



Name: IFM investors

Submission date: 6/06/2025

1. Reduce the cost of meeting carbon targets

1. What could be done to improve the cost-effectiveness and alignment of policies to reduce emissions across the industrial, electricity and transport sectors?

Ensuring that infrastructure investment supports emissions reduction in key sectors such as energy and transport in a cost-effective way, and aligns with Government's net zero ambitions, can only be achieved through policies and programs developed in consultation with industry. In particular, the Australian Government has been clear that its policies to achieve net zero by 2050 will ensure "Australia maximises the benefits of the global transition to net zero and provides long-term policy certainty to drive investment in low emissions and renewable technologies."

Low-carbon liquid fuels (LCLFs) have been identified as a key industry within the Future Made in Australia (FMIA) initiative.

LCLFs play a significant role in decarbonising and ensuring fuel security across several hard-to-abate sectors including aviation, heavy haul rail and road and industrial processes. These fuels are expected to be used in hard-to-abate sectors where performance requirements are high and few alternative emissions abatement options are likely to become available in the medium term. Establishing an industry for 'drop in' low carbon fuel replacements provides a viable pathway for reducing emissions from hard-to-abate sectors in the near term, while positioning Australia to capitalise on emerging technologies as they mature.

Government financial support coupled with policy initiatives are necessary to capitalise on significant private sector interest in building new competitive LCLF industries in Australia. Australia already has a competitive advantage as a core producer of feedstocks which currently support international industries through competitive export markets. The CSIRO found that Australia could play a key role as a source of feedstocks for international production and as a SAF producer, noting that Australia already produces significant quantities of feedstocks exported for biofuel production (for example, canola seed exported to the European Union) .

Currently, sustainable aviation fuel (SAF) provides the cheapest available approach to abatement for the aviation industry, even though the production cost of SAF is two to five times greater than conventional jet fuel, and the production cost of renewable diesel (RD) remains two to three times greater than conventional diesel. These higher costs, unless moderated, will likely result in higher costs to end users including households and businesses.

As seen in, many overseas markets they have opted to provide a mix of supply incentives for LCLF or demand-side support to catalyse their domestic LCLF sectors. We believe a production tax incentive (PTI) based on stringent lifecycle carbon intensity and technology-agnostic eligibility criteria would be the most effective means to catalyse

an efficient LCLF sector in Australia. This would enable the industry to flexibly draw on a wide range of feedstocks over time, depending on the availability, cost, location, and technological pathways available while capitalising on Australian agricultural resources by allowing the widest range of feedstock possible to be used.

Alongside supply side incentives, ensuring there is a viable market will drive demand for innovative and competitive production capability. A national SAF mandate would create structural demand and align with global efforts to reduce aviation carbon emissions. This mandate would also ensure that there are tangible ways to impact carbon reduction across the aviation industry.

A measured mandate that is phased to increase over time will balance supply-side needs and new innovations in production. It shares the market uptake risk between producers and users and ensures that the right market players are catalysed to support supply in a sustainable way. It also ensures market uptake, promoting scale as the industry grows throughout the midterm.

Some of the infrastructure required to support the production of LCLF in Australia already exists, including through existing refinery operations, infrastructure and assets at airports and in transport, business, which has 'drop in' capability. Many of these infrastructure participants are already in the process of pivoting their operations to support the transition and are also exploring ways of decarbonising their own operations.

We believe that a PTI efficiently shares risk and allows transfer of green premiums upstream to the feedstock industry to supply LCLF production. A PTI can also be used to catalyse domestic feedstock production by rewarding low carbon intensity feedstocks. Catalysing this investment would create a new diversified end market for Australian farmers, allowing their feedstock to be sold and processed domestically.

Without a supportive LCLF policy framework in Australia, domestic feedstock sources will continue to be exported overseas for LCLF production where there are significant financial incentives and demand-side support mechanisms. There is also a material risk that feedstock export agreements are extended beyond 2030 and the opportunity to develop a domestic SAF industry will be missed. From both an emissions and fuel security perspective, export of raw feedstock overseas for refining into SAF is sub-optimal for the decarbonisation of Australia's domestic aviation sector.

