

Department of Climate Change, Energy and Environment (DCCEEW)

Via - <https://consult.dcceew.gov.au/securing-australias-cleaner-fuels-industry-consultation>

15 September 2026

Dear Minister,

Re: Securing Australia's Cleaner Fuels Industry: Consultation paper on a demand mechanism

The Australian Aluminium Council (the Council) welcomes the opportunity to comment on the Consultation Paper on a demand mechanism as part of Securing Australia's Cleaner Fuels Industry (the Paper). At a time when Australia's export competing industries, including mining and manufacturing, are facing serious challenges, energy is one of the few advantages Australia has to offer, and which Government can help to deliver. While the Council welcomes the development of a domestic low carbon liquid fuels (LCLF) industry contributing to both Australia's sovereign capability and decarbonisation efforts, the Council has concerns about the implementation of a demand mechanism which places costs on industry which are not borne by our international competitions.

Australia's integrated aluminium industry

The Council represents Australia's bauxite mining, alumina refining, aluminium smelting and downstream processing industries. The aluminium industry has been operating in Australia since 1955, and over the decades has been a significant contributor to the nation's economy. The Department of Industry, Science and Resources has recently updated its forecast¹ to earnings reflecting the geopolitical impacts on the sector, remaining at around \$19B in export revenue annually. More than \$14B of this comes from the alumina and aluminium industries, as value adding mineral processing sectors. The industry includes six bauxite mines which collectively produce over 100 Mt per annum making Australia one of the world's largest producers of bauxite. Australia is the world's largest exporter of alumina with five alumina refineries producing around 17 Mt per annum of alumina. Australia is the seventh largest producer of aluminium, with four aluminium smelters, and additional downstream processing industries, including more than 20 extrusion presses. Aluminium is Australia's top manufacturing export. The industry directly employs more than 21,000 people, including 6,600 full time equivalent contractors. It also indirectly supports a further 55,000 families predominantly in regional Australia. The integrated industry contributes around \$18 B to Australia's GDP.

Of the Council's Members all four smelters, alumina facilities and some of the largest bauxite mines are Safeguard facilities. All smelters, alumina refineries and bauxite mines report under the National Greenhouse and Energy Reporting (NGER) scheme. The single biggest opportunity to decarbonise the energy intensive, vertically integrated Australian aluminium industry is through the combination of electrification (with firm renewable energy supply) or conversion to low emissions fuels for existing mining and industrial processes. Australia's integrated aluminium value chain is investing significant resources to identify, develop and commercialise complex new technologies that will enable fossil fuels to be phased out of operations as soon as commercially possible. There is evidence of specific projects being undertaken across the Council's Members including solid fuel switching² and co-firing³ as well as trials of liquid fuels in the mining industry⁴, where there are available options.

¹ <https://www.industry.gov.au/sites/default/files/2026-07/resources-and-energy-quarterly-june-2026.pdf>

² <https://www.south32.net/news-media/latest-news/worsley-alumina-converts-first-boiler-from-coal-to-natural-gas>

³ <https://www.riotinto.com/en/news/releases/2026/rio-tinto-signs-bio-pellet-supply-agreement-for-gladstone-alumina-refineries>

⁴ <https://www.riotinto.com/en/news/stories/refuelling-the-mining-industry>

Intersection with existing schemes

As outlined in the Paper existing Federal and State emissions reduction policies support least-cost abatement across the economy.

- The Safeguard is currently undergoing its first review period, noting that this is based on only two years of data⁵. This includes consideration of changing the coverage threshold in the future.
- Amendments made to the NGER scheme allow for reporting of renewable fuels including co-processed liquid fuels from July 2026⁶.
- The Council notes that the Guarantee of Origin (GO) scheme is expanding to track and verify emissions from LCLF production in Australia. The Council would support the expansion of the GO scheme to ensure any imported fuels are assessed using a consistent methodology.

Given these very recent developments in the policies to measure, report and trace the use of LCLF the Council believes it would be premature to implement any demand policy mechanisms which increase costs to Australian industry.

Complementary Policy

The Council believes that as identified in the Paper potential cost impacts on fuel users, particularly in trade-exposed and regional sectors; policy interactions with policies such as the Safeguard Mechanism; and uncertainties relating to feedstock supply, infrastructure readiness and technology development confirm this. The Council would support complementary measures such as targeted investment in infrastructure, supply chains and market capability which incentivise the development of a domestic LCLF industry without providing another compliance burden on Australian industry. Costs imposed on fuel producers will be passed through to Australian industry.

Given the importance of energy supply across Australia's integrated mine to market aluminium supply chain, the Council is happy to provide further information on any of the issues raised in this submission and looks forward to continuing to work with the Government on the development of this policy.

Kind regards,



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About Us

The Australian Aluminium Council is the peak industry association representing Australia's integrated bauxite, alumina and aluminium industry. The Council provides a unified voice across the value chain, working with governments, industry and communities to support a resilient, competitive and sustainable sector that underpins Australia's economic strength, industrial capability and energy transition.

⁵ <https://consult.dcccew.gov.au/2026-27-safeguard-mechanism-review>

⁶ <https://cer.gov.au/news-and-media/news/2026/july/nger-legislation-amendments-2026-27-reporting-year>