



Name: Fortescue

Submission date: 18/06/2025

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?

Under the Fuel Tax Act 2006, taxes on liquid fuels (including diesel and petrol), are credited to certain business users. The rate of the fuel tax credit is currently 50.8c/L (indexed to CPI) for off road users, while heavy vehicle users on public roads receive a credit of 20.3c/L. Light vehicle commercial users and households receive no fuel tax credit.

In the Australian Government Budget, the credits under the Fuel Tax Act 2006 are listed as a budget expense rather than a decrease in revenue. In 2025-26, the budget expense is forecast to total \$10.805 billion. This is forecast to rise to \$13.107 billion in 2028-29, while total fuel taxes collected will rise from \$27.3 billion to \$30.3 billion. According to Treasury, the increase in fuel tax credits largely reflects an expected increase in the use of fuels that are eligible for the credits.

The mining industry – specifically metal ore miners – are the single largest industry beneficiaries of fuel tax credits. In 2022-23, 256 metal ore mining entities claimed \$1.4 billion in tax credits. The remainder of the credits are claimed by more than 180,000 individual entities. The mining industry at large (including coal) claims approximately 47 per cent of tax credits, with 19 per cent claimed by the transport, postal and warehousing industry; and 12 per cent for the agriculture, forestry and fishing industries.

Within the mining industry some large miners, like Fortescue, have announced whole or partial decarbonisation of their mining activities. However, the fuel tax credits scheme (including the DFTC) is a significant disincentive to decarbonise diesel fuel assets. This disincentive does not support Australia's goal of reaching net zero by 2050.

Reducing the cost of diesel for the mining industry incentivises its ongoing use and disincentivises investment in decarbonisation. Using cheap diesel dramatically impacts the internal rate of return (IRR) on any investment in decarbonisation.

For example, if a large mine consumes 150ML of diesel per year at \$1.50/L, the DFTC would provide roughly \$75 million per year (150ML at \$0.5/L rebate). This means that a mine investing \$1.5 billion in eliminating diesel consumption, loses \$75 million per year from its projected savings, increasing the payback period by 2.5 years, as illustrated below in Figure 1. (Figure 1 is missing - check attachment)

The leading policy intended to incentivise decarbonisation by heavy industrial emitters is the Safeguard Mechanism. Under that policy, Safeguard Facilities (heavy industry with emissions exceeding 100,000t CO₂-e per annum) are required to reduce their emissions in line with legislated targets known as baselines.

A Safeguard Facility must manage any emissions above its baseline by surrendering Australian Carbon Credit Units (ACCU's), with each ACCU representing 1t CO₂-e.

Under reforms introduced in 2023, a Safeguard Facility that reduces emissions below its baseline can earn Safeguard Mechanism Credits (SMC's) with each representing 1t CO₂-e below the baseline. SMC's can be surrendered, traded or retained for future use.

ACCU's can currently be purchased for approximately \$35.00 each, while the first SMC's were issued in early 2025 and traded at a slight discount to the ACCU spot price. This price equates to approx. \$0.10/L of diesel. In other words, the \$0.50/L fuel tax credit received for burning diesel is approximately 5 times the cost of exceeding an emissions baseline under the Safeguard Mechanism, or the incentive for keeping or reducing emissions below the baseline.

(Figure 2 is missing - see emailed attachment)

Fortescue believes all policies should be aligned with the goal of reducing emissions. Until that is the case, proponents will not achieve the targets set by the Government. However, we recognise that most of the 180,000 fuel tax claimants are small and medium sized businesses that may be adversely affected by a sudden change in costs. Fortescue is not asking for the DFTC to be abolished or phased out for all users and recognises that the Government has said it will not remove the DFTC.

However, reform is essential to incentivise investment in decarbonisation.

Our preferred option for reform is the proposal put forward by Clean Energy Finance to introduce a \$50 million cap on the DFTC paid to consolidated groups. All additional funds should be converted to a Transition Tax Incentive paid to the taxpayer but which can only be invested in mine electrification and decarbonisation in Australia. This budget neutral approach would improve the internal business case for decarbonisation projects and effectively convert a decarbonisation headwind into a tailwind.

The \$50 million cap would still return \$500 million per annum in DFTC, collectively, to the ten largest emitters. The \$50 million cap would ensure no farmers, fishers, truckies or smaller miners are affected. The large companies would be able to implement their decarbonisation plans at the same time as creating opportunities for Australian businesses to supply equipment and expertise. A Transition Tax Incentive would improve the internal business case for these companies by removing the distorted signals sent by the DFTC when considering the internal case for decarbonisation projects in the mining sector.

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

Diesel Fuel Tax Credit

As noted above, in the mining sectors there is a wide gulf between the cost of carbon within the Safeguard Mechanism (capped at \$75/tonne) and the money returned to industry per tonne of carbon created via burning diesel. Addressing this conflict in policy would support companies like Fortescue in their ambitious to either partially or wholly decarbonise.

Green Iron

To secure the long-term green iron opportunity for Australia, it is essential to show that our haematite ores can be used commercially to produce green iron. Currently, the more mature pathway to producing green iron uses very high-grade iron ore which Australia typically does not produce. The technical solution for Australian ores is understood, however, these technologies need to be demonstrated to work at scale, and especially to work effectively with lower to mid-grade Pilbara iron ore.

