



Name: Cement Industry Federation

Submission date: 6/06/2025

1. Reduce the cost of meeting carbon targets

1. What could be done to improve the cost-effectiveness and alignment of policies to reduce emissions across the industrial, electricity and transport sectors?

While most states and territories have aligned with the Federal Government's sector-based approach under the Government's Net Zero Plan, there remains very little alignment at either the state or federal level in terms of targets and measures.

As a result, the potential for policy distortions remains a key concern as a result of the interaction/overlap between state-based and federal policies. The focus should be on a technology neutral and economy wide framework.

Strong, consistent and considered action by all parts of the cement and concrete value chain (including all levels of government) will be required to reduce greenhouse gas emissions while maintaining a strong economy and maintaining the international competitiveness of key manufacturing industries such as cement.

The successful decarbonisation of key sectors such as cement will require close alignment between key aspects of industry, climate, and energy policy – all working towards a common goal of reducing emissions while maintaining a robust and productive manufacturing sector:

- Industry policy is key in terms of understanding the intricacies and complexities associated with cement manufacturing facilities and the associated, more distributed downstream heavy construction materials sector.
- Energy policy is critical both in terms of ensuring continued access to existing fuels (coal and gas), as well as the increased uptake of alternative fuels and raw materials (e.g., demolition wood waste, refuse derived fuels). It will also be critical in terms of ensuring access to affordable and reliable supplies of low-zero emissions electricity at scale.
- Climate policy determines the level of ambition as well as the actions and measures required to encourage economy-wide decarbonisation – for example the existing Safeguard Mechanism and a potential carbon leakage measure (e.g., CBAM). Considered action by all levels of government will be required to reduce greenhouse gas emissions while maintaining a strong economy and maintaining the international competitiveness of key manufacturing industries such as cement, lime and concrete.

All governments should actively work to promote a consistent and integrated approach to climate and energy policy across all Australian jurisdictions. Such an approach would help to provide certainty and stability of the economy and underpin the competitiveness of Australian manufacturing.

Access to affordable and reliable supplies of gas is a critical issue, not only for large producers that rely on gas for heating in their process, but also as part of the transition to net zero electricity out to 2050. The worsening supply and demand outlook in the short term and questions around future supply adequacy (see IEEFA Feb 2025) are key concerns for Australian cement producers.

Accelerated depreciation is another potential pathway to assist with emissions reductions. For example, large capital investments made in the Cement Industry are made with an expected asset lifetime of around 30 years. These assets are maintained through the lifecycle with depreciation schedules matching the expected 30-year life.

However, the lifecycle for near term large investments targeting carbon emission reductions is expected to be significantly less than the typical 30 years as new technology becomes commercially available in the next decade.

As such, consideration should be given to allowing Safeguard facilities the option to use accelerated depreciation to assist industry during the transition. This recognises that Australian facilities will be transitioning to net-zero and existing equipment may have a shorter useful life than assumed in current accounting standards.

2. Are there gaps in the emissions-reduction policies in the industrial, electricity and transport sectors which should be addressed?

Carbon Leakage

Carbon leakage refers to shifts in manufacturing production from Australia to countries with lower (or no) emissions reduction policies solely because of different climate policy settings.

The initial findings of the 'Carbon Leakage Review' led by Professor Frank Jotzo in 2024 found that the Safeguard Mechanism (the Australian Government's signature policy to reduce industry carbon emissions), will lead to significant leakage risks for hard-to-abate sectors and that this is especially the case for clinker, cement and lime.

The second Carbon Leakage Review consultation paper confirms that the introduction of a carbon border adjustment will have a positive impact on the Australian economy as it:

- Addresses the issue of imported clinker, cement and lime products that are not facing an equivalent carbon price gaining an unfair competitive advantage.
- Assists in ensuring Australian clinker, cement and lime products are not unnecessarily relocated to jurisdictions not facing an equivalent carbon price and retains the 1,400 jobs our industry employs, especially in regional areas
- Will positively contribute to Australia's overall carbon target, potentially reducing overall emissions rather than importing further emissions and
- Addresses potential 'investment leakage' so that Australian clinker, cement and lime manufacturers have the confidence to attract and deploy the significant capital investment associated with implementing decarbonisation technologies.

