

17 December 2025

The Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts (**DITRDCA**)

Submission to the Cleaner Fuels Program – Policy Design and Engagement Paper

The Australian Oilseeds Federation (**AOF**) welcomes the opportunity to provide a submission to the Federal Government’s Cleaner Fuels Program – Policy Design and Engagement Paper (**Program**).

1. AOF’s remit and the basis on which it comments on the Program

AOF is the peak industry body for the Australian oilseeds industry. Established in 1970, AOF represents the common interests of all Australian oilseed industry participants, and promotes the development, expansion and improvement of Australian oilseed production, processing and trading.

AOF recognises the global momentum behind renewable fuel policy and the critical need for domestic fuel resilience. As key players in seed breeding, aggregation and oilseed processing, AOF members are well positioned to drive Australia’s participation in this rapidly growing global industry.

It is also noted that the AOF Chair represents AOF on the Low Carbon Fuels Alliance of Australia and New Zealand. AOF is also a member of Bioenergy Australia.

In principle, AOF supports the Program’s policy objective in seeking to catalyse domestic production of low carbon liquid fuels (**LCLF**) through providing production incentives to projects that will contribute to the establishing domestic, commercial-scale production of LCLF in Australia, with a view to stimulating further private investment in the domestic industry.

AOF’s submission is focused on commenting on issues most relevant to the remit of its membership base and the Australian canola industry, that is, the sustainable, science driven, market-led and grower engaged, development of the Australian oilseeds industry.

Accordingly, AOF highlights the below themes, aligned to the Paper, for consideration in the context of the Strategy: -

Theme 1 – Eligible Fuels - Support for the development of both the Sustainable Aviation and Renewable Diesel industries, noting that immediately, canola can contribute to the development of the Australian LCLF industry through Hydroprocessed Esters and Fatty Acids technology.

Theme 2 – Type of Production Support - AOF welcomes the focus of the Program to provide grants to domestic producers of LCLF but cautions against any supply, on-farm focussed incentives. AOF notes the need for continued focus on how the Guarantee of Origin Scheme is applied to LCLF.

Theme 3 – Fuel Production – It is critical that the true sustainable value of Australian produced feedstocks is understood and represented, that is, taking into account the farming practices of Australian growers (vis a vis any default values). Further, Sustainable Grains Australia is an established, proven mechanism to support the demonstration of sustainability credentials.

2. AOF’s in-principal support for the development of a LCLF (sustainable aviation fuel and renewable diesel) industry in Australia

AOF supports the development of a sustainable, export-aligned low carbon liquid fuels (LCLF) industry in Australia underpinned by reliable, scalable and certified oilseed feedstocks.

Canola is the dominant oilseed crop in Australia and the primary domestic feedstock currently available for renewable fuel production. Canola accounts for more than 90% of the Australian oilseed sector’s volume and value and continues to demonstrate strong performance with crop in excess of 6 million tonnes/year.

For over a decade the Australian oilseeds industry has been a major supplier to the European LCLF market by way of supply of canola seed which is crushed in Europe to provide a reliable, sustainable and low carbon feedstock to the European biodiesel market. Since 2009/10, Australian farmers have produced and exported 19.6 billion dollars of canola (27.7 million tonnes) for the European biodiesel market.¹

Accordingly, the Australian oilseeds industry is a proven producer of sustainably produced feedstock for LCLF meets the stringent sustainability requirements required by the European Renewable Energy Directives. The low carbon nature of Australian canola has been validated by CSIRO in 2016 and 2022 and critically reviewed and accepted by the European Union.

AOF has developed Sustainable Grain Australia (**SGA**) to facilitate the sustainability certification of Australian grain, oilseeds and pulses under the International Sustainability and Carbon Certification (**ISCC**) scheme. SGA has grown and in 2024/25 managed a record certification of 5.7 million tonnes from almost 7000 growers.

3. Paper – Issue 1 – Eligible fuels

As noted above, AOF is supportive of the development of both the Sustainable Aviation Fuel (**SAF**) and Renewable Diesel (**RD**) industries.

¹ ABS Export Statistics

Oilseed-derived fuels such as SAF and RD are proven, high-performance replacements for fossil-based fuels. They are critical for decarbonising sectors such as aviation, freight, mining and agriculture. Australia has a competitive advantage in producing sustainable, identity-preserved oilseeds, and as noted above, is already supplying certified feedstock into export markets such as the EU. The sector has also adopted a market choice approach with demonstrated ability to meet differing market requirements.

