



19 December 2025

Cleaner Fuels Program
Department of Infrastructure, Transport
Regional Development, Communications, Sport and the Arts
GPO Box 594
Canberra, ACT, 2601

Emailed via: lclfconsultation@infrastructure.gov.au

To whom it may concern,

Re. Federal Chamber of Automotive Industries submission to the Cleaner Fuels Program

The Federal Chamber of Automotive Industries (FCAI) welcomes the opportunity to submit to the Department's design and engagement paper on the Cleaner Fuels Program.

As the peak industry body for the Australian automotive industry, the FCAI represents a diverse membership of automotive brands that engage in the manufacture, importation and distribution of more than 1.2 million light duty vehicles sold in Australia.

The Australian light duty fleet, which consists of passenger, SUV and light commercial vehicles, is currently transitioning towards lower emission technologies as consumers and governments seek to reduce their environmental impact. Recent policy developments in Australia, such as the New Vehicle Efficiency Standard (NVES), will further influence this as automotive brands increase the supply of zero and low emission vehicles to meet their obligations.

However, with a large existing fleet of more than 21 million registered vehicles, the FCAI believes that Low Carbon Liquid Fuels (LCLF) can also contribute to the reduction of economy wide emissions.

While there is a broad recognition that electrification is an efficient pathway for the decarbonisation of most segments of the light duty transport fleet, there will still be strong demand for petroleum-based products and sustainable alternatives for quite some time. This will be driven by the size of the fleet and the time it will take to transition to a fully electric market. In addition, the operational requirements for some vehicle segments like light commercial and heavy vehicles make them more difficult to electrify compared with passenger vehicles and SUVs.

Given this ongoing requirement for liquid transport fuels the FCAI recommends that any policy development, including for production incentives, should:

- **Remain fuel-agnostic to support the cost-effective development of an Australian LCLF sector.** Government should seek to maximise the manufacture, availability, and use of LCLF products to best facilitate economy wide emission reductions in all transport sectors. This should include diesel and petrol alternatives to support the decarbonisation of the light duty fleet.
- **Not exclude industry sectors, or technology pathways.** While electrification is a cost-effective decarbonisation technology in most segments of the light duty transport sector, Government policy should not exclude future technology developments which could better suit Australian consumer needs.
- **Focus on overall carbon emissions reduction and the most efficient way to support the development of a domestic LCLF industry.** This should recognise the role which a broader demand base could play in supporting the development of a commercially viable LCLF industry. LCLF



products like renewable diesel would support emission reduction in heavy and light duty transport segments which are currently dominated by the use of diesel.

Ensuring a fuel-agnostic approach would allow a future LCLF industry to prioritise supply of products to a broader consumer base through fuel blending and allow for the cost of production to be managed across a wider base while still achieving environmental outcomes.

This approach would align with the Government's objective to accelerate the domestic decarbonisation of hard-to-electrify sectors and improve Australia's sovereign liquid fuel capability, while mitigating the overall cost to taxpayers and end consumers through developing scale in the industry.

Consideration should then be given to how policies such as these would interact with the Safeguard Mechanism and the NVES to facilitate the cost-effective reduction of emissions across the Australian economy. This would support the Government in its effort to meet emissions reduction targets, while also providing Australian businesses and consumers with a range of pathways to reduce emissions while protecting choice.

The FCAI welcomes the opportunity to engage further with the Department on the design of their policy, and how the automotive industry can contribute towards its success.

Should you wish to engage further please contact Philip Skinner, Director – Policy & Advocacy, on (02) 6247 3811 [REDACTED]

Kind Regards

Tony Weber
Chief Executive