Fortescue's US\$50 million pilot Christmas Creek Green Metal Plant Project, currently in development, will produce a high-purity pig iron (~95% Fe) using green hydrogen. Before the end of 2025 we aim to produce meaningful quantities of commercially representative green iron from Pilbara haematite, proving the technology and creating a catalyst for the next generation of the Australian iron industry. The second critical step in

creating a green iron industry is to demonstrate the method at commercial scale, and we propose to do this with a 1-2Mtpa green iron plant that combines hydrogen reduction and electric smelting furnace (ESF).

Building a green iron industry for Australia requires targeted and substantial public investment across the following three components of the green value chain:

- a) Decarbonising iron ore production
- b) Incentivising green hydrogen production
- c) Developing a commercial scale green iron industry

Achieving each of these listed components above, as a first mover, is difficult, costly, high risk and requires public investment and support to achieve the desired green metals industry development.

To ensure a value-added industry with long term economic value to the Nation, it is important that each component part is eligible for public investment programs rather than Government investing in only one area. This is referred to as 'stacked' public investment to achieve a value-added metals product. Targeted public investment will secure private sector investment that will create the momentum to make Australia's Pilbara region the global green iron leader. Fortescue commends the Government on its evolving policy suite including the \$1b Green Iron Investment Fund (\$500m available to industry) and the \$750m Green Metals Fund.

Foreign investment is critical to establishing a green iron industry in Australia. Long-term relationships with foreign partners with common commercial interests are also needed to support the achievement of Australia's emissions targets, global emissions reduction and Australia's continued economic prosperity. An Australian green iron metal industry will require technology and capital from partner countries like China. China has the manufacturing capacity, innovation, capital and interest in partnering with Australia to make a green iron supply chain a reality. We encourage the Australian Government to find the right balance regarding national interest considerations and continuing to support foreign investment and trade where it brings significant economic and emissions reductions opportunities to Australia.

Decarbonisation and emissions reducing diversification requires the Federal Government to reaffirm that Australia is open to Chinese investment, as concerns persist among Chinese investors and FIRB approvals indicate Chinese investment is at record low points.

Demand policy

Creating demand and providing incentives for consumers to fuel switch and invest in modern technologies will be critical to achieving our decarbonisation objectives in Australia and establishing the green fuel source and technology industries we need. Stimulating this demand could be achieved by forcing action from consumers or by incentivising certain procurement, or, using 'carrots or sticks' to drive change.

The Safeguard Mechanism is one such example where decarbonisation is driven by mandatory reduction targets that must be met by industrial facilities year on year. The mechanism covers all emitting facilities above 100,000 tonnes a year, irrelevant of their emissions source and technologies available to them to decarbonise. While this policy requirement allows a technology agnostic approach to how these facilities decarbonise, it will take considerable time until the emissions reductions take effect and cause step changes in facility emissions. It will also not specifically target sectors that have technology available to decarbonise more readily.

The Government's proposed sector decarbonisation plans that will map each sectors possible pathways are a good approach to driving domestic decarbonisation; however, we note that these are unlikely to include specific targets. Direct sector specific

mandates with associated incentives may be a more practical solution in the short to medium term for sectors that require further support or direction to decarbonise. Such a policy would likely require support from the Commonwealth to assist these sectors with capital intensive upgrades to fuel switch. There are several mandate policy examples internationally the Commonwealth could draw from to shape this policy. The European Union SAF mandate requires that 2% SAF be used in 2025 scaling to 63% by 2050. Importantly, this mandate includes a sub mandate for a specific portion of these fuels to be sourced from eSAF production pathways providing critical support for scalable eSAF beyond bioSAF. Fortescue strongly encourages the Commonwealth to consider a similar approach.

Applying a sectoral approach to reduce emissions would in turn reduce the competitive disadvantage risk for companies in sectors such as the aviation sector by requiring that all companies decarbonise together. We note that the Safeguard Mechanism does cover the aviation sector and will support a degree of decarbonisation and SAF uptake.

However, the baseline decline rate is only set until 2030 leaving considerable uncertainty for airlines seeking long-term decarbonisation plans. A sector mandate could provide industry certainty to invest in projects that will support long-term SAF supply chains across both the bioSAF and eSAF sectors.

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

No.

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?

Any green energy project will require environmental approvals. These are required at both State and Commonwealth level. In WA, environmental approvals are categorised as either Primary or Secondary approvals. Primary approvals are required for large scale projects that will have a significant impact on the environment. In WA these projects are assessed under Part IV of the Environmental Protection Act 1986. At a Federal level, approval is required under the Environmental Protection and Biodiversity Conservation Act 1999. Fortescue's large-scale wind and solar projects require Primary Environmental approval at both State and Federal level. These approvals can take several years to obtain and there is approximately two years of environmental survey and study to be completed before approval documentation can be prepared.

Once Primary environmental approval is received various secondary environmental approvals are required from State regulators under the Mining Act 1978, Part V of the EP Act, the Rights in Water and Irrigation Act 1914 and the Biodiversity Conservation Act 2016 to begin actual ground disturbance.

