



SUBMISSION

Securing Australia's Cleaner Fuels Industry

Submission to the Department of Climate Change, Energy, the Environment and Water

Australian Logistics Council

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Table of recommendations

No.	ALC recommendation
1	Proceed with a national low carbon liquid fuels demand mechanism. Give industry enough long-term certainty to support Australian production and supply chains.
2	Keep a clear volume signal while the market develops. Recognise carbon performance from the start rather than changing the whole compliance model in 2035.
3	Set targets against realistic Australian production, sustainable imports, feedstock, infrastructure readiness and delivered fuel cost.
4	Include diesel, jet fuel and petrol from the start. Make sure land-based supply chain logistics and freight transport can also access renewable diesel and other suitable LCLF.
5	Keep the mechanism technology-neutral within the cleaner-fuels market. Do not prescribe one fuel pathway for every transport task.
6	Place the main obligation on fuel suppliers entering the Australian market. Use existing Fuel Security Act reporting where it works.
7	Allow large fuel users to opt in voluntarily where there is a clear commercial benefit and no double counting.
8	Use the buy-out price as a genuine safety valve for supply and cost pressures, not as a routine alternative to cleaner fuel.
9	Support credit trading. Consider limited Phase 1 banking, with caps so banked credits do not weaken demand for physical LCLF.
10	Apply comparable lifecycle emissions, sustainability and traceability rules to Australian and imported fuels.
11	Use the Guarantee of Origin scheme where it works. Recognise equivalent international certification so businesses do not repeat the same work.
12	Pair the demand mechanism with practical support for Australian production, including production incentives, capital support, concessional finance, revenue certainty and government procurement.
13	Treat feedstock, storage, blending, terminals, pipelines, road and freight rail distribution, refuelling and regional access as part of cleaner-fuels policy.
14	Assess the combined cost and competitive impact across road, freight rail, aviation and maritime transport, including Safeguard and fuel-security measures.
15	Develop a strong Scope 3 book-and-claim framework with clear traceability, additionality and double-counting protections.
16	Do not introduce a SAF levy without detailed analysis of air freight, regional aviation, airports, tourism and international competitiveness.
17	Include First Nations, regional and remote communities when assessing fuel availability, cost and distribution impacts.
18	Set up an ongoing government-industry implementation group. Measure geographic access, delivered cost and supply-chain capability, not only production volumes.

1. About the Australian Logistics Council

The Australian Logistics Council (ALC) is the national peak body for Australia's supply chain logistics and freight transport industry.

Our members work across the full supply chain. They include road transport, freight rail, ports, airports, stevedoring, intermodal terminals, warehousing, distribution centres, logistics property, retail, manufacturing, energy and technology.

ALC works with governments, policymakers and regulators on the rules, investment and infrastructure that shape freight movement and supply chain performance.

For ALC, cleaner-fuels policy is not only about making fuel. It is also about whether that fuel can be stored, blended, moved and supplied where businesses need it.

2. Executive summary

ALC supports building a commercially viable Australian low carbon liquid fuels (LCLF) industry. Australia will continue to rely on liquid fuels for a significant share of the transport task while other technologies mature. The consultation paper recognises the same challenge across aviation, heavy road transport, maritime, mining, agriculture, industry and defence.¹

There will not be a single pathway for transport decarbonisation. Electrification will suit some tasks and should move quickly where it is practical. Other parts of the transport system will take longer. Long-haul road transport, freight rail, aviation, maritime operations and many regional and remote activities will continue to depend on liquid fuels for some time.

For these sectors, renewable diesel and other lower-carbon liquid fuels can provide an important transition pathway. They offer a way to reduce emissions using existing or adapted equipment while zero-emissions technologies continue to develop.

This matters particularly for the supply chain logistics and freight transport industry. Heavy vehicles, locomotives and supporting infrastructure have long asset lives. Operators also work across large distances, often beyond areas with reliable charging or alternative-fuel infrastructure. Regional and remote operations face even greater constraints.

Policy therefore needs to reflect the way the freight task actually works. It should not assume the same technology, fuel or timetable will suit every operator or every route.

