



SUBMISSION

Low Carbon Liquid Fuels - A Future Made in Australia: Unlocking Australia's low carbon liquid fuel opportunity [HERE](#)

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Submissions due 18 July 2024. lclfconsultation@infrastructure.gov.au

Terms of Reference

We're seeking your views on the options for, and design of, production incentives and other demand side measures to support a domestic low carbon liquid fuel (LCLF) industry, as part of a Future Made in Australia.

Thank you for providing Grain Producers Australia (GPA) with the opportunity to submit our members' views to the Low Carbon Liquid Fuel Consultation Paper.

Introduction to GPA

GPA represents the interests of direct grower members, state farming members and an estimated 22,500 levy-paying grain producers who grow broadacre, grain, pulse and oilseed crops throughout Australia. GPA develops national policy for Australian grain producers, advocating outcomes to help deliver a more profitable, sustainable and globally competitive grains industry. Our growers also contribute to the economic strength of their communities and the national economy with an industry valued at more than \$31 billion in 2022-23.

GPA's roles are legitimised under federal legislation, providing responsibilities to represent all levy-paying growers on vital industry matters, with shared economic and community benefits. Grain growers contribute 1.02 per cent of their net crop sales toward levies, comprising the Grains Research and Development Corporation (GRDC) for RD&E, Plant Health Australia (PHA) membership and biosecurity prevention and eradication management responsibilities, and the National Residue Survey (NRS) testing, for grain quality and market access. Of that 1.02pc, the vast majority (0.99pc) goes to the GRDC, with PHA receiving 0.01pc, the NRS 0.015pc and the emergency plant protection response the remaining 0.005pc.

** Further details on GPA available at the foot of this submission.*

Executive Summary

The development of an Australian biofuel industry will bring significant economic and environmental benefits while producing new streams of income, enhancing food and fuel security while strengthening the economic viability and sustainability of regional communities.

Australia has a comparative advantage to produce biofuels due to the abundance of feedstocks it already produces and has the potential to produce. In 2022, Australia exported 400kt of Tallow and 3.4Mt of Canola seed to Europe to be used for LCLFs. Furthermore, 70% of refined liquid fuel is used by the transport sector, mandated reductions to conventional diesels in the transport sector will help to create demand for the emerging biofuel industry. Biofuels have the potential to enhance Australia's fuel and food security, according to data from the IEA Australia consistently holds less than the 90-day requirement. Australia also has limited sovereign fuel capacity, which in today's uncertain geopolitical environment raises serious concerns regarding fuel and food security. By investing in the biofuel sector Australia can ensure agriculture can continue to feed the nation regardless of geopolitical realities.

Due to the current position of Australia's biofuel market, it is not feasible to develop a low carbon liquid fuel production base without government support. A 'Contract for Difference' (CfD) scheme is required as it guarantees producers of biofuels adequate income from sales of their product (and return on investment). Such schemes do not have the downside of a competitive grant scheme which has the potential to push out smaller businesses (or start-ups) with necessary expertise (and innovative approaches) as they cannot compete for grants to the same extent as large energy companies seeking to diversify their own portfolios. CfDs also have the added benefit of less government spending and support as biofuel technology becomes more marketable and costs of production decrease thus not having the same negative impacts of flat-rate incentive schemes.

The development of an Australian owned biofuel industry has the potential to bring significant benefits to regional communities. The government should invest in developing the biofuels industry in regional areas which can provide additional employment opportunities and ensure the longevity and economic sustainability of regional communities. Locating biofuel refineries/production plants in grain growing regions will entail transportation and logistical efficiencies that will promote Australia's comparative advantage in producing biofuel products and technologies.

Like the European Union's Sustainable Aviation Fuel (SAF) mandate and United States' *Inflation Reduction Act*, there needs to be emissions reductions targets associated with biofuels and SAF with associated tax credits to guarantee supply and create sustainable demand for development of new technologies. The imposition of emission reduction targets provides industry and those responsible for technology development with clear goals and guidelines which will help encourage investment in the right areas.

The effectiveness of an Australia biofuel industry and associated uptake of the technology will be dependent upon generating demand that can help develop a stable and prosperous industry. There will be significant economic benefits to Australia growers of feedstocks as they can sell their product to local markets, while also providing employment opportunities to thousands of Australians and diversifying Australian export markets.

At present, biofuels are twice as expensive to produce than conventional diesel which makes it economically unviable. Hence, the government will need to legislate industry mandates on a percentage basis of what available source of fuel needs to be "biofuel". This will help generate demand by developing markets for biofuel products and ensuring that targets are legally enforceable. However, due to agriculture's seasonal variability, heightened risks associated with climate change and less investment potential in newer technologies, we recommend growers are not included in any industry mandate for the reduction of conventional diesel. Rather we advocate for regional, rural, and remote biofuel industries that will provide employment opportunities and encourage its use through existing free market mechanisms.

Recommendations

In conclusion, to create a successful biofuel industry in Australia GPA recommends the implementation of emission reduction mandates; tax credits to producers; CfDs; development of regional biofuel industries; exemptions to agriculture as set out above. This will aid in developing

a successful and globally competitive Australian biofuel industry that promotes economic and environmental benefits for all of Australia.



GPA's Representative Roles and Responsibilities

Grain Producers Australia represents the interests of an estimated 22,500 grain producers who grow broadacre, grain, pulse and oilseed crops throughout Australia, contributing to the economic strength of their communities. GPA advocates national policy outcomes with benefits for grain producers and to deliver a more profitable, sustainable and globally competitive Australian grains industry.

As a not-for-profit company limited by guarantee, GPA is governed by a board that's elected by producer members, representing the major grain producing regions. GPA's membership comprises direct producer members and producer members of the Grains Councils of State Farming Organisations. The elected leaders of these groups – backed by professional staff – also represent their members' interests, via the GPA Policy Council.

GPA's State Members include:

- AgForce Grains
- Grain Producers SA
- NSW Farmers Association
- Victorian Farmers' Federation Grains Group
- Tasmanian Farmers and Graziers Association
- WAFarmers Grains Council
- WA Grains Group

This robust representative process also engages and enables producers to advocate their views and deliver policy outcomes via various GPA Sub-Committees and Taskforces, such as the GPA Biosecurity Committee and GPA Pesticides and Technology Sub-Committee.

GPA's objectives are to:

- Provide a strong, independent, national advocate for grain producers based on a rigorous and transparent policy development process.
- Engage all sectors of the Australian grains industry to ensure operation of the most efficient and profitable grain supply chain.

- Facilitate a strategic approach to research, development and extension intended to deliver sound commercial outcomes from industry research.

GPA's responsibilities representing the interests of Australia's 22,500 levy-paying grain producers are legitimised under federal legislation.

This includes; managing biosecurity for the Australian grains industry through Plant Health Australia as a signatory to the Emergency Pest Plant Response Deed (EPPRD); as a joint Representative Organisation responsible for overseeing the Grains Research and Development Corporation's performance and strategic investment, with matching Federal Government funding, in RD&E activities, under the PIRD Act; and managing the risk of chemical residues and environmental contaminants in grain products, to help facilitate access to domestic and export markets and protect product integrity and export reputation, via the National Residue Survey.

Further information: <https://www.grainproducers.com.au/>