Primary approvals timeframes are already lengthy as described above, however delays can occur as a result of:

- Poor quality guidance from regulators (EPA and DCCEE) on systems, processes, information requirements and regulator expectations. This lack of clarity results in proponents needing to guesstimate the level of information required to support their applications. This in turn leads to multiple requests for information from regulators until their requirements are satisfied. In WA, the EPA is improving the quality of its guidance material, although there is some way to go. However, DCCEE's guidance is a multi-layered labyrinth of guidelines, conservation advice and recovery planning, which due to

shifting environmental standards is out of date and not fit for purpose. It is not unusual to go through several iterations of approval applications before DCCEEW are satisfied with the information provided. Often, Fortescue's own scientific data contradicts or supersedes the older literature relied upon by DCCEEW, however there has been a reluctance to accept good science over bureaucratic assessment procedures.

- In WA, consultation requirements are routinely extended over and above statutory requirements by the regulators seeking 'consent' or agreement from Traditional Custodians across multiple agencies. This causes significant delays for proponents, over-extends capacity of Traditional Custodians, and risks sterilising investment due to schedule risk. It is critical that regulators balance the need for reasonable consultation with the facilitating project delivery. Fortescue welcomes the WA Government's recent announcement of a Review of Aboriginal Cultural Heritage, which seeks to address a number of these issues.

- Online systems for submitting and tracking applications are poorly designed. It is not unusual to have to resubmit applications several times until the system accepts the application, often for minor details that can be simply clarified. This is true for both State and Commonwealth systems. Often, the information supplied in the supporting documents needs to be reproduced in the online system to progress to submission.

- Availability of environmental data. Both regulators have huge volumes of environmental data that it has acquiring through EIA. This information would be incredibly valuable if it were available to proponents and lead to higher quality documentation and assessment. It is common for regulators to advise Fortescue that it is aware of additional environmental data that is a factor in their decision making, but was not available to Fortescue, which calls into question the procedural fairness of decision making.

- Agencies seeking advice from other agencies. EPA regularly seek advice from state agencies with expertise in aspects of environmental protection, for example, in mine site rehabilitation or groundwater management. Fortescue understands the need for this advice; however, the requests are not specific and there is no timeframe for their advice. That is, the EPA will send applications to an agency for their comment or advice but not require them to focus on specific questions and then simply wait for them to respond. This was highlighted in the Vogel McFerran Review of 2023 (this review focussed on Part IV of the EP Act). Furthermore, the advice received is not filtered to identify relevant matters requiring response. Rather, proponents are expected to respond to all comments, even where that information may be found in the approval documentation, or the matters raised are not even relevant to the assessment. It is not uncommon for Fortescue to simply 'note' a comment because there is no requirement for any action on our behalf.

- Assessment officers with limited training and experience. Inexperienced officers don't fully understand the legislation they operate under and constantly seek additional information to remove all risk from decision making. EIA is by its very nature a subjective process and requires assessment officers to exercise some level of judgement. Assessment officers should be trained to understand their responsibilities under their legislation and to be competent EIA practitioners.

- Regulator resourcing. Fortescue meets regularly with regulators to inform them of future workload and priorities, however it is clear that approval timeframes are constrained by the resourcing of environmental impact assessment staff, with agencies often asking Fortescue to prioritise its applications.

Actions from the Vogel McFerran review are supported by Fortescue and may be applicable to other environmental approval regulatory regimes.

Fortescue suggests a statutory timeframe should be established for any planning and

approval processes. There is no clear and thorough process for obtaining permits for land use for large energy infrastructure projects. Referrals between agencies can cause delays and objections from third parties further these delays.

Inclusion of Non-Grid Connected Transmission and Generation Projects on National Renewable Energy Priority List

Fortescue welcomes the Australian Government's commitment to accelerating the decarbonisation of Australia's industrial regions, and we welcome the prioritisation of assessment under the EPBC Act of transmission and generation projects that support this goal.

This year Fortescue will refer three renewable energy projects in the Pilbara that are critical to the decarbonisation of our iron ore operations to DCCEE for EPBC approval: Turner River Solar Farm, East Pilbara Generation Hub, and Bonnie Downs Windfarm.

The unique energy landscape of the Pilbara presents a distinct challenge for electrification and emissions reduction. Unlike other regions, the Pilbara does not currently have a far reaching and interconnected electricity grid. Instead, major industrial operations—including Fortescue's mines, processing facilities, and infrastructure—rely on bespoke, privately developed and operated transmission and generation systems, which are not grid connected. Building renewable generation to connect to these private transmission systems is the only available pathway to achieving the scale of renewable energy required to transition the major iron ore mining operations of the Pilbara away from fossil fuels.

We note that the Environment Minister's statement of expectations of the Department included prioritisation of renewable energy projects, without requiring that they be grid connected.

"The government is committed to transitioning Australia's economy to net-zero emissions by 2050 and transforming the energy system, including by ensuring the optimal operation of existing regulations. This involves timely and robust EPBC Act assessments for identified priority renewable-energy projects while driving a nature-positive approach to environmental regulation ."

To ensure the success of our large scale heavy industrial decarbonisation efforts to reach our Real Zero by 2030 target, it is critical that non-grid connected transmission and generation infrastructure be eligible for inclusion in the National Renewable Energy Prioritisation List.