A demand mechanism can help create the certainty needed to move Australian projects forward. Clear and durable demand can support investment in production, feedstock supply and long-term offtake agreements. It can also give fuel suppliers and users more confidence to invest in supporting infrastructure.

But demand cannot develop in isolation.

Production, storage, blending, terminals, distribution and refuelling infrastructure all need to develop alongside it. If one part of that chain is missing, the fuel may exist in the market but remain unavailable to the businesses expected to use it.

This is one of the main risks ALC sees in the proposed mechanism. A mandate can create a demand obligation, but it cannot create domestic production overnight. It will not automatically make renewable diesel available at a freight rail refuelling point, heavy vehicle depot or regional

¹ Department of Climate Change, Energy, the Environment and Water (DCCEEW) and Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts (DITRDSCA), *Securing Australia's Cleaner Fuels Industry: Consultation paper on a demand mechanism*, 2026, pp. 5–15.

distribution centre. Nor will it resolve gaps in terminal capacity, storage, blending or transport infrastructure.

Geography also matters.

Cleaner fuel may be available near a refinery, major port or metropolitan terminal but remain difficult or costly to access elsewhere. That is a real concern for businesses running national freight networks and regional supply chains. Government should therefore look at where fuel is available, not just how much is produced nationally.

Affordability is just as important.

Fuel is already a major operating cost for much of the supply chain logistics and freight transport industry. If LCLF carries a substantial premium, that cost will move through freight rates and ultimately into the broader economy.

Government should therefore assess delivered fuel prices, not just production costs or national supply volumes. A fuel that exists but is unaffordable to the end user will not deliver the transition the policy is seeking.

ALC also wants the mechanism to support genuine Australian production. Imports will have an important role, particularly while the domestic market develops. They can provide competition and help manage temporary gaps in supply.

However, Australia should avoid replacing one form of import dependence with another.

A domestic LCLF industry can strengthen fuel security, support regional investment and improve resilience during international supply disruptions. It can also create a clearer link between the emissions policy objective and Australia's broader energy security interests.

That means the demand mechanism should work with supply-side measures, not instead of them. Investment support, infrastructure funding, government procurement and other measures may all be needed to help domestic supply reach commercial scale.

ALC supports moving ahead with a demand mechanism. But it needs to be built around the realities of the end-to-end supply chain logistics and freight transport system.

A good question to consider: Can businesses get the right fuel, at a workable price, where they need it?

If the answer is no, then the market is not yet working as intended.

ALC position

ALC supports a national demand mechanism for low-carbon liquid fuels, provided it helps build a commercially viable Australian industry and does not get ahead of the supply, infrastructure or technology available to fuel users. The mechanism should work alongside electrification and other transport decarbonisation measures, not assume that one fuel or one technology will suit every transport task.

3. Principles for a workable cleaner-fuels market

A whole-of-supply-chain approach

The consultation paper follows the fuel supply chain from feedstocks and production through to storage, distribution and end use. ALC agrees with that approach. The final policy should do the same.²

For Australian biofuels, the chain can start with feedstock production. It then runs through aggregation, storage, transport, processing, fuel production, certification, blending and distribution. Imported LCLF adds shipping, port access and discharge.

Each step needs infrastructure, people and workable rules. Australia could hit a national production target while operators in regional areas, freight rail networks or logistics precincts still cannot buy the fuel.

Government should track where cleaner fuel is actually available and what it costs to use. That means looking at terminals, blending, storage, regional distribution, refuelling access and delivered price, not just national production and credit volumes.

No single transition pathway

ALC has consistently said transport will need several decarbonisation pathways. Battery-electric heavy vehicles are becoming practical for some metropolitan and return-to-base work. Long-haul road transport and freight rail still face limits around range, payload, charging, asset life and infrastructure.³

Renewable diesel and other verified low-carbon liquid fuels can help fill that gap. Cleaner-fuels policy should support them without crowding out electrification, efficiency or better use of lower-emissions freight rail where those options make sense.

