ASFI Submission on Cleaner Fuels Program

19 December 2025

To the Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts (DITRDCSA),

The Australian Sustainable Finance Institute (ASFI) welcomes this opportunity to make a submission on the design of the Cleaner Fuels Program, as part of the Future Made in Australia agenda.

ASFI is the independent peak body for sustainable finance in Australia, and a not-for-profit organisation, committed to mobilising capital for climate, nature and social impact. ASFI's members are large Australian financial institutions – including major banks, superannuation funds, insurers, asset managers, and financial services firms – that support ASFI's mission. ASFI members collectively hold over AU$16.5 trillion in assets under management and are committed to allocating capital in ways that create positive social and environmental outcomes.

Summary of Positions

1. The Cleaner Fuels Program should take into account the following three elements in determining eligibility for, and calibrating the levels of, support under the Cleaner Fuels Program:

    A) Alignment with the Australian Sustainable Finance Taxonomy criteria for low-carbon liquid fuel manufacturing (a necessary but not sufficient criterion for eligibility).
    B) Strength of economic use cases for the fuel.
    C) Cost-competitiveness of the fuel on a marginal abatement basis now and over the longer term, taking into account long term sustainability of feedstocks.

2. Additional measures may be required to support viability of nascent LCLF approaches that have higher longer-term potential for cost-competitive abatement but are not yet mature.

3. The Government should pursue broader policy interventions to unlock domestic LCLF production at lowest cost to the Australian tax-payer. In particular, the 2026/27 Safeguard Mechanism Review should consider reforms to more effectively price

carbon across, and the Government should consider options to phase out the Fuel Tax Credit as a priority.

Responses to Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts' Questions

Issues	Explanation
1. Eligible fuels	*Stakeholder feedback from the previous consultations indicated general support for sustainable aviation fuel (SAF) and renewable diesel (RD) as the highest priority LCLF for production incentives.* ***Question 1.1: Which LCLF should be eligible under the program and why?*** ASFI considers that Government should consider three key elements in determining which LCLF should be eligible for support under the Cleaner Fuels Program: 1. Alignment of the LCLF with climate mitigation objectives, as set out in the Australian taxonomy; 2. Anticipated use cases for the LCLF; and 3. Cost of abatement and cost-competitiveness of the LCLF including over the longer-term **1. Alignment with the Australian Taxonomy** ASFI's view that support should only be provided for renewable drop-in fuels that can, prospectively, fully substitute and offset petroleum-derived fuel use in harder-to-abate transport sectors. The Australian Sustainable Finance taxonomy (see Box below) provides a useful starting point for assessment of eligibility under the program. The Australian Taxonomy identifies three low carbon liquid fuels as potentially Paris-aligned: renewable diesel (RD), sustainable aviation fuel (SAF), and hydrogen-derived fuel and sets out emissions thresholds and other criteria that those fuels must meet including in relation to raw material feedstocks and life cycle emissions. **1. Anticipated use cases** Alignment with the Australian taxonomy should be a necessary but not sufficient condition for a fuel's eligibility under the Government's Cleaner Fuels Program. Government should also have regard to which fuels have the strongest anticipated use cases. In this regard, ASFI considers sustainable aviation fuel (SAF) derived from biogenic feedstocks (excluding co-processed fuels that blend small amounts of biogenic feedstock in existing hydrotreatment units with fossil-based feed), and hydro-treated vegetable oil (HVO) renewable diesel (RD) as the highest priorities in the short term. While production pathways that utilise hydrogen and CO2 are an important long-term decarbonisation lever, production costs for these pathways are currently prohibitive (EASA, 2024) and depend on nascent supply chain elements including the supply of low-carbon hydrogen and effective CO2 capture and utilisation processes. The development of green hydrogen is addressed separately in the FMIA

platform, and the inclusion of these pathways in the Cleaner Fuels program should be predicated on the development of Australia's green hydrogen industry.

SAF will be particularly important for aviation. RD will be important for road freight, where electrification is expected to remain constrained by regulatory barriers posed by axle-weight limits and due to high operational costs associated with the transformation of fleet management, logistics and warehousing infrastructure.

RD can also be a significant decarbonisation lever in the mining sector and across the agriculture supply chain (spanning primary producers, upstream fertiliser manufacturers and downstream transport operators). In these sectors diesel use is high and the uptake of electric vehicles is typically constrained by the limited availability of charging infrastructure and operational and maintenance support.