It is therefore critical that a border adjustment mechanism be developed and legislated as soon as possible - at the latest for clinker, cement and lime. Not addressing the issue of carbon leakage in a timely manner will be detrimental to Australian cement and lime manufacturing and could lead to the unnecessary loss of key Australian cement and lime facilities.

Carbon Capture, Use and Storage

The largest source of carbon emissions from cement and lime manufacturing is the chemical process associated with clinker and lime production. This accounts for around 70 per cent of the industry's Scope 1 emissions. As limestone (CaCO_3) is heated to produce lime (CaO), carbon dioxide (CO_2) is liberated.

This is a chemical reaction inherent in the production of Portland cement and lime. Without carbon capture, use and storage (CCUS), the international cement industry is unable to fully decarbonise into the future. Australia is no exception.

The CIF therefore calls for the development of a detailed Australian Roadmap for CCUS, including the infrastructure, transport and regulatory requirements that can be quickly implemented.

It is critical that the development of a CCUS Roadmap is prioritised if Australian cement and lime manufacturers (and other key industrial sectors) can meet their long-term decarbonisation goals and attract the necessary capital investment required to commercialise CCUS, especially on the east coast of Australia.

For hard-to-abate sectors such as cement and lime this will require ongoing government support at all levels until CCUS becomes commercially viable in its own right.

3. Are there any duplicative emissions-reduction policies in the industrial, electricity and transport sectors which could be streamlined?

There is a need to streamline reporting of emissions and energy related data to avoid the potential for duplication and reduce the burden on liable entities. For example, the well-regarded National Greenhouse and Energy Reporting scheme (NGERs) could form the basis for financial disclosures.

This is increasingly important with the linking of climate-related disclosure requirements with financial reporting in 2025, as well as the potential move towards including nature-related disclosure requirements into the future.

Additionally, aligning these reporting schemes for calendar year reporters would significantly reduce the burden not just for manufacturers but also from an auditing perspective.

2. Speed up approvals for new energy infrastructure

1. Are planning and approvals processes for large energy infrastructure taking too long? If so, what causes the most delay?

The increased use of alternative fuels and raw materials to displace fossil fuels such as coal and gas is a key decarbonisation pathway for cement manufacturers that is available now.

It is critical that licence conditions as well as the required approvals processes for the increased use of both existing and potential new alternative fuels are streamlined and, wherever possible, reflective of international practice.

2. How can planning and approvals processes be sped up without unduly compromising regulatory standards?

No comment.

3. Should clean energy projects be treated differently to other projects for the purpose of environmental and other approvals? If so, how?

No comment.

4. What can be done to build local community support for new energy infrastructure projects?

No comment.

5. Please outline any evidence showing the productivity benefits of faster approvals for energy projects.

No comment.

3. Encourage adaptation by addressing barriers to private investment

1. What are the barriers and enablers impacting decisions by owner-occupiers, landlords and developers about how housing is built and updated over time so that it is resilient to the effects of climate change?

No comment.

2. What information do people need to make decisions about where to live, how to build and how to upgrade their homes to appropriately factor in climate change?

No comment.

3. What are the most cost-effective retrofitting options for improving the resilience of Australia's existing housing stock? What are their costs and benefits?

No comment.

4. What role might minimum standards play in ensuring the resilience of Australia's housing stock?

No comment.

5. The impacts of climate change are being factored into the regulation of where and how houses are built in different ways around Australia. What does leading practice look like? Where is there room for improvement? Are there lessons we can learn from other countries?

No comment.