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AUSTRALIAN
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COUNCIL LTD

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Dear Minister

Re: Mine Rehabilitation – Draft Production Variables for Consultation

The Australian Aluminium Council (the Council) welcomes the opportunity to provide feedback on the working draft “Mine Rehabilitation – Draft Production Variables for Consultation” (the Draft) as circulated to stakeholders on 16 April 2021. The Draft outlines production variables (PVs) and possible methods for calculating default emissions intensities (EIs) to represent the emissions resulting from mine rehabilitation, following initial feedback provided since late 2020.

The Council welcomes the iterative consultation that the Department has pursued in developing these variables; and particularly the recognition of industries concerns about the need to develop PVs in conjunction with EIs and welcomes the decision not to include these PVs in Tranche 3. The Council notes that as part of next steps beyond this work, the Department will work with industry to collect data to determine appropriate EIs. Members of the Australian bauxite mining industry are willing to be directly engaged in this work. The Council also supports the Department’s proposal in the draft to separate the activity into surface, pit and underground mining; and the recognition that each of these EIs may be developed at a slightly different pace and with additional definitional requirements.

In considering its response to the Draft, 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.

Draft definitions of the rehabilitation production variables

With regard to the draft definitions, the Council has considered what will be required to finalise these definitions to ensure they are fit for purpose.

Tonne-kilometres rehabilitation material haulage

- Tonne-km hauled is not measured as part of routine business operations and would require new measurement systems;
- Given historic data is not available and data may need to be estimated, this will need to be considered in data collection for EIs;
- Tonne-km hauled will need to be defined in a way which is auditable; and
- Surface Mining will need to be defined.

Operating equipment hours in shaping and contouring

- Operating equipment hours in shaping and contouring is not measured as part of business operations and would require new measurement systems;
- Given historic data is not available and data may need to be estimated, this will need to be considered in data collection for EIs;
- Operating equipment hours in shaping and contouring will need to be defined in a way which is auditable;

- Surface Mining will need to be defined; and
- Fuel accounting is not likely to be able to differentiate between fuel used between shaping and contouring and materials moved when multiple vehicles are being refuelled by a tanker in the field.

With these caveats the Council supports the finalisation of these PVs for rehabilitation of surface mines.

Calculation of EIs

The Council appreciates the extent to which the Department has taken on board feedback provided to date. As articulated in the Council's previous submissions; definition of the PVs needs to be done in conjunction with calculation of the EIs, and the scope of this task should not be underestimated.

Variability in Ancillary Activities and Lack of Historic Data

The issue of greatest concern for the Council is the ability to get a representative default value for the proposed PVs, due to the vast differences in activities required to be undertaken in closure which are specific to each site. The inclusions and exclusions will vary depending on Local, State or Federal mandated requirements, Lease requirements, other legacy activities associated with the site (including towns, electricity generation) and other activities (mine water treatment, tailings etc). There is also variability associated with climatic regions (high rainfall) which should not be underestimated.

The scope for assessing the extent of activities associated with rehabilitation is often not undertaken at a detailed planning level until close to closure. Prior to this, planning is typically done based on cost-based modelling which doesn't have the detail of estimates such as diesel fuel litres used for each activity. There are also very few examples of surface mine closure with any actual data from in Australia. So, unlike other default PVs; which have been based on large data sets of historical information, this will be a very small and highly variable data set.

Challenges with Mandatory Default EI

The Departments' Mine Rehabilitation Consultation paper of December 2020 acknowledged that the production variables for rehabilitation should not result in dis-incentivising or discouraging optimum rehabilitation and that the emissions intensity allocation will be the primary determining factor if any given facility will have a baseline exceedance if optimum rehabilitation is undertaken.

However, the transition to mandatory default values for prescribed production variable from baselines applying from 1 July 2021 may be problematic for this variable; given the high variability and lack of historic data; but also, the objective of not penalising the undertaking of optimum rehabilitation.

The Council believes that in order to not penalise facilities for properly undertaking the full scope of their rehabilitation activities under the safeguard mechanism, that the default PV should be developed to conservatively cover the broad scope of potential rehab activities rather than being an industry historical average (as was the approach for other PVs). Alternatively, given the uncertainty in setting a default PV, the Council believes consideration should be given to an option within the Safeguard Rule that allows for projected calculated emission intensities for this PV by facility.

The Council would like to continue to work with the Department to develop workable solutions for industry; while maintaining the durability and policy intent of the scheme.

Yours sincerely,



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