2. Cost of abatement

Finally, eligibility should take into account which fuels and production pathways represent lowest cost abatement not just at present, but over the longer term. More detail on this point is set out in our response to Question 2.2.

Previous consultations also revealed different stakeholder views on whether certain types of LCLF should be prioritised over others. Some stakeholders suggested that strategic prioritisation should be given to sectors most dependent on LCLF for decarbonisation, such as aviation, noting that product-neutral financial mechanisms might favour RD over SAF due to cost differences. Other stakeholders stated that the simplest and most efficient support mechanism would be fuel-agnostic, letting the market decide which types of LCLF would be produced.

Question 1.2: Should certain types of LCLF be prioritised over others?

a. *Should LCLF suitable for particular sectors or uses be prioritised? For example, should sustainable aviation fuel be prioritised over renewable diesel?*

See response to Question 1.1

b. *Should LCLF for certain sectors or uses be de-prioritised due to other viable decarbonisation pathways?*

No response

c. *What market impacts are anticipated by influencing prioritisation of particular fuel types?*

No response

BOX: The Australian Sustainable Finance Taxonomy

Developed in partnership between the Australian government and industry, and led by ASFI, the Australian taxonomy was published in June 2025. It is a tool to that supports financial institutions and other businesses to credibly determine what economic activities are consistent with the Paris

Agreement's climate mitigation goals. The Australian taxonomy covers 71 activities across the six main sectors of the economy, including the Manufacture of Low-carbon Liquid Fuels.

Strong coordination between the finance sector, the real economy, and government is critical to Australia realising its 2035 and 2050 emissions reductions objectives. Accordingly, it is important to ensure that a prospective LCLF project pipeline supported by the Australian government is consistent with expectations in sustainable capital markets. The Australian taxonomy provides a useful standard to align approaches across public and private sectors regarding what activities are Paris-aligned.

The taxonomy's screening criteria for the manufacture of low-carbon liquid fuels was developed with significant industry, government, and financial sector input. The first draft of the criteria was presented for a public consultation that received 100 submissions. Over 20 respondents provided specific feedback on the draft LCLF manufacturing criteria.

During and after consultation ASFI also engaged in three roundtables with a range of industry associations, companies and government departments to revise and then refine the criteria. A variety of design considerations were integrated into the criteria to ensure a balance between interoperability, credibility, and considerations of the Australian-specific production realities.

Based on this rigorous analysis, consultation, and design, the Australian taxonomy is an appropriate standard to guide design considerations for the Government's cleaner fuels program.

2. Type of production support	*The Program intends to use 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.* *Stakeholder feedback from the previous consultations indicated a preference for fixed grant-based funding as capital expenditure support and for a production incentive as operating expenditure support.* *For the Program, production-linked incentives are preferred to upfront grant payments, as producers will not receive payment until production has been delivered, reducing the risk to taxpayers.* *Previous consultations identified two broad options for providing production credits:* • ***Fixed production support:*** *Producers will be paid a fixed amount of production incentive for each litre of LCLF produced, with the amount determined through a competitive process to ensure best value-for-money.* • ***Contract for Difference mechanism:*** *A strike price for each litre of LCLF produced is determined through a competitive process. If the strike price is higher than the international LCLF price, producers are paid the difference (or a portion of) for each litre of LCLF produced. If the international LCLF price is higher than the strike price, producers are required to pay the government the price difference (or a portion of).* *Another important theme from the previous consultations was to adjust production support as the market matures and industry becomes self-sustaining, while maintaining long-term policy certainty. That is, reducing the production incentive over time.*

Question 2.1: Should the production credit be a fixed amount per litre of production, or a variable amount that depends on the market price of LCLF?

No response

a. *Are there any potential benefits, risks or constraints considering the two different production credit options?*

No response

b. *What outcomes do you think can be delivered with the available funding?*

No response

c. *What type of mechanism provides the greatest investment certainty or level of bankability to projects?*

No response

d. *How can this support be structured to prevent substantial upside to producers?*

No response

e. *How do you consider pricing for LCLF will be set over the short-medium term and longer term? Will pricing be matched to a premium on equivalent fossil fuel or price of imported LCLF or be on a carbon abatement basis?*

No response

Previous consultations indicated that some stakeholders preferred a volumetric approach, supporting linking production credits to the quantum of LCLF produced. However, other stakeholders emphasised the importance of considering lifecycle emissions as part of any production support scheme, hence preferring to link production credits to lifecycle carbon emissions reduction by LCLF.