We would like to request that the criteria for the current inaugural list of priority projects be amended to remove the requirement for priority projects to be limited to those which are grid-connected. If this is not possible, we urge the Government to ensure that the criteria for the next tranche of priority projects do not include a grid connection requirement. This policy adjustment would enable industry to move forward with the investment and development required to drive deep decarbonisation, accelerate decarbonisation efforts in the Pilbara and support Australia's broader emissions reduction commitments.

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

As detailed above, better guidance material with clear expectations for proponents on the type and quality of information to be provided in support of approvals documentation will result in faster approvals as this will eliminate multiple iterations of documents and future requests for information.

Additional resourcing, particularly within DCCEE should result in better assessment timeframes. Note, cost-recovery is a feature of many environmental approval processes,

yet approval timeframes have not improved.

The Vogel McFerran review identified many administrative changes to approvals processes that has seen some improvement in assessment timeframes within Part IV assessments. One of the greatest improvements has been a cultural shift within the Department to one of service delivery and 'getting on with the job' rather than being a 'tough cop on the beat'. The amendment to the EP Act to allow Government to issue the EPA a 'Statement of Expectations' has contributed to this cultural shift.

Establishing statutory timeframes for approvals, permits and referrals would improve these processes for applicants.

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

Within WA, the State Government has a clear stated objective to transform the state's power generation to renewables. To ensure this happens, the State Government has established the Green Energy Directorate, with oversight by Department of State Development for state significant green energy projects. Green Energy projects referred to the EPA are assessed by a dedicated team of assessors (Green Energy Division) who have been resourced accordingly. The case management provided by the GED and their clear objectives is resulting in better timeframes and more clarity and transparency. At a Federal level, the combination of Climate Change and Energy and Environment within the one Department (DCCEE) is not providing synergies for green energy projects. One part of the Department is advocating for green energy and the other is advocating for environment with apparently no inter-departmental collaboration for satisfactory outcomes for both the environment and the Government's stated ambitions for green energy rollout. If anything, these two parts of the Department are working at cross-purposes.

Lastly, if a renewable energy project was seen as a Project of National Significance, consideration might be given to that project having specific legislation to allow for expedited approvals processes. It is difficult to see any green energy project where it would be in the national interest to suspend regulatory processes (e.g. similar to that passed for the Sydney Olympics), however that option remains open to Government. Projects which reduce global emissions such as green iron production should be considered for priority foreign investment approval. Foreign investment is critical to establishing a green iron industry in Australia. Long-term relationships with foreign partners with common commercial interests are also needed to support the achievement of Australia's emissions targets, global emissions reduction and Australia's continued economic prosperity. An Australian green iron metal industry will require technology and capital from partner countries like China. China has the manufacturing capacity, innovation, capital and interest in partnering with Australia to make a green iron supply chain a reality. We encourage the Australian Government to find the right balance regarding national interest considerations and continuing to support foreign investment and trade where it brings significant economic and emissions reductions opportunities to Australia.

Decarbonisation and emissions reducing diversification requires the Federal Government to reaffirm that Australia is open to Chinese investment, as concerns persist among Chinese investors and Foreign Investment Review Board approvals indicate Chinese investment is at record low points.

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

There appears to be a general view amongst the greater community that green energy is good for the environment and fossil fuels are not. Recent election results bear this out. However, at grass root community level concerns exist on the impact of wind and solar on amenity and lifestyle, agriculture or local industry and employment, particularly in areas where coal mining has been a large employer in regional communities.

Generally, there is a lack of good science using Australian examples to counter arguments by anti-wind and solar groups on the biodiversity and social impacts of green energy generation. CSIRO could do more in this space to clearly articulate the cultural and economic changes that a shift to a green energy future requires and how this good for local communities and for the global community. Scare-mongering on the impacts of offshore wind on marine mammals is an example of how Government was inadequately prepared to prosecute an information argument.

It is also understood that opposition to renewable energy is greatest where impacts are experienced for no benefit to individuals. Those individuals then attract the interest of anti-development groups. Government and Private Sector needs to do more to ensure renewable energy generation benefits all community members.

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

See above discussion on the Green Energy Division. The case management of Fortescue's large-scale wind and solar projects by the GED have so far resulted in:

- Turner River Solar Hub. Over 1000 hectares of clearing for solar panels was determined to not require assessment by the EPA. This is a significant schedule saving of over 12 months.
- East Pilbara Generation Hub – Over 2000 ha of clearing for large scale wind generation will be assessed by the EPA at "Assessment on Referral Information" - a lower level of assessment with a reduced timeframe.

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 response.

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 response.

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 response.

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

No response.

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 response.

