



18 July 2024

Marisa Purvis-Smith
Deputy Secretary, Transport
Department of Infrastructure, Transport, Regional Development, Communications and the Arts
111 Alinga Street,
Canberra City ACT 2601

Dear Deputy Secretary

Consultation on Future Made in Australia: Unlocking Australia's low carbon liquid fuel opportunity

The Minerals Council of Australia (MCA) representing Australia's minerals exploration, mining and processing industry appreciates the opportunity to provide feedback to the consultation on *Future Made in Australia: Unlocking Australia's low carbon liquid fuel opportunity*.

The mining industry recognises the need to reduce emissions globally, nationally and at the sites and facilities driving Australia's resources industry. In June 2020, the MCA and members launched the *Climate Action Plan* as a clear commitment to do the work needed to achieve net zero emissions by 2050 in support of the goals of the Paris Agreement.

It is important that Australia maintains a competitive advantage in the supply of minerals and metals during the clean energy transition. The clean energy transition will be resource and energy intensive. Incentivising investment in the production and processing of copper, nickel, lithium, uranium and other metals and minerals that are essential for global decarbonisation efforts and Australia's clean energy transformation should be the primary objective of policy.

Given Australia's responsible mining credentials, policy settings must ensure that Australia captures to the greatest extent possible the benefits that will accrue from the increased supply of metals and minerals to enable the clean energy transition necessary for reducing global emissions to net zero.

To reach this objective, member companies continue to invest in research and technical development to better understand the technologies and practices that will be necessary to achieve decarbonisation across the sector. One of those pathways involves low carbon liquid fuels.

The transition from traditional diesel to low carbon liquid fuels presents an opportunity for the mining industry to reduce emissions in operations in the short to medium term. The Climate Change Authority's Targets, Pathways and Progress consultation highlights the mining industry's need for low carbon liquid fuels as part of the Australian resources industry decarbonisation pathways.

A low carbon liquid fuels policy may be needed to support the market development of low carbon liquid fuels in the short-to-medium term. However, while electrification is the long-term solution to decarbonising mining vehicles and equipment currently reliant on traditional diesel, commencing the mass deployment of battery electric haul trucks throughout operations is not expected to be technically or commercially feasible before 2030.

The MCA supports the development of a low carbon liquid fuels policy that:

- Provides guidelines to define the sustainability of low carbon fuels in Australia including lifecycle emissions, direct and indirect impacts on land use, biodiversity and waste management and related co-benefit opportunities.

- Provides support for workforce development to sustainably grow the industry through technical education and industry linkages, creating pathways for well-paid and secure employment
- Supports targeted measures to incentivise the development of a domestic liquid low carbon fuel market and increases competitiveness of Australian low carbon liquid fuel products
- Ensures the industry sustains a strong social licence and avoids inefficient distortionary effects within the economy
- Is based on a comprehensive evaluation of the economic viability of low carbon liquid fuels in Australia. This analysis is needed before embarking on potentially costly policy measures.

For industrial users of diesel fuel, the design of the Safeguard Mechanism economically incentivises Scope 1 (including diesel-related) emissions reductions. Additional demand side measures such as, mandating fuel emissions reductions, including low carbon fuel mandates, could increase operating costs for diesel fuel industries at a time when alternative fuel sources are not competitively available at the scale required.

Care is also needed to avoid multiple overlapping incentives for investments in renewable energy that may favour one area at the expense of other areas that offer greater opportunity for reducing emissions. A coherent national approach is needed that focuses on the areas with greatest potential for emissions reductions. The current patch work of incentives may distort investment and cause a misalignment with abatement priorities.

Australian mining has an important role to play

Mining is a large-scale, capital-intensive activity. Unlike other industrial enterprises, geology dictates activities and can significantly influence emissions profiles. Flexible application of policy to recognise these elements is vital to maintain the international competitiveness of Australian mining operations on the national path through 2030 to net zero emissions by 2050.

Australia has a significant role to play in supporting the global clean energy transition. In FY23, Australia's exports of minerals, metals and energy commodities was worth [\\$455 billion](#) and accounted for 66 per cent of the nation's export revenue. Over the last decade the industry has paid [\\$356.6 billion](#) in taxes and royalties. These contributions support stronger communities by helping to fund hospitals, schools, doctors, nurses, police, teachers and other essential services and infrastructure.

The industry is also critical in supporting regions and communities, including providing 1.1 million jobs in Australia supported by the mining, mining equipment, technology and services sectors.

Government and the mining industry must continue to work together to develop appropriate enabling policy frameworks to achieve net zero goals and maintain Australian industry competitiveness. The pathway will not be linear for all industries, but great progress is being made across mining. Achievement of both the 2030 target and the 2050 net zero target will require close consultation and collaboration with all stakeholders.

The industry seeks change that is manageable, orderly, and establishes an appropriate regulatory framework for industry and the nation to achieve medium- and long-term emissions targets.

We thank you for the opportunity to comment and look forward to engaging constructively with the Government on these important reforms. We stand ready to help put Australia on the path to meeting its emissions reduction targets and contribute to the achievement of the Paris Agreement goals.

Yours sincerely



TANIA CONSTABLE PSM
CHIEF EXECUTIVE OFFICER