Question 2.2: To deliver the policy intent of the Program while maximising the value for taxpayers, do you agree that projects with the lowest cost should be prioritised under the Program, with the cost being measured either as per unit of LCLF produced or as per unit of carbon emissions abated?

Projects that deliver the best abatement cost on a lifecycle basis, including indirect land use change impacts, should be prioritised. This would enable the program to better support projects that remain competitive in the face of variable, increasing carbon prices under domestic and international carbon pricing or border adjustment mechanisms.

A focus on abatement cost is particularly important if Australia is to develop an internationally competitive LCLF industry as producers will favour fuel inputs that meet minimum abatement requirements in LCLF mandates and that can reduce embedded transport emissions in product lifecycle assessments.

Consideration should be given to a production pathway's ability to deliver abatement at a low and stable cost over the long-term, not just now. Feedstock costs are expected to be a growing determinant of total production cost as learning rates improve. This is particularly true for currently CapEx-intensive production pathways such as Fischer-Tropsch (FT) and alcohol-to-jet (AtJ).

	While SAF and RD produced through the HEFA/HVO pathway primarily using canola as a feedstock may currently be the most cost-effective option, feedstock costs account for a significant amount of the total production cost (approx. 68%) and canola also faces competing demand which is expected to keep its price stable or growing. On the other hand, agricultural residues and wastes that are abundant in Australia can be deployed via FT synthesis. CapEx currently accounts for a high proportion of total production cost due to the nascency of the production technologies, but if or as the CapEx share declines, FT can offer an opportunity to harness these resources while generating new revenue opportunities upstream. A recent study by the CEFC finds that the FT pathway offers the lowest potential abatement cost and highest potential fuel supply over the medium term (CEFC, 2025), but early-stage capital is needed to facilitate commercial maturity of this and other production pathways with lower technology readiness levels. Within the definition of OpEx, the costs of transporting feedstock to the production facility should also be considered. Balancing the imperative to incentivise least-cost production, with the imperative to support technologies that will become cost-competitive over time, should be a key consideration for Government. This could be done through the Cleaner Fuels production credit program by adopting subsidy rates that vary depending on the fuel and its production techniques/inputs (see our response to question 2.3 below). Alternatively, Government may wish to introduce complementary mechanisms – for example, grants and/or financing from Special Investment Vehicles – to support development of earlier stage production pathways. For example, the proposed production credit may apply equally to SAF and RD produced using HEFA/HVO, FT, and AtJ and in addition, the LCLF produced using FT could be eligible for additional support outside of the production tax credit scheme, in recognition of its potential to be cost-competitive over the longer term. ***Question 2.3: Should the production credit be linked to the quantum of LCLF produced, or the carbon emissions saving potential of the fuel?*** Government may wish to adopt an approach with in effective provides a higher subsidy to fuels produced using lower emissions techniques and inputs. An additional assessment of a pathway's projected long-term potential production should also be considered to ensure support extends to CapEx-intensive production pathways that utilise low-cost and ample feedstocks (e.g. agricultural waste) and could provide higher long-term abatement but may not be at a maturity level to currently produce at scale. A key market failure that the Program seeks to overcome is the first mover disadvantage, where the first producer generates positive externalities to other producers that cannot be captured via market mechanisms alone. The production support aims to address this issue, and the total value of production credits for each project is not expected to exceed what is needed to overcome the first mover disadvantage. ***Question 2.4: What are your views on the cost to deploy LCLF domestically compared to internationally? Is there a local premium for domestic production?*** No response