4. Targets, timing and policy architecture

Building the market and recognising carbon intensity

The Government is consulting on a two-phase model. The first phase would use a volume requirement to help build the market. From 2035, the scheme could move to carbon-intensity targets. The paper uses 2029 as an indicative start date. None of these settings is final.⁴

ALC supports a clear volume signal as the market develops. New projects need predictable demand to secure finance, feedstock and long-term customers.

ALC is less comfortable with a sharp change in 2035. Production projects, terminals and fuel contracts will run across both phases. Businesses making decisions before 2030 need confidence that those decisions will still stack up later.

Government should consider recognising carbon performance from the start while keeping a clear volume signal. Credit values or another simple mechanism could do this without changing the whole compliance model halfway through major investments.

²DCCEE and DITRDSCA, Securing Australia's Cleaner Fuels Industry, 2026, pp. 9-10, including Figure 3 on Australia's fuel supply chain.

³Australian Logistics Council (ALC), 2026-27 Safeguard Mechanism Review, September 2026, pp. 5-12.

⁴DCCEE and DITRDSCA, Securing Australia's Cleaner Fuels Industry, 2026, pp. 41-43.

Setting realistic targets

The consultation range is 750-1,900 ML in 2030 and 3,450-8,900 ML by 2035. The paper is clear that these figures are for consultation, not final targets.⁵

ALC would not simply adopt the top of the range. Targets need to support investment, but they also need to reflect projects that are genuinely progressing, available feedstock, imports, infrastructure, fuel compatibility and delivered cost.

Targets that run too far ahead of supply may be met mainly through expensive imports or buy-out payments. That would increase costs without necessarily building the Australian industry or resilience the policy is meant to support.

Timing and longer-term certainty

Early legislative certainty matters. If the scheme starts in 2029, industry needs the core rules well before then. Businesses need time to contract supply, build infrastructure and put certification and reporting systems in place.

Government should also give industry a longer view beyond 2035. Indicative milestones for 2040, 2045 and 2050 could help investment planning, provided scheduled reviews can adjust the path when technology or market conditions change.

5. Fuel coverage and a separate jet fuel requirement

Diesel, jet fuel and petrol

ALC supports including diesel, jet fuel and petrol from the start. The paper notes that diesel and jet fuel made up about 70 per cent of Australian fuel sales in 2025. Adding petrol would lift coverage to about 95 per cent.⁶

Diesel matters especially to the supply chain logistics and freight transport industry. Heavy road transport and much of freight rail still depend on it. So do agriculture, construction, mining, emergency response and backup power. Any large price increase or shortage quickly spreads through the economy.

The mechanism needs to create a real market for renewable diesel and other suitable cleaner fuels for land transport. Early supply should not be pulled so heavily toward one sector that other hard-to-abate users miss out.

Separate jet fuel requirement

The Government is considering a separate jet fuel requirement in both phases. The reason is straightforward: aviation has few near-term alternatives, and SAF may struggle to compete in a broader fuel pool.⁷

ALC understands the case for a dedicated SAF signal. Australian SAF projects need long-term demand before investors will commit.

But the final design still needs to look across the whole fuel market. SAF and renewable diesel can compete for the same feedstocks, production capacity and investment. Government should test what a separate aviation requirement would mean for renewable diesel supply and cost across heavy road transport, freight rail and maritime operations.

⁵DCCEE and DITRDSCA, Securing Australia's Cleaner Fuels Industry, 2026, pp. 42-43, including Table 13.

⁶DCCEE and DITRDSCA, Securing Australia's Cleaner Fuels Industry, 2026, pp. 43-44, including Table 14.

⁷DCCEE and DITRDSCA, Securing Australia's Cleaner Fuels Industry, 2026, pp. 41-43.

International aviation, shipping and emerging fuels

The paper notes that Australian-supplied fuel for international aviation and shipping could be covered even when those emissions sit outside Australia's national inventory. The final design therefore needs to work with international aviation and maritime rules, not cut across them.

The scheme should also leave room for new fuels. Renewable methanol, bio-LNG, low-carbon ammonia and new e-fuel pathways should be considered if they become commercially relevant and meet sound emissions, sustainability, fuel-quality and safety requirements.