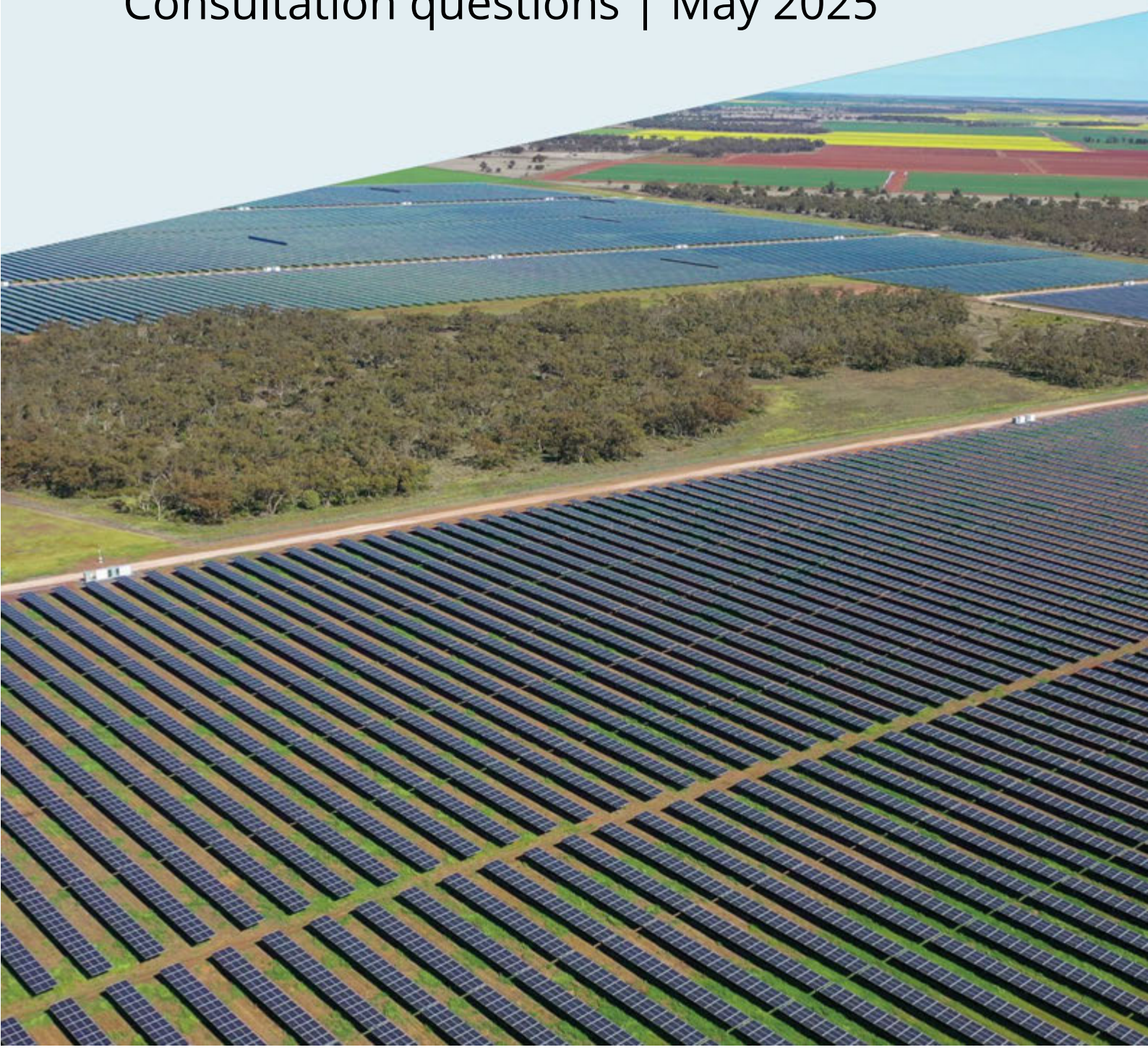
Cover sheet: Supporting document #1



Pillar 5

Investing in cheaper, cleaner energy and the net zero transformation

Consultation questions | May 2025



Section 2. 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?

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For example, if a large mine consumes 150ML of diesel per year at \$1.50/L, the DFTC would provide roughly \$75 million per year (150ML at \$0.5/L rebate). This means that a mine investing \$1.5 billion in eliminating diesel consumption, loses \$75 million per year from its projected savings, increasing the payback period by 2.5 years, as illustrated below in Figure 1.

¹ From 1 July 2024 to 30 June 2025 | Australian Taxation Office

² Budget Paper No. 1 p 136

³ Budget Paper No. 1 p 103

⁴ Budget Paper No. 1 p 136

⁵ ts22excise04ftcbyindustryyear.xlsx

Figure 1: Impact of the DFTC on Return on Investment in Decarbonisation**Hypothetical example**

Payback analysis, AU\$	DFTC	DFTC removed
Diesel usage p.a.	~ 150M litres	
Diesel price ¹	\$1.0/L	\$1.5/L
Diesel savings p.a.	~\$150m	~\$225m
Example investment	\$1.5b	
Implied payback (post-tax, real)	~12.4yrs	~9.9yrs
IRR (post-tax, real) ²	5.5%	10.4%

1. Assuming DFTC rate is held constant – in reality, DFTC is expected to increase over time.

2. Internal rate of return - simple calculation considering upfront investment of \$1.5 billion in yr0, and flat annual recurring tax-adjusted savings per the two cases, assuming no other benefits or costs associated with decarbonisation.

The leading policy intended to incentivise decarbonisation by heavy industrial emitters is the Safeguard Mechanism. Under that policy, Safeguard Facilities (heavy industry with emissions exceeding 100,000t CO₂-e per annum) are required to reduce their emissions in line with legislated targets known as baselines.