Immediately, canola can contribute to the development of the Australian LCLF industry through Hydroprocessed Esters and Fatty Acids (**HEFA**) technology.

4. Paper – Issue 2 - Type of Production Support

The Paper and Program is fundamentally focussed on implementing a competitive process to ensure value is delivered with the available funding and enable benchmarking of the amount of funding needed to enable a facility to progress to production, noting that production-linked incentives are preferred to upfront grant payments

AOF welcomes the focus of the Program to provide grants to domestic producers of LCLF.

Whilst AOF is not in a position to comment on the options for providing production credits, it notes the importance of considering both production and demand side incentives in this context (noting investment in production comes with the ability to quantify the demand). Supply is driven by clear market signals with clarity on the size of the demand opportunity (volume and value) required to drive investment along all elements of the supply chain, from breeders to growers to processors to exporters. Future investment in processing and SAF and RD production facilities could be impacted until viability of demand is proven.

AOF notes however that it does not support the provision of supply focused incentives with the risk of distorting the market and existing operations (this would include any feedstock or aggregation hubs). The oilseed commodity market operates in a free and competitive market environment, with demand and pricing signals driving grower behavior in terms of crop selection/rotations. It is important that there are not market distorting pricing interventions at farm level for LCLF feedstock production which may cause unintended impact for the grain and oilseed sector.

Under the Federal Governments Future Made in Australia Policy is the GoO scheme, supporting the Government's plan to attract investment in low carbon products and renewable electricity. The GoO scheme is a critical element to LCLF industry development. A consideration, at the outset, is how the following scenarios will be considered: LCLF imported yet produced utilising Australian grown and processed feedstock; vs LCLF produced domestically and utilising Australia grown and processed feedstock.

Clarity on the different scenarios, and clear definitions are required. AOF is of the view that the primary feedstock i.e. the Australian grown canola i.e. as opposed to the origin of the LCLF.

5. Paper – Issue 3 - Fuel Production

The Program and Paper also seek general feedback on carbon intensity thresholds, and whether indirect land use change should be included in the method for determining carbon intensity.

To the above, AOF notes the need to ensure that the true sustainable value of Australian produced feedstocks is understood and represented, that is, taking into account the farming practices of Australian growers. The Program and its policy should incentivise the lower carbon intensity feedstocks, but it is critical that values are based on Australian values and applied in a manner that enables interoperability and market access globally.

We also note here the penalty for indirect land use change, which can make canola uncompetitive if applied. In the end, the value of canola as a renewable fuel feedstock is determined by its certified carbon intensity score. A true representation of our Australia canola growers' sustainable farming practices is a critical element here. Recognising the role of 'correctly' defined default values, a system that rewards feedstocks that are above default values and incorporates a mechanism to incentivise improvement will deliver improved outcomes for the industry, economy and the community.

In the above context, AOF takes the opportunity to highlight the role of SGA here with respect to it being a readily proven industry model to facilitate the sustainability certification of Australian grain, oilseeds and pulses. SGA covers broader sustainability /social license certification as well as carbon intensity. SGA is already accredited to deliver ISCC CORSIA certification for the SAF industry. SGA is, however, certification agnostic - today SGA is accredited to offer CORSIA but the model could use other certifications, for example, RSB SAF. We would welcome the opportunity to have SGA represented in future, related consultations.

AOF welcomes the opportunity to further discuss the above key themes forming its submission. AOF Manager, Courtney Draper, can be contacted on Courtney.draper@australianoilseeds.com.

Yours sincerely,



Courtney Draper
AOF and Sustainability Manager

About AOF

AOF is the peak industry body for the Australian oilseeds industry. Established in 1970, AOF represents the common interests of all Australian oilseed industry participants, and promotes the development, expansion and improvement of Australian oilseed production, processing and

trading. AOF provides a range of services focussed on enhancing industry growth, including advocacy and representation (policy, technical & regulatory); market access and trade strategy; shaping R&D and innovation priorities; industry standards and protocols; and stewardship of sustainability programs (SGA)

About SGA

SGA facilitates the sustainability certification of Australian grain, oilseeds and pulses. SGA is designed to simplify and standardise the process for growers across the country, while improving the efficiency of the audit process. SGA operates as a Central Office under the ISCC scheme providing an 'umbrella' under which all participating companies and growers can operate.