	Question 2.5: Should the total value of production credits be capped for each project? If yes, what should the capped amount be and why? No response ***Question 2.6: Should production be focused on domestic supply only or should export also be permitted? What impact could restriction have for projects or the market?*** No response ***Question 2.7: Is there a role for combined production support with capital grants for first-of-a-kind facilities?*** Yes. As noted above in response to Question 2.2, there may be an important role for Government to support earlier stage production pathways that are not cost-competitive now, but have potential to become so over time. This support could be provided through grants, SIV funding, or offtake support outside of the production credit scheme. ***Question 2.8: What other types of funding or concessional finance could support LCLF projects (e.g. funding from CEFC and NRF)?*** See our responses to Questions 2.2 and 2.7. ***Question 2.9: Is any other support required across the supply chain to enable domestic production of LCLF?*** No response ***Question 2.10: What lessons can Australia learn from other jurisdictions that have already implemented LCLF production support measures?*** No response
3. Fuel production	*The Program aims to support projects at a mature stage of development and late-stage Technology Readiness Level technologies that can deliver meaningful volumes of LCLF to the market to help decarbonise hard-to-electrify sectors.* ***Question 3.1: Considering this objective, what production pathways should be focused on or prioritised?*** *a. Should priority be given to projects that use more-established production pathways (e.g. HEFA and HVO) than nascent production pathways that may present a higher level of technology risk?* No. As per previous responses, Government should consider potential emissions abatement and long-term cost profile, particularly related to feedstock price projections. While HEFA and HVO produced primarily through the hydrotreatment of canola is currently a more feasible pathway for Australia, the bulk of production cost is concentrated in feedstock OpEx. Canola prices are expected to remain within range with numerous sources of demand, including the EU's biofuels market (Australian Grain, 2025). Conversely, other production pathways, particularly FT, face high CapEx but utilise wastes and residues that deliver low ILUC emissions intensity values. Improvements in learning rates that contribute to CapEx reductions for these alternate pathways can, over a longer term, deliver a more competitive abatement cost. There are uncertainties and risks associated with learning rate assumptions, but the alternative is focusing on a single pathway in HEFA that may face a production ceiling and sticky input costs. If Australia is to establish an enduring and scaled LCLF industry, other pathways that draw on wastes and residues readily available in Australia

with a high abatement potential (i.e. not subject to indirect land use change emissions under the CORSIA Eligible Fuels method) must also be supported.

b. *How can nascent production pathways compete with more-established production pathways (e.g. HEFA and HVO)?*

As per earlier comments, more nascent production pathways likely will require support in addition to the production tax credit to commercialise.

c. *What minimum stage of project development (and evidence) should be expected by projects under the program?*

No response

Question 3.2: Should there be a minimum facility size to be eligible?

No response

Not all LCLF decarbonise equally, with some types of LCLF providing greater lifecycle emissions reduction than others. Previous consultations revealed overwhelming stakeholder support for including a carbon emissions reduction threshold as one of the eligibility criteria for production support.

Most stakeholders agreed with a 50% emissions reduction threshold across the lifecycle of LCLF compared to a fossil equivalent, noting this was broadly in line with other jurisdictions around the world that have provided production support. However, concerns were also raised that some of Australia's most prospective feedstocks for LCLF, such as canola, might not meet the 50% threshold in the short term.

Stakeholders also noted the importance of aligning Australia's approach to measuring lifecycle carbon emissions of LCLF with international approaches, including through the Guarantee of Origin Scheme's expansion to include LCLFs.

Question 3.3: Should LCLF be required to meet a carbon intensity threshold (% carbon intensity reduction compared to fossil equivalent) to be eligible for the program? If yes, what would be a reasonable threshold, and how should that threshold be calculated and verified? If not, why not?

a. *If the production incentive is based on carbon emissions reduced, rather than volume of LCLF produced (see Question 2.3), is a minimum carbon intensity threshold still needed as part of the eligibility criteria?*

Yes, a baseline carbon intensity reduction should be adopted so that the scheme prioritises LCLF that can continue to be competitive domestically and internationally on an abatement cost basis.

It is ASFI's view that the criteria for the Manufacture of Low-carbon Liquid Fuels in the Australian Sustainable Finance Taxonomy (p.81), published in June 2025, provides a strong foundation for a consolidated emissions intensity and environmental requirement in the Cleaner Fuels Program.

1. Interoperability – methodological alignment with CORSIA's Eligible Fuels scheme

The screening criteria in the Australian taxonomy utilises CORSIA's Eligible Fuels scheme's calculation methodology, meaning the elements – i.e. core lifecycle emissions and indirect land use change emissions – and method of calculation of a project's life-cycle emissions intensity. This includes options for producers that wish to align with the taxonomy to use default CORSIA

ILUC values (i.e. derived from the GTAP-BIO and GLOBIOM models) or the low LUC risk method.