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⁶ Safeguard Mechanism - DCCEEW

⁷ 1 litre of diesel produces 2.7kg CO₂-e: Federal Register of Legislation - National Greenhouse and Energy Reporting (Measurement) Determination 2008, Schedule 1, Part 3 (Item 40)

Figure 2**Hypothetical example**

Carbon price analysis, AU\$ p.a.	Example
Diesel usage	~1.0b litres
DTFC rate ¹	\$0.508/L
DTFC value	~\$508m
Carbon emissions from diesel usage	2.7Mt CO ₂ e
Carbon disincentive (DTFC value)²	~\$188/t CO₂e
ACCU price ³	\$35/t CO ₂ e
Carbon disincentive: ACCU price	5.3 x

1. Current rate published by the ATO. DTFC rate expected to increase twice per year with CPI.

2. \$508 million value divided by the 2.7Mt CO₂-e emissions related to the diesel usage.

3. Current ACCU price.

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⁸ Fuel Tax Credit Scheme Report Response by Matt Pollard, Clean Energy Finance

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To ensure a value-added industry with long term economic value to the Nation, it is important that each component part is eligible for public investment programs rather than Government investing in only one area. This is referred to as 'stacked' public investment to achieve a value-added metals product. Targeted public investment will secure private sector investment that will create the momentum to make Australia's Pilbara region the global green iron leader. Fortescue commends the Government on its evolving policy suite including the \$1b Green Iron Investment Fund (\$500m available to industry) and the \$750m Green Metals Fund.

Foreign investment is critical to establishing a green iron industry in Australia. Long-term relationships with foreign partners with common commercial interests are also needed to support the achievement of Australia's emissions targets, global emissions reduction and Australia's continued economic prosperity. An Australian green iron metal industry will require technology and capital from partner countries like China. China has the manufacturing capacity, innovation, capital and interest in partnering with Australia to make a green iron supply chain a reality. We encourage the Australian Government to find the right balance regarding national interest considerations and continuing to support foreign investment and trade where it brings significant economic and emissions reductions opportunities to Australia.

Decarbonisation and emissions reducing diversification requires the Federal Government to reaffirm that Australia is open to Chinese investment, as concerns persist among Chinese investors and FIRB approvals indicate Chinese investment is at record low points.

Demand policy

Creating demand and providing incentives for consumers to fuel switch and invest in modern technologies will be critical to achieving our decarbonisation objectives in Australia and establishing the green fuel source and technology industries we need. Stimulating this demand could be achieved by forcing action from consumers or by incentivising certain procurement, or, using ‘carrots or sticks’ to drive change.

The Safeguard Mechanism is one such example where decarbonisation is driven by mandatory reduction targets that must be met by industrial facilities year on year. The mechanism covers all emitting facilities above 100,000 tonnes a year, irrelevant of their emissions source and technologies available to them to decarbonise. While this policy requirement allows a technology agnostic approach to how these facilities decarbonise, it will take considerable time until the emissions reductions take effect and cause step changes in facility emissions. It will also not specifically target sectors that have technology available to decarbonise more readily.

The Government’s proposed sector decarbonisation plans that will map each sectors possible pathways are a good approach to driving domestic decarbonisation; however, we note that these are unlikely to include specific targets. Direct sector specific mandates with associated incentives may be a more practical solution in the short to medium term for sectors that require further support or direction to decarbonise. Such a policy would likely require support from the Commonwealth to assist these sectors with capital intensive upgrades to fuel switch. There are several mandate policy examples internationally the Commonwealth could draw from to shape this policy. The European Union SAF mandate requires that 2% SAF be used in 2025 scaling to 63% by 2050.⁹ Importantly, this mandate includes a sub mandate for a specific portion of these fuels to be sourced from eSAF production pathways providing critical support for scalable eSAF beyond bioSAF. Fortescue strongly encourages the Commonwealth to consider a similar approach.

Applying a sectoral approach to reduce emissions would in turn reduce the competitive disadvantage risk for companies in sectors such as the aviation sector by requiring that all companies decarbonise together. We note that the Safeguard Mechanism does cover the aviation sector and will support a degree of decarbonisation and SAF uptake. However, the baseline decline rate is only set until 2030 leaving considerable uncertainty for airlines seeking long-term decarbonisation plans. A sector mandate could provide industry certainty to invest in projects that will support long-term SAF supply chains across both the bioSAF and eSAF sectors.

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

No.

⁹ European Union Aviation Safety Agency, Sustainable Aviation Fuels, available at <https://www.easa.europa.eu/eco/eaer/topics/sustainable-aviationfuels#:~:text=The%20European%20Commission%20has%20proposed,would%20be%20required%20by%202030.>

Section 3. Speed up approvals for new energy infrastructure

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

Any green energy project will require environmental approvals. These are required at both State and Commonwealth level. In WA, environmental approvals are categorised as either Primary or Secondary approvals. Primary approvals are required for large scale projects that will have a significant impact on the environment. In WA these projects are assessed under Part IV of the *Environmental Protection Act 1986*. At a Federal level, approval is required under the *Environmental Protection and Biodiversity Conservation Act 1999*. Fortescue's large-scale wind and solar projects require Primary Environmental approval at both State and Federal level. These approvals can take several years to obtain and there is approximately two years of environmental survey and study to be completed before approval documentation can be prepared.