2. Are there gaps in the emissions-reduction policies in the industrial, electricity and transport sectors which should be addressed?

While we continue to collaborate with governments on the development of a domestic LCLF industry through other consultation processes, we recognise this is an emerging policy area and that there remains a valuable opportunity to introduce targeted measures that support the production and use of LCLFs in hard-to-electrify sectors.

Australia has a global competitive advantage in growing an abundance of the feedstocks needed to help develop a large and globally competitive LCLF industry that will in turn help to drive decarbonisation in some of the hardest-to-abate parts of the transport sector. Through the Future Made in Australia (FMIA) Act, and the identification of LCLFs as a priority sector as part of the FMIA investment framework, Australia is well positioned to attract investment in industries that could make it a renewable energy

superpower.

Investment in a LCLF future will help to secure Australia's place in the world as a leader in decarbonisation. We recognise that as an island continent, Australians depend on typically carbon-intensive transport modes to move our people and goods across the country. LCLFs provide an opportunity for us to address these challenging-to-abate sectors to meaningfully reduce emissions in the near-term. For the aviation sector, development of a SAF industry provides options to credibly decarbonise in the medium term, as it works towards securing more long-term technological solutions.

Supply and demand side policy supported by carbon accounting and certification schemes are required to develop this industry as outlined above.

3. Are there any duplicative emissions-reduction policies in the industrial, electricity and transport sectors which could be streamlined?

Government should ensure that there are complimentary emissions reduction policies to support the decarbonisation of the aviation industry, and that duplication does not feature in future policies.

The Government has undertaken several consultations which have explored the appropriate policy settings needed for a LCLF industry, and we look forward to the Productivity Commissions interim report supporting these policy development opportunities. Predominantly, the LCLF consultation process in 2024 highlighted the need for supply and demand side incentives, both required to stand up a new industry. Other prominent consultation has included

- Net Zero Roadmap
- Future Made in Australia (FMIA) Investor Front Door
- Guarantee of Origin Scheme
- National Greenhouse Gas Energy and Reporting (NGER) Scheme
- Australian Sustainable Finance Taxonomy

We look forward to Government continuing to have a cross-consultation narrative and policy on LCLF but highlight the need for consistency across all consultations to foster the right policy and support measures to promote investment confidence.

2. Speed up approvals for new energy infrastructure

1. Are planning and approvals processes for large energy infrastructure taking too long? If so, what causes the most delay?

The participant did not respond to this question.

2. How can planning and approvals processes be sped up without unduly compromising regulatory standards?

The participant did not respond to this question.

3. Should clean energy projects be treated differently to other projects for the purpose of environmental and other approvals? If so, how?

The participant did not respond to this question.

4. What can be done to build local community support for new energy infrastructure projects?

The participant did not respond to this question.

5. Please outline any evidence showing the productivity benefits of faster approvals for energy projects.

The participant did not respond to this question.

3. Encourage adaptation by addressing barriers to private investment

1. What are the barriers and enablers impacting decisions by owner-occupiers, landlords and developers about how housing is built and updated over time so that it is resilient to the effects of climate change?

The participant did not respond to this question.

2. What information do people need to make decisions about where to live, how to build and how to upgrade their homes to appropriately factor in climate change?

The participant did not respond to this question.

3. What are the most cost-effective retrofitting options for improving the resilience of Australia's existing housing stock? What are their costs and benefits?

The participant did not respond to this question.

4. What role might minimum standards play in ensuring the resilience of Australia's housing stock?

The participant did not respond to this question.

5. The impacts of climate change are being factored into the regulation of where and how houses are built in different ways around Australia. What does leading practice look like? Where is there room for improvement? Are there lessons we can learn from other countries?

The participant did not respond to this question.