6. Obligated entities and opt-in arrangements

ALC supports placing the main obligation on businesses that supply covered fuels into the Australian market. The Government is considering refiners, eligible LCLF producers and importers, using existing Fuel Security Act definitions and reporting where possible.⁸

That is broadly the right place for the obligation. It keeps compliance at a manageable point in the supply chain and avoids regulating every truck operator, freight rail business, warehouse or other end user separately.

Minimum supply threshold

A minimum threshold could make sense if it keeps very small suppliers out of an unnecessarily heavy compliance regime. But it should not be set so high that only a handful of businesses carry the obligation.

Government should also prevent businesses from restructuring supply arrangements simply to stay below the threshold.

Large-user opt-in

ALC supports voluntary opt-in for large fuel users where there is a clear commercial reason. Some major road transport, freight rail, aviation or industrial users may want to contract directly with cleaner-fuel producers and manage their own compliance.

The rules should be simple. They need to show when the obligation transfers, who owns the credit or environmental attribute, and how double counting is prevented. Opt-in should open another path to cleaner fuel, not create another layer of administration.

7. Compliance pathways, credits and banking

Compliance and buy-out

The Government is considering three main compliance options: supply eligible LCLF, surrender eligible credits, or pay a buy-out price when needed. ALC supports having more than one pathway while the market develops.⁹

The buy-out should be a safety valve, not the easy option. Set it too low and paying becomes cheaper than supplying cleaner fuel. Set it too high, and it stops containing costs.

Government should review the buy-out as supply grows. It should also consider putting that revenue back into Australian production or the infrastructure needed to get fuel to market.

Credit trading and banking

ALC supports a tradable credit market. The rules need to be clear, and the regulator needs enough visibility to deal with manipulation and double counting.

⁸DCCEE and DITRDSA, Securing Australia's Cleaner Fuels Industry, 2026, pp. 45-46.

⁹DCCEE and DITRDSA, Securing Australia's Cleaner Fuels Industry, 2026, pp. 46-47.

The Government's starting position is no banking in Phase 1, with the issue revisited in Phase 2. ALC sees a case for limited Phase 1 banking if it is capped and time-limited.¹⁰

Some carry-forward flexibility can reward early production and smooth normal supply swings. It should not allow a large credit surplus to build up and weaken later demand for physical fuel.

Non-fuel credits

Electrification, hydrogen and efficiency improvements all matter to transport decarbonisation. But ALC does not support making them freely interchangeable with LCLF credits while the cleaner-fuels market is being established.

Government can revisit broader crediting later. It should first see whether an Australian LCLF market is actually developing and whether wider crediting would help without duplicating other climate policies.

8. Carbon intensity, certification and fuel quality

Lifecycle carbon intensity

ALC supports lifecycle carbon-intensity accounting. The paper looks across feedstock production, processing, transport, fuel production and final use. That is the right way to compare fuels.¹¹

A minimum carbon-intensity threshold also makes sense in Phase 1. Fuels with only a small emissions benefit should not receive the same treatment as much cleaner options. Government should test the final threshold against Australian feedstocks, production pathways and likely fuel availability before locking it in.

Certification and Guarantee of Origin

The Government sees the expanding Guarantee of Origin scheme as one possible basis for domestic LCLF certification. ALC supports using it where it works. Businesses should not need to repeat certification that already meets an equivalent, recognised international standard.¹²

Domestic and imported fuels should face comparable rules on lifecycle emissions, sustainability and traceability. Imports should compete on price and performance, not on weaker verification.

Fuel quality and compatibility

Fuel quality is not a side issue. Operators need confidence that an approved cleaner fuel is safe for the engine, locomotive, aircraft, vessel or equipment using it.

Government should work with fuel suppliers, equipment manufacturers and transport operators before the scheme starts. Guidance needs to cover fuel quality and equipment compatibility. Existing tanks, seals, pumps, pipelines and blending systems should be checked rather than assumed to suit every new fuel.

