

Productivity commission: Investing in cheaper, cleaner energy, and the net zero transformation (interim report)

BlueScope response

15 September 2025

Executive summary

BlueScope welcomes the opportunity to contribute to the Productivity Commission's **(Commission)** *Investing In Cheaper, Cleaner Energy And The Net Zero Transformation Interim Report (Interim Report)*. As Australia navigates the complex transition to net zero, the steel sector faces distinct challenges and opportunities. BlueScope is committed to achieving net zero Scope 1 and Scope 2 emissions across its global operations by 2050, supported by interim targets and a robust decarbonisation strategy.

To support this ambition, BlueScope advocates for policy settings that enable investment and innovation, rather than impose increased compliance burdens or costs that risk making domestic industry uncompetitive against international competitors or result in carbon leakage. In this context, BlueScope supports several of the Interim Report's recommendations, particularly those aimed at accelerating the rollout of renewable energy infrastructure and improving climate adaptation and resilience.

However, the Interim Report has overlooked several critical issues, and BlueScope does not support some of its recommendations. These include:

- **Natural gas cost and availability is not addressed.** The Commission fails to acknowledge the critical role of natural gas in enabling industrial decarbonisation. Australia's east coast gas crisis is a major barrier to investment in low-emissions technologies such as Direct Reduced Iron (**DRI**), which has the potential to deliver substantial near-term abatement in iron and steelmaking. A domestic gas reservation and pricing framework is urgently needed to prioritise gas supply for hard-to-abate sectors.
- **Policy integrity must be preserved.** The reformed Safeguard Mechanism (**SGM**) is the Federal Government's primary tool for driving emissions reductions by Australian industry. Designed to incentivise long-term abatement, it has been in operation for only two years and should be given time to deliver results before any changes are considered. BlueScope strongly opposes premature adjustments to core elements of the mechanism, including recommendations by the Commission to phase out trade exposed baseline adjustment (**TEBA**) provisions alongside the introduction of a border carbon adjustment (**BCA**) mechanism, and to lower the emission threshold for scheme inclusion. Frequent or early changes to the SGM risk undermining investor confidence and may delay or redirect decarbonisation investments offshore.
- **Enablement needs to be prioritised before enforcement.** Large-scale decarbonisation of steelmaking depends on the availability of critical enablers, including affordable natural gas, firm renewable electricity, technological advancement, and funding support. These enablers will position Australia as an attractive destination for low-emission investment and facilitate decarbonisation more effectively than intensifying legislated abatement requirements. While the Interim Report rightly identifies renewable energy infrastructure as a priority, it omits these other equally vital enablers.
- **The recommendations fail to recognise the critical role of local supply chains in accelerating the rollout of renewable energy.** Domestic manufacturing capability can accelerate the renewable energy rollout, reduce supply chain risks, and deliver economic and social benefits. Local content policies should be embedded in renewable energy procurement frameworks to support domestic fabrication and steel production. This would also enhance regional employment, supply chain resilience, and community support for the energy transition.
- **Several report recommendations assume an ideal world of global carbon pricing and universal international trade law and practice.** Several recommendations in the Interim Report assume a world of consistent global carbon pricing and harmonised trade policies, particularly the proposal to phase out TEBA provisions alongside the introduction of a border carbon adjustment (**BCA**). In reality, climate and trade policies are fragmented, both globally and within Australia. Carbon pricing globally for trade-exposed industries like steel varies widely, and domestic emissions policies differ by sector, jurisdiction, and facility size. Australia's policy response must reflect this complexity, not rely on idealised assumptions that don't match current global or national conditions.

This submission outlines BlueScope's position, identifies key issues for the Productivity Commission's consideration, and responds to specific recommendations raised in the Interim Report. BlueScope welcomes

further engagement with the Commission and looks forward to contributing to future discussions that support a successful transition to net zero.

Context for BlueScope's submission and general feedback

Introduction

BlueScope operates in a complex and highly competitive global market. The Australian steel sector is significantly trade exposed. In 2023-24, Australia produced 4.9 million tonnes (Mt) of crude steel, imported 3.1Mt, and exported 1.1Mt.¹ Australia's crude steel production represents just 0.3 percent of global output, underscoring its relatively small scale in the international context.

Domestic competition includes imports from producers in state subsidised jurisdictions, which often have higher greenhouse gas emission (GHG) intensity and less stringent environmental standards. Competition also comes from countries with strong climate policy settings, such as the European Union and South Korea. These jurisdictions shield their domestic producers from carbon pricing through the allocation of free credits or permits. Consequently, almost no imported steel entering Australia currently bears a material carbon cost.

As an emissions-intensive, trade-exposed industry, the Australian steel sector faces distinct challenges in the transition to a low-emissions economy. While some industries can access commercially viable low-emissions technologies and decarbonise more rapidly and at lower cost, others, such as the iron and steel manufacturing operations at Port Kembla, face a more complex and non-linear transition.

The pace and success of this transition depend on the availability of key enablers. These include competitively priced, firm renewable electricity; access to suitable raw materials; sufficient supplies of competitively priced natural gas; and evolution in low-emission iron and steelmaking technologies. Australia's climