

18th July 2024

Transport Division

Department of Infrastructure, Transport, Regional Development, Communications and the Arts  
GPO Box 594,  
CANBERRA ACT 2601

**Re: Low Carbon Liquid Fuels Consultation**

The Australian Oilseeds Federation Ltd (AOF) is the peak industry body for the Australian oilseeds industry and was established in 1970 to represent the common interests of all Australian oilseed industry participants and to promote the development, expansion and improvement of Australian oilseed production, processing and trading.

For over a decade the Australian oilseeds industry has been a major supplier to the European low carbon liquid fuels 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.<sup>1</sup>

The Australian oilseeds industry is a proven producer of sustainably produced feedstock for low carbon liquid fuels which meets the stringent sustainability requirements required by the European Renewable Fuels Directives (initially 2009/28/EC and currently [EU/2023/2413](#)). 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.

The Australian Oilseeds Federation welcomes the recognition by the Federal Government of both the importance and opportunity of developing a Low Carbon Liquid Fuels (LCLF) industry in Australia. Critical to the development of this industry will be the need to domestically create and supply a range of reliable, sustainable and low carbon fuel feedstocks. Australian oilseeds are well placed to be a significant supplier of feedstock to the domestic LCLF industry with internationally verified sustainability credentials already established for the major oilseed, canola.

We view the primary benefits of a domestic LCLFs for the Australian oilseeds and broader agricultural industry as being:

1. Value creation for Australian farmers

Providing additional, and potentially significant, domestic demand for oilseeds provides farmers with additional value by reducing risk. LFLC crops provide additional crop options to consider in rotations, mitigating crop risk, while the domestic demand for LCLF feedstocks also de-risks the vulnerabilities associated with international trade.

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<sup>1</sup> ABS Export Statistics

2. Value creation for the oilseed processing industry.  
The LFLC industry will necessitate increased oilseed crushing capacity, bringing on-shore this value adding component of the LCLF sector (versus currently the export of unprocessed oilseed for value creation elsewhere- particularly Europe)
3. Market diversification  
The opportunity provided by domestic demand for LCLF feedstocks provides additional market options for growers and traders, reducing the reliance on the European and US markets as buyers of Australian oilseeds for LCLF feedstocks.
4. Lower supply costs and GHG  
Domestic demand for LCFS eliminates the costs and greenhouse gas emissions associated exporting oilseeds to overseas markets.

We recognise that realising these benefits requires investment in specific enablers. These include:

1. Investment in breeding  
Currently Australia produces circa 5 million tonnes of canola annually. Additional feedstock crops such as carinata, covercress, and pongamia have the potential to lift LCLF feedstock supply by at up to 50%. In order to achieve this, significant investment in genetics and breeding will be required to ensure adequate LCLF feedstock from oilseeds is available to meet the expected demand. Most oilseed breeding is conducted by private enterprises, however support from bodies such as GRDC can support this to ensure breeding possibilities are optimised in a timely and cost effective manner.
2. Investment in agronomy  
New oilseed crops and expansion of existing oilseed crops will require additional agronomic support to ensure yield potential is optimised. This includes ongoing access to essential crop protection chemistry through mechanisms such as rapid risk based approval pathways for crop protection chemistry through APVMA, and ongoing strong support from GRDC.
3. Supply chain facilitation  
The location of any LCLF production facilities (refineries) may require additional transport infrastructure to ensure the most efficient supply chain is in place for oilseed feedstocks from farm gate to the LCLF production facility. Government has a role to ensure any new supply chain requirements are supported and expedited.
4. Competitive farm-gate pricing  
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 will 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.

The Australian Oilseeds Federation supports the Government's priority for development of a LCLF industry as part of the Future Made in Australia agenda, and wishes to reinforce to Government that oilseeds do, and will, play a significant and growing part in the LCLF industry. Furthermore, the development of this industry provides significant value-adding opportunity for the oilseed value chain, while, importantly, playing a core role in decarbonising the liquid fuel sector.

We wish to remain fully engaged in the development of the LCLF policy and look forward to ongoing participation

Yours sincerely,

A handwritten signature in blue ink, which appears to read 'Nick Goddard', is positioned above the printed name.

Nick Goddard

**CEO**

**Australian Oilseeds Federation Ltd**