Once Primary environmental approval is received various secondary environmental approvals are required from State regulators under the *Mining Act 1978*, Part V of the EP Act, the *Rights in Water and Irrigation Act 1914* and the *Biodiversity Conservation Act 2016* to begin actual ground disturbance.

Primary approvals timeframes are already lengthy as described above, however delays can occur as a result of:

- Poor quality guidance from regulators (EPA and DCCEEW) on systems, processes, information requirements and regulator expectations. This lack of clarity results in proponents needing to guesstimate the level of information required to support their applications. This in turn leads to multiple requests for information from regulators until their requirements are satisfied. In WA, the EPA is improving the quality of its guidance material, although there is some way to go. However, DCCEEW's guidance is a multi-layered labyrinth of guidelines, conservation advice and recovery planning, which due to shifting environmental standards is out of date and not fit for purpose. It is not unusual to go through several iterations of approval applications before DCCEEW are satisfied with the information provided. Often, Fortescue's own scientific data contradicts or supersedes the older literature relied upon by DCCEEW, however there has been a reluctance to accept good science over bureaucratic assessment procedures.
- In WA, consultation requirements are routinely extended over and above statutory requirements by the regulators seeking 'consent' or agreement from Traditional Custodians across multiple agencies. This causes significant delays for proponents, over-extends capacity of Traditional Custodians, and risks sterilising investment due to schedule risk. It is critical that regulators balance the need for reasonable consultation with the facilitating project delivery. Fortescue welcomes the WA Government's recent announcement of a Review of Aboriginal Cultural Heritage, which seeks to address a number of these issues.
- Online systems for submitting and tracking applications are poorly designed. It is not unusual to have to resubmit applications several times until the system accepts the application, often for minor details that can be simply clarified. This is true for both State and Commonwealth systems. Often, the information supplied in the supporting documents needs to be reproduced in the online system to progress to submission.
- Availability of environmental data. Both regulators have huge volumes of environmental data that it has acquiring through EIA. This information would be incredibly valuable if it were available to proponents and lead to higher quality documentation and assessment. It is common for regulators to advise Fortescue that it is aware of additional environmental data that is a factor in their decision making, but was not available to Fortescue, which calls into question the procedural fairness of decision making.

- Agencies seeking advice from other agencies. EPA regularly seek advice from state agencies with expertise in aspects of environmental protection, for example, in mine site rehabilitation or groundwater management. Fortescue understands the need for this advice; however, the requests are not specific and there is no timeframe for their advice. That is, the EPA will send applications to an agency for their comment or advice but not require them to focus on specific questions and then simply wait for them to respond. This was highlighted in the Vogel McFerran Review of 2023 (this review focussed on Part IV of the EP Act). Furthermore, the advice received is not filtered to identify relevant matters requiring response. Rather, proponents are expected to respond to all comments, even where that information may be found in the approval documentation, or the matters raised are not even relevant to the assessment. It is not uncommon for Fortescue to simply 'note' a comment because there is no requirement for any action on our behalf.
- Assessment officers with limited training and experience. Inexperienced officers don't fully understand the legislation they operate under and constantly seek additional information to remove all risk from decision making. EIA is by its very nature a subjective process and requires assessment officers to exercise some level of judgement. Assessment officers should be trained to understand their responsibilities under their legislation and to be competent EIA practitioners.
- Regulator resourcing. Fortescue meets regularly with regulators to inform them of future workload and priorities, however it is clear that approval timeframes are constrained by the resourcing of environmental impact assessment staff, with agencies often asking Fortescue to prioritise its applications.

Actions from the Vogel McFerran review are supported by Fortescue and may be applicable to other environmental approval regulatory regimes.

Fortescue suggests a statutory timeframe should be established for any planning and approval processes. There is no clear and thorough process for obtaining permits for land use for large energy infrastructure projects. Referrals between agencies can cause delays and objections from third parties further these delays.

Inclusion of Non-Grid Connected Transmission and Generation Projects on National Renewable Energy Priority List

Fortescue welcomes the Australian Government's commitment to accelerating the decarbonisation of Australia's industrial regions, and we welcome the prioritisation of assessment under the EPBC Act of transmission and generation projects that support this goal.

This year Fortescue will refer three renewable energy projects in the Pilbara that are critical to the decarbonisation of our iron ore operations to DCCEEW for EPBC approval: Turner River Solar Farm, East Pilbara Generation Hub, and Bonnie Downs Windfarm.

The unique energy landscape of the Pilbara presents a distinct challenge for electrification and emissions reduction. Unlike other regions, the Pilbara does not currently have a far reaching and interconnected electricity grid. Instead, major industrial operations—including Fortescue's mines, processing facilities, and infrastructure—rely on bespoke, privately developed and operated transmission and generation systems, which are not grid connected. Building renewable generation to connect to these private transmission systems is the only available pathway to achieving the scale of renewable energy required to transition the major iron ore mining operations of the Pilbara away from fossil fuels.

We note that the Environment Minister's statement of expectations of the Department included prioritisation of renewable energy projects, without requiring that they be grid connected.

"The government is committed to transitioning Australia's economy to net-zero emissions by 2050 and transforming the energy system, including by ensuring the optimal operation

of existing regulations. This involves timely and robust EPBC Act assessments for identified priority renewable-energy projects while driving a nature-positive approach to environmental regulation¹⁰.”