9. Domestic production and fuel security

Cleaner-fuels policy should help build an Australian production industry, not just Australian demand. The consultation paper itself accepts that a demand mechanism may not deliver domestic production on its own and that imports could play a large role.¹³

¹⁰DCCEE and DITRDSCA, Securing Australia's Cleaner Fuels Industry, 2026, pp. 49-51.

¹¹DCCEE and DITRDSCA, Securing Australia's Cleaner Fuels Industry, 2026, pp. 51-52.

¹²DCCEE and DITRDSCA, Securing Australia's Cleaner Fuels Industry, 2026, pp. 51-54.

¹³DCCEE and DITRDSCA, Securing Australia's Cleaner Fuels Industry, 2026, pp. 55-57.

ALC supports imports. They will be important while local production grows, and they can provide competition and cover temporary shortages.

But replacing imported fossil fuels with imported low-carbon fuels would only solve part of the problem. Domestic production also matters for fuel security and resilience.

That is why demand policy needs supply-side support. Depending on the project, this could include production incentives, capital grants, concessional finance, revenue certainty and long-term government procurement.

Any measure that favours Australian production must also fit Australia's trade obligations. Government should keep testing the options with industry and get the necessary trade-law advice.

Government procurement

Government can help create early demand without putting the full transition cost onto private users. Defence, emergency services and other public fleets are large fuel users. Long-term contracts for qualifying Australian LCLF could give early projects a dependable customer.

Government should also look at how cleaner fuels could fit into the Australian Fuel Security Reserve and other public fuel arrangements over time. That would connect cleaner-fuel production with the fuel-security work already under way.¹⁴

10. Infrastructure, distribution and regional access

Getting fuel from production to the customer

Production is only one part of the job. Cleaner fuel may need feedstock storage, processing, port access, bulk storage, blending, pipelines, loading gantries, tanker capacity, freight rail access, regional depots and refuelling facilities before it reaches a customer.

Government support should cover those links, not just the production plant. In some places, a blending facility, freight rail connection, terminal upgrade or regional depot may unlock more practical value than another production asset.

Regional and remote Australia

Cleaner fuel will not become available everywhere at the same pace. Early supply will probably be easiest around production sites, ports, terminals and major metropolitan fuel markets.

That creates a real risk for regional and remote operators. A business outside a capital city should not carry the same policy cost while having no practical access to the cleaner fuel the scheme is meant to encourage.

Government should track delivered price and availability by region, not only national volumes. It should also look closely at First Nations and other remote communities that depend on long, thin supply chains for food, essential services, construction and emergency response.¹⁵

11. Competition, cumulative costs and policy interactions

Road and freight rail

ALC's position is simple: climate policy should lower emissions across the freight task. It should not just move activity from one mode or reporting boundary to another.

¹⁴ALC, Australia's Fuel Security and Resilience Package, September 2026, pp. 4-10.

¹⁵DCCEW and DITRDSCA, Securing Australia's Cleaner Fuels Industry, 2026, pp. 40-41 and 64-66.

Road and freight rail compete directly in some markets, especially interstate containerised freight. If cleaner-fuel policy hits one mode much harder than another, it can change customer choices even when that increases overall emissions.

That matters because freight rail is already a lower-emissions option for many long-distance tasks. ALC made the same point in its Safeguard Mechanism submission: policy needs to be tested across the freight system, not only at the facility level.¹⁶

Interaction with the Safeguard Mechanism and other policies

The cleaner-fuels mechanism will sit beside fuel-security measures, the Safeguard Mechanism, the Guarantee of Origin scheme, the New Vehicle Efficiency Standard, state biofuel mandates and international aviation and maritime rules. Government needs to look at how these measures work together and where they may overlap.¹⁷

When a freight operator uses a verified lower-carbon fuel and cuts physical emissions, the accounting framework should properly recognise that reduction.

Government also needs to look at the combined cost. Cleaner-fuel premiums, Safeguard costs, higher stockholding requirements and other transition measures all land on the same transport task. Assessing them separately can hide the real impact on operators and customers.

