fuel with mineral diesel due to restrictions from Original Equipment Manufacturers (OEM's) in some sectors which limits decarbonisation outcomes.

<sup>7</sup> [BioEnergy Australia Transitioning Australia's Liquid Fuel Sector: The Role of Renewable Fuels](#) (Deloitte 2023)

Dale Connor  
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