To ensure the success of our large scale heavy industrial decarbonisation efforts to reach our Real Zero by 2030 target, it is critical that non-grid connected transmission and generation infrastructure be eligible for inclusion in the National Renewable Energy Prioritisation List.

We would like to request that the criteria for the current inaugural list of priority projects be amended to remove the requirement for priority projects to be limited to those which are grid-connected. If this is not possible, we urge the Government to ensure that the criteria for the next tranche of priority projects do not include a grid connection requirement. This policy adjustment would enable industry to move forward with the investment and development required to drive deep decarbonisation, accelerate decarbonisation efforts in the Pilbara and support Australia's broader emissions reduction commitments.

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

As detailed above, better guidance material with clear expectations for proponents on the type and quality of information to be provided in support of approvals documentation will result in faster approvals as this will eliminate multiple iterations of documents and future requests for information.

Additional resourcing, particularly within DCCEEW should result in better assessment timeframes. Note, cost-recovery is a feature of many environmental approval processes, yet approval timeframes have not improved.

The Vogel McFerran review identified many administrative changes to approvals processes that has seen some improvement in assessment timeframes within Part IV assessments. One of the greatest improvements has been a cultural shift within the Department to one of service delivery and 'getting on with the job' rather than being a 'tough cop on the beat'. The amendment to the EP Act to allow Government to issue the EPA a 'Statement of Expectations' has contributed to this cultural shift.

Establishing statutory timeframes for approvals, permits and referrals would improve these processes for applicants.

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

Within WA, the State Government has a clear stated objective to transform the state's power generation to renewables. To ensure this happens, the State Government has established the Green Energy Directorate, with oversight by Department of State Development for state significant green energy projects. Green Energy projects referred to the EPA are assessed by a dedicated team of assessors (Green Energy Division) who have been resourced accordingly. The case management provided by the GED and their clear objectives is resulting in better timeframes and more clarity and transparency.

At a Federal level, the combination of Climate Change and Energy and Environment within the one Department (DCCEEW) is not providing synergies for green energy projects. One part of

¹⁰ <https://www.dcceew.gov.au/sites/default/files/documents/environment-and-water-ministerial-statement-of-expectations.pdf>

the Department is advocating for green energy and the other is advocating for environment with apparently no inter-departmental collaboration for satisfactory outcomes for both the environment and the Government's stated ambitions for green energy rollout. If anything, these two parts of the Department are working at cross-purposes.

Lastly, if a renewable energy project was seen as a Project of National Significance, consideration might be given to that project having specific legislation to allow for expedited approvals processes. It is difficult to see any green energy project where it would be in the national interest to suspend regulatory processes (e.g. similar to that passed for the Sydney Olympics), however that option remains open to Government.

Projects which reduce global emissions such as green iron production should be considered for priority foreign investment approval. Foreign investment is critical to establishing a green iron industry in Australia. Long-term relationships with foreign partners with common commercial interests are also needed to support the achievement of Australia's emissions targets, global emissions reduction and Australia's continued economic prosperity. An Australian green iron metal industry will require technology and capital from partner countries like China. China has the manufacturing capacity, innovation, capital and interest in partnering with Australia to make a green iron supply chain a reality. We encourage the Australian Government to find the right balance regarding national interest considerations and continuing to support foreign investment and trade where it brings significant economic and emissions reductions opportunities to Australia.

Decarbonisation and emissions reducing diversification requires the Federal Government to reaffirm that Australia is open to Chinese investment, as concerns persist among Chinese investors and Foreign Investment Review Board approvals indicate Chinese investment is at record low points.

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

There appears to be a general view amongst the greater community that green energy is good for the environment and fossil fuels are not. Recent election results bear this out. However, at grass root community level concerns exist on the impact of wind and solar on amenity and lifestyle, agriculture or local industry and employment, particularly in areas where coal mining has been a large employer in regional communities.

Generally, there is a lack of good science using Australian examples to counter arguments by anti-wind and solar groups on the biodiversity and social impacts of green energy generation. CSIRO could do more in this space to clearly articulate the cultural and economic changes that a shift to a green energy future requires and how this good for local communities and for the global community. Scare-mongering on the impacts of offshore wind on marine mammals is an example of how Government was inadequately prepared to prosecute an information argument.

It is also understood that opposition to renewable energy is greatest where impacts are experienced for no benefit to individuals. Those individuals then attract the interest of anti-development groups. Government and Private Sector needs to do more to ensure renewable energy generation benefits all community members.

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

See above discussion on the Green Energy Division. The case management of Fortescue's large-scale wind and solar projects by the GED have so far resulted in:

- Turner River Solar Hub. Over 1000 hectares of clearing for solar panels was determined to not require assessment by the EPA. This is a significant schedule saving of over 12 months.
 - East Pilbara Generation Hub – Over 2000 ha of clearing for large scale wind generation will be assessed by the EPA at “Assessment on Referral Information” - a lower level of assessment with a reduced timeframe.
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Section 4. Encourage adaptation by addressing barriers to private investment

- 9. 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 response.

- 10. 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 response.

- 11. 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 response.

- 12. What role might minimum standards play in ensuring the resilience of Australia’s housing stock?**

No response.

- 13. 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 response.