International competitiveness

International aviation and shipping need careful treatment. The mechanism could cover fuel supplied in Australia even when the associated emissions sit outside Australia's national inventory.

The final impact assessment should look at CORSIA, International Maritime Organization measures, trade exposure and the risk of activity moving offshore because fuel costs differ too much between jurisdictions.

12. SAF levy and book-and-claim

Sustainable aviation fuel levy

The Government is asking whether Australia should introduce a SAF levy, but the paper does not examine the idea in detail. ALC does not support moving ahead without more work.¹⁸

Someone in the aviation supply chain will ultimately pay the levy. Any further analysis should cover air freight, regional routes, airports, tourism and international competitiveness. It should also explain how a levy would work alongside a separate jet fuel requirement.

If government does pursue a levy, the revenue should have a clear link to additional Australian SAF production or the infrastructure needed to use it.

Book-and-claim

ALC supports further work on a book-and-claim model for Scope 3 emissions. Australia's geography makes it relevant where cleaner fuel is not physically available on the route or where the transport task occurs.

Any model needs tight controls. Certificates should be unique, ownership clear and the registry transparent. The underlying fuel must be traceable, claims must be additional, and the same emissions benefit must never be counted twice.

¹⁶ALC, 2026-27 Safeguard Mechanism Review, September 2026, pp. 5-8 and 11-12.

¹⁷DCCEW and DITRDSCA, Securing Australia's Cleaner Fuels Industry, 2026, pp. 61-63.

¹⁸DCCEW and DITRDSCA, Securing Australia's Cleaner Fuels Industry, 2026, p. 57.

ALC does not support extending the proposal to Scope 1 through this consultation. That needs more work on how it would interact with NGER and the Safeguard Mechanism.

13. Governance, implementation and evaluation

Implementation and regulator

The paper points to legislation and further consultation through 2027. Ministers would set policy direction, departments would manage policy and review, and a regulator would handle compliance. ALC is comfortable with that broad structure.¹⁹

The regulator should use existing government data wherever possible. Fuel suppliers and users should not report the same information to several agencies.

Industry also needs clear guidance on fuel quality, certification, credits and compliance well before the first compliance period.

Cleaner Fuels Supply Chain Working Group

ALC recommends a Cleaner Fuels Supply Chain Working Group during detailed design. It should include DCCEE, the infrastructure and transport portfolio, fuel producers and suppliers, ports, airports, road transport, freight rail, terminals, regional distributors and major fuel users.

The group should address practical issues before they become compliance problems. That includes fuel standards, infrastructure compatibility, terminal access, regional supply, certification, data, credit transfers, book-and-claim and links with fuel-security and Safeguard settings.

How government should measure success

The Government proposes measures covering domestic production, fuel-mix diversity, investment, jobs, compliance costs, LCLF prices, carbon intensity and SAF uptake. ALC supports these measures but thinks the supply-chain test needs to go further.²⁰

Government should also measure where fuel is available, what it costs when delivered, and whether terminals and blending facilities can handle it. It should track regional distribution and whether road, freight rail, aviation and maritime operators can actually buy a suitable product.

Australia could meet a national production target while large parts of the transport system still cannot access the fuel. The evaluation framework needs to show that clearly.

14. Direct responses to consultation topics

ALC has focused on the consultation issues that matter most to the end-to-end supply chain logistics and freight transport system. The table below summarises our position.

Consultation issue	ALC response
Impacted sectors and communities	Heavy road transport, freight rail, aviation, maritime, agriculture, mining, regional industries, First Nations communities and remote communities may all be affected. Test delivered price and availability, not only producer impacts.

¹⁹DCCEE and DITRDSA, Securing Australia's Cleaner Fuels Industry, 2026, pp. 58-61.

²⁰DCCEE and DITRDSA, Securing Australia's Cleaner Fuels Industry, 2026, pp. 64-66.