Additionally, the taxonomy criteria adopt Principle 1 of the CORSIA Plus sustainability requirements that cover guardrails to ensure the protection of land with high biodiversity value or high carbon stocks. These have been assessed as comprehensive and an important signal to safeguard the negative land-use impacts that have traditionally been associated with biofuel production.

The rationale for Australia to leverage the CORSIA methodology is sound: it is administered by ICAO of which Australia is a member, is integrated with CORSIA program used by airline operators, is the most prominent and widely used global certification standard, and as a methodology is also suitable for RD.

Following the CORSIA approach ensures LCLF production in Australia is consistent with global production and certification approaches. This is particularly important to ensure a standardised approach to ILUC measurement.

An example of where divergence creates unfavourable outcomes is the United States' States' 45Z fuel production credit which used the 40BSAF-GREET model to estimate ILUC rather than CORSIA's GTAP-BIO and GLOBIOM models under CORSIA. The GREET model amortises land-use emissions over 30 years rather than 25 years, which leads to an underestimation of ILUC relative to CORSIA Eligible Fuels (Clean Air Task Force, 2024). By doing so it undermines the comparability of lifecycle emissions between jurisdictions and products.

Following CORSIA's method both ensures Australia pursues an interoperable and harmonised standard, and reduces administration and development costs associated with a bespoke domestic methodology.

2. Credibility and the Australian context: lifecycle emissions intensity requirement

The Australian taxonomy includes the following stepped baseline emissions intensity reduction:

		Emissions intensity reduction relative to baseline	
	Baseline (gCO_2e/MJ)	**Until 31 Dec. 2029**	**2030 onward***
Renewable diesel	95.1	25%	50%
SAF	89	25%	50%
Hydrogen-derived fuel	94	25%	50%

The post-2030 target aligns with the 50% reduction from a fossil fuel comparator baseline assessed as reasonable in previous consultations cited by DITRDCSA. ASFI supports a 50% baseline reduction as the *floor* for LCLF production, to bring Australia into line with mandates and incentives globally while balancing credibility and viability. While the CORSIA Eligible Fuels *methodology* is fit-for-purpose, its 10% baseline reduction requirement is not credible.

However, the taxonomy provides a five-year runway to accommodate lifecycle emissions considerations specific to the use canola in HVO/HEFA production. Current CORSIA default values assign an emissions intensity to canola that is substantially higher than the Australian value calculated by CSIRO and accepted under EU RED II. The initial 25% baseline emissions intensity reduction enables eligibility for Australian projects using the

	CORSIA methodology and default values that produce via the HEFA pathway primarily utilising canola, with small amounts of used cooking oil and tallow feedstock. Alternatively, projects can utilise the low LUC risk approach under CORSIA to meet the threshold requirements. A key enabler of such projects being able to reach a 50% reduction through CORSIA default values will be the integration of an Australia-specific ILUC value for canola under CORSIA's Eligible Fuels scheme. Regardless of which methodology is adopted in the Cleaner Fuels program, the Australian government should prioritise pursuing the recognition of Australian default values in the CORSIA Eligible Fuels program as it will be critical to accurately reflect the credentials of Australian LCLF projects in the longer term. a. *Should Indirect Land Use Change be included in the method for determining carbon intensity, for the purpose of the Program?* Yes. Land use trade-offs and impacts related to LCLF production are a key consideration and represent a significant perceived risk for sustainable investors. Including guardrails that explicitly address land-use change are essential to crowding in private investment for LCLF production. These are built into the taxonomy's criteria and Do No Significant Harm requirements, which ensure that trade-offs between climate change mitigation projects and other environmental objectives are minimised. b. *Should any feedstocks be prioritised or otherwise considered out of scope?* Following CORSIA's Eligible Fuels scheme methodology ensures that land use and nature-related risks related to feedstock use are accounted for in the lifecycle emissions intensity assessment. It follows that waste and residue feedstocks with an ILUC value of 0 should be prioritised over the longer term due to a higher potential abatement profile, less land use competition, and lower opportunity cost relative to oilseeds. Co-processed fuels that rely on a portion of fossil-based feed should be considered out of scope. Previous consultations indicated strong support for including sustainability criteria beyond emissions reductions in any production support scheme. Many stakeholders called for a comprehensive sustainability framework, including environmental and social criteria, aligned with existing laws and regulations. They also highlighted the need for careful management of LCLF production to avoid competition with food and fibre production and water usage, while ensuring biodiversity. ***Question 3.4: Other than carbon intensity, should any other sustainability criteria be included?*** Yes. As per previous responses, ASFI's view is that it is essential that ILUC is included in the carbon intensity calculation, as well as safeguards to ensure LCLF feedstock production does not impose negative impacts on biodiversity, native forests or high-carbon forest stocks. Addressing environmental risks is likely to be a material consideration for investors given the adverse impacts of pas biofuel production. ***Question 3.5: Which international and domestic sustainability schemes should be allowed to verify sustainability claims?***

