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COUNCIL LTD

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Department of Climate Change, Energy, the Environment and Water

<https://consult.dcceew.gov.au/safeguard-mechanism-international-best-practice-benchmarks>

11 August 2023

Dear Minister Bowen

***Re: Response to International Best Practice Benchmarks Consultation Paper & Guidelines***

The Australian Aluminium Council (the Council) represents Australia's bauxite mining, alumina refining, aluminium smelting and downstream processing industries. The industry includes six bauxite mines, six alumina refineries and four aluminium smelters; in addition to downstream processing including more than 20 extrusion presses.

The Council welcomes the opportunity to provide feedback to the July 2023 consultation paper (the Paper) and guidelines on International Best Practice Benchmarks as part of the Safeguard Mechanism reforms. Most of Australia's large bauxite mines, all six alumina refineries plus all four aluminium smelters are covered facilities under the Safeguard Mechanism. The Guidelines outline how the Department will set baselines for new facilities.

The Department will initially focus on production variables likely to be used by new facilities prior to 2030. The Council recognises that this does not include the setting of these variables for the bauxite, alumina or aluminium industries and agrees that it is currently unlikely that new<sup>1</sup> Safeguard facilities are unlikely in this period. We support the inclusion of electricity as a priority. The Council has reviewed the Guidelines and believes they could be appropriately applied to a range of industries, including the need to adjust for Australian conditions. However, we propose that the following are factors are considered:

***Time period for selecting data***

Other regions were more impacted by COVID19 and the war in Ukraine than Australia in terms of both production and energy supply. Rather than just selecting the most recent 2 years of data, it should also be reviewed if the data is representative of normal operating conditions for the facility.

***Adjusting for Australian conditions***

Where possible, adjustment should be made for the different emissions intensity of the main fuel(s). While the Council understands the reasons for not considering technology differences, including existing renewable energy penetration, where fuels are exclusively sourced from Australia, such as natural gas, Australian industry is subject to the inherent natural resource characteristics of that fuel, which may differ from those available internationally. Similarly, alternate fuels sourced in Australia such as biofuels or biogas, may have different properties to those available internationally.

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<sup>1</sup> It is likely that there will be new bauxite mines in Australia before 2030, however, at this stage these are not expected to be Safeguard facilities.

The Council seeks a national climate and energy policy framework which is equitable, transparent, stable and predictable, while maintaining the economic health of the nation where import and export competing industries hold a vital role. The Council wishes to continue to work with the government to achieve optimal outcomes for the Australian industry, through 2030 and beyond.

Kind regards,



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