Consultation issue	ALC response
Targets	Set ambitious but workable volume targets. Base them on actual supply, infrastructure and cost, and recognise carbon performance from the start.
2035 transition	Avoid a sharp change in the rules. Give industry long-term certainty and recognise carbon performance earlier.
Separate jet fuel requirement	Support a dedicated SAF signal in principle, but test the effect on feedstocks, renewable diesel supply and costs elsewhere in the economy.
Obligation fuels	Include diesel, petrol and jet fuel from the start. Review maritime and emerging fuels as the market develops.
Obligated entities	Keep the main obligation upstream with fuel suppliers. Do not impose separate obligations on ordinary transport operators.
Minimum threshold	Use a threshold that keeps small suppliers out of unnecessary compliance while preserving broad market coverage and competition. Include anti-avoidance rules.
Large-user opt-in	Allow voluntary opt-in where it makes commercial sense. Set clear rules for transferring obligations and preventing double counting.
Compliance pathways	Allow physical supply, credits and a buy-out safety valve. The buy-out should remain a last resort, not the normal way to comply.
Eligible LCLF	Use broad, performance-based eligibility for fuels that meet sound lifecycle emissions, sustainability, safety and traceability requirements.
Non-fuel credits	Do not add non-fuel credits during market formation if they weaken physical LCLF demand. Revisit the issue later.
Credit trading and banking	Support trading. Consider limited, capped and time-limited banking during Phase 1.
Carbon intensity	Use a minimum integrity threshold from the start and give stronger recognition to fuels with better lifecycle performance.
Certification	Use GO where it works, recognise equivalent international schemes, and apply comparable integrity rules to domestic and imported fuels.
Policy reviews	Hold the first scheduled review around 2032. Keep clear triggers for earlier review and give industry a longer-term path beyond 2035.
Domestic production	Pair the demand mechanism with supply-side support so Australia does not simply replace one form of fuel import dependence with another.
SAF levy	Do not proceed without detailed modelling of aviation, air freight, regional and competitiveness impacts.
Book-and-claim	Support a Scope 3 framework with strong traceability, registry, additionality and double-counting controls.

Consultation issue	ALC response
Safeguard interaction	Recognise verified LCLF emissions reductions and avoid policy combinations that add cost without delivering more physical abatement.
Infrastructure and regional access	Support feedstock, processing, blending, storage, terminal, pipeline, road, freight rail, refuelling and regional infrastructure as part of the policy.
Implementation and evaluation	Use existing data where possible. Set up formal government-industry implementation arrangements and measure delivered price and geographic access as well as production.

15. Conclusion

ALC supports moving ahead with a cleaner-fuels demand mechanism.

Australia will continue to need liquid fuels for much of supply chain logistics and freight transport while other technologies mature. That is particularly true for long-haul road transport, freight rail, aviation, maritime operations and many regional and remote tasks.

A well-designed demand mechanism can help create the certainty needed to support investment in Australian low carbon liquid fuels. It can also help reduce emissions and strengthen fuel security. But a mandate on its own will not deliver those outcomes.

The policy needs to support the whole market around the fuel. That means Australian production, reliable feedstock supply, storage, blending, terminals, distribution, refuelling infrastructure and customers willing and able to use the product.

It also needs credible lifecycle emissions accounting, clear certification and a credit market that is transparent and trusted. Those settings matter because industry will make long-term investment decisions against them.

Cost and availability will be just as important as the headline target. Cleaner fuel needs to be available where businesses actually operate. It also needs to be affordable enough to support uptake without creating an unsustainable cost burden for transport operators and their customers.

Government should therefore track more than national production volumes. It should also monitor delivered fuel prices, regional availability, infrastructure readiness and the ability of different transport modes to access suitable fuels.

Cleaner liquid fuels are only one part of transport decarbonisation. Electrification will continue to expand where it is practical. Freight rail and intermodal transport can already reduce emissions on suitable tasks. Other technologies will become more viable over time.

The policy should allow these pathways to work together, not force them into competition.

ALC believes Australian production should grow, emissions should fall, and fuel security should improve. Businesses should be able to access suitable cleaner fuels without losing competitiveness.

That is the outcome the demand mechanism should be designed to deliver.

ALC is ready to continue working with DCCEEW, the Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts, and industry on the mechanism's detailed design and implementation.