	As per previous responses, the CORSIA methodology provides an appropriate basis for Australia's Cleaner Fuels program, enabling interoperability and providing a globally recognised certification scheme. An example of the production incentive design is provided at Appendix B, based on the program design issues outlined hereinbefore. This example is for information purposes only and subject to change depending on the final design of the Program.
4. Other policy considerations	In addition to the major design elements outlined above, consideration will also be given to policy issues, such as knowledge sharing and factors affecting the merit of a proposal, to ensure that the Program will best achieve its policy intent and goals. Proposals are expected to demonstrate merits in line with the policy objective and goals outlined previously in this Paper. Examples may include: • ***Carbon emissions reduction potential**: how well the project contributes to decarbonising sectors reliant on liquid fuel use; for example, the total amount of emissions abated by the LCLF produced, where this abatement would occur, and the relative importance of this abatement to the sectors achieving net zero.* • ***Economic benefit**: how well the project contributes to new economic and regional development opportunities. Consideration may be given to a range of indicators, including but not limited to new jobs for regional Australia, better economic opportunities for First Nations communities, and diversified income streams for farmers.* • ***Fuel security**: how well the project contributes to Australia's sovereign liquid fuel capability and security. Consideration may be given to the extent to which the project helps to diversify Australia's liquid fuel use and mitigate risks to global supply chain disruptions.* • ***Sustainability**: how well the project meets sustainability criteria throughout its supply chain. Consideration may be given to potential environmental impacts (e.g. land use change), food security considerations, and competing feedstock uses, as well as the ability of the project to produce LCLF in the long-term without government support and to secure long -term access to feedstocks to enable continuing production of LCLF.* • ***Supporting an efficient market**: how well the project contributes to supporting an efficient market, such as the ability of the project to secure offtake agreements, enable price discovery, reduce barriers for future projects, and facilitate knowledge sharing.* ***Question 4.1: What are your views on the aforementioned factors affecting the merit of a proposal?*** **No response** ***Question 4.2: Recipients under the Program will need to deliver benefits according to the Community Benefit Principles under the Future Made in Australia Act (see Appendix D). How do you consider the Community Benefit Principles in relation to LCLF projects? Are there specific Community Benefit Principles that are more or less relevant?*** No response

	Question 4.3: How will overseas policy developments interact with domestic policy settings to support projects reaching final investment decisions? For example, LCLF demand-side targets or mandates, and international frameworks such as the International Civil Aviation Organisation long-term global aspirational goal for international aviation (LTAG) of net-zero carbon emissions by 2050. No response ***Question 4.4: In addition to production support, what other measures are considered critical to achieve final investment decisions for projects? What are their key features?*** No response ***Question 4.5: What are the intersecting policies you expect need to be considered to unlock a domestic LCLF production industry?*** The cost of abatement attached to LCLF adoption will remain prohibitively high for facilities in the Safeguard Mechanism under current and anticipated ACCU prices (CEFC, 2025). Consideration should be given to how a demand signal in Australia can be created in the context of a relatively low de facto carbon price. The only likely short-term source of demand may be from airline operators subject to the ReFuel EU regulation. The upcoming Safeguard Mechanism Review should consider reforms to incentivise abatement within covered facilitates, as well as expand coverage of the scheme. Additionally, the Fuel Tax Credit imposes significant barriers for RD uptake in off-road transport uses, particularly in mining, agriculture and construction, adding approximately $170/tCO2-e to the abatement cost gap (CEFC, 2025). The Government should consider options to phase out this subsidy in order to incentivise the development of Australia's future industries at lowest cost to the tax-payer and ensure policy incentives are aligned. ***Question 4.6:*** *Is there any other feedback you would like to provide that isn't covered by questions above?* No response