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Dear Minister

***Re: Dedicated Mine Rehabilitation Production Variable Consultation Paper***

The Australian Aluminium Council (the Council) welcomes the opportunity to provide feedback to the Dedicated Mine Rehabilitation Production Variable Consultation Paper (the Paper). The Paper outlines potentially suitable production variables (PVs) and methods for calculating default emissions intensities (EIs) to represent the emissions resulting from mine rehabilitation, following initial feedback provided in late 2020.

In considering its response to the Paper, the Council has considered the state of the Australian bauxite mining industry which includes five large and at least two small bauxite mines, plus exploration and approvals processes are also underway for at least three other potential mining operations, which the Council is aware of. These mines provide bauxite for feedstock for Australia's six alumina refineries, as well as an export market. The refineries in turn supply alumina to the four Australian aluminium smelters and an export market. Australia is the world's largest producer of bauxite.

The Paper recognises some key issues raised by the Council in its submission of 27 November 2020, including:

- One of the main objectives of the rehabilitation production variables is to not dis-incentivise rehabilitation;
- Rehabilitation activities are unlikely to result in emissions of 100,000 t CO<sub>2</sub>-e, without additional activities (e.g., electricity generation) taking place at a facility;
- Assumption that haulage is main source of emissions not true in all cases, with site-specific requirements impacting the main emissions-causing activities, resulting in the potential need to define a different or multiple PVs so that the emissions from different rehabilitation activities are covered, such as land-shaping; and
- Tonne-km hauled is not measured as part of business operations and would require new measurement systems.

However, the new metrics that the Paper proposes will have similar measurement and data availability issues to the initially proposed "tonne-km" metric. The Council is concerned that not only would this impose additional resource requirements on site rehabilitation activities, but that due to difficulty in defining aspects of this it would be complex to accurately measure. As a result, it may not only incur additional cost and effort to measure but may also not be auditable.

The Council is concerned that, despite the Paper noting that the Department is not aware of any instances of a facility requiring or intending to use this kind of production variable during the transition period, or even in the next 10-year period and the Paper identifying unresolved uncertainties around the data to be used as the basis for these PVs, the Department is still seeking to finalise this process by mid-2021. As acknowledged in the Paper, only default EIs are likely to be available and therefore the Council's view is that the PVs should not be published until the default EIs are developed and consulted on. The Council believes that more time will be required, to adequately scope and define these important PVs and EIs. Specifically, further analysis is required of:

- Data currently tracked by mines, given the feedback that tonne-km hauled is not measured as part of business operations and the correlation between current data and fuel used in rehabilitation;
- Understanding how "sample" data will be collected for operating mines given the variability in grade, depth, mine type and rehabilitation requirements;
- How emissions intensity and baselines will be defined, given the lack of NGER data on tonne-km and operation equipment hours or km; and
- The drafting of the activity definitions so they sufficiently cover emissions from all aspects of supporting activities, so the resulting PV holistically represents what is needed to rehabilitate a site.

Given the lack of urgency, but high level of data uncertainty, the Council would support further analysis and assessment by the Department; and instead, a targeted date for these PVs of *no earlier* than mid-2022, to enable full consideration of the definitions and EIs. This would enable robust PVs to be developed, which will stand the test of time, if they are required by industry in the future.

The Council would like to continue to work with the Department, on this, and other applications of the Safeguard Mechanism, to develop workable solutions for industry; while maintaining the durability and policy intent of the scheme.

Yours sincerely,



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