

Senate Standing Committees on Environment & Communications

https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Environment_and_Communications/GuaranteeofOrigin

26 September 2024

Dear Committee Chair

The Australian Aluminium Council (the Council) represents Australia’s bauxite mining, alumina refining, aluminium smelting and downstream processing industries. The Council welcomes the opportunity to provide feedback to the Future Made in Australia (Guarantee of Origin) Bill 2024 Bill 2024 [Provisions] and related bills [the Bills].

The Council has previously welcomed and supported the inclusion of green metals, including alumina and aluminium, in the Government’s Future Made in Australia (FMIA) agenda, to ensure these vital industries may continue to benefit communities and workers, as they have done for almost 70 years. These reforms, if well designed and delivered over a transformational time scale, should capitalise and continue to build on Australia’s comparative advantages, support the transition to net zero and strengthen economic resilience and security. This will be achieved through targeted public investment to provide economic incentives that garner private investment at a scale that develops priority industries in line with Australia’s national interest. This targeted investment should provide the transitional support needed as Australia’s infrastructure and energy systems develop, and energy returns to being competitive. The Council has previously made submissions on the Future Made in Australia and the Green Metals consultation processes these should be considered in parallel with this submission¹.

The Council acknowledges that the initial intent of the Bills is to establish the voluntary Guarantee of Origin (GO) scheme to track and verify attributes associated with low-emissions products, starting with hydrogen, and establish an enduring certification mechanism for renewable electricity. They are also intended to impose charges on different profiles and registered facilities under the GO scheme, including production, delivery and consumption profiles, power stations, renewable electricity generation and storage facilities, and aggregated systems.

Green Metal GO consultation has not yet commenced

While understanding that the GO schemes are voluntary, the Council also understands that the intention of Government is to require GO certification in order to access FMIA support for Green Metals. In this context, they essentially become mandatory and this needs to be considered in their design, which is challenging given that consultation has not yet commenced.

The Council is also concerned that to date there has been considerable initial focus is on certifying renewable electricity and hydrogen. When developing the GO schemes for Green Metals, a “copy paste” approach based off either renewable electricity or hydrogen is not appropriate and therefore, while the legislation is only enabling with details in regulation, there may need to be legislative changes depending on the nature of the issues which arise during Green Metals GO development, including interdependencies with renewable energy guarantees of origin (REGOs) for aluminium which is currently electricity intense. In the future the

¹ <https://aluminium.org.au/wp-content/uploads/2024/07/240726-Aluminium-Future-Made-in-Australia-Bill-2024.pdf> and <https://aluminium.org.au/wp-content/uploads/2024/07/240712-Aluminium-Response-Green-Metals.pdf>

interdependencies with REGOs will also impact other products which increasingly electrify their processes (including alumina).

There is a risk the views of both producers and consumers of Australia's alumina and aluminium have not been adequately considered in the base case from which the GO will be developed. The Council is concerned that much of the work to date on finance climate reporting and taxonomies, which may be used to inform GO schemes, has been led by the finance sector (e.g. banks) and Treasury and industrial producers have largely been involved only via public consultation towards the end of design phase.

Australia's Green Metals GO must be internationally aligned

At this stage it is unclear exactly how the expanded Guarantee of Origin Scheme (GO) will be used for certification of "green" metals. It is essential that any Australian scheme align with existing industry certification schemes, such as the Aluminium Stewardship Initiative (ASI), and with definitions for alumina and aluminium's key export markets.

In the absence of a "green premium" in the short to medium term, the Council does not believe that a GO will be the best initial measure of success; but that the focus should instead be on directly lowering the cost of production of low carbon alumina and aluminium in Australia.

In considering how "green metals" will be defined, the Council urges consideration how non carbon measures, such as environmental standards, will be considered so that there are no unintended consequences of production moving to countries which have lower standards.

The Council understands that it is the intention of that the GO scheme is to be fully cost recovered with fees and levies being included from commencement of the scheme. At this stage, the charges which would be payable are unquantified and unclear for green metals. It is essential that not only are definitions aligned with Australia's key export markets, but that the cost of any certification in Australia is not higher than that faced by our international peers, otherwise it undermines the effectiveness and intent of the scheme.

Additionally, the Greenhouse Gas Protocol which is a key international reporting guideline is currently undergoing updates with the drafts expected for public consultation in 2025 and final documents in the latter half of 2026². These updates include updates to Scope 1, 2 and 3 accounting and market based accounting, which will be relevant to GO definitions. Launching the GO scheme in mid-2025 and its planned review after three years may make alignment with these updates difficult particularly for any long term contracts.

Conclusion

While the Council welcomes the inclusion of green metals in the Governments Future Made in Australia agenda, there are genuine concerns that this legislation with regard to Guarantee of Origins is intended to include Green Metals, without any consultation on this aspect having been undertaken. The Council looks forward to working collaboratively with the Government to realise the full potential of the FMIA agenda but urges a considered timeline which is in step with consultation. The Council is happy to provide further information on any of the issues raised in this submission.

Kind regards,



Marghanita Johnson
Chief Executive Officer
Australian Aluminium Council
M +61 (0)466 224 636
marghanita.johnson@aluminium.org.au

² [GHG Protocol Corporate Suite of Standards and Guidance Update Process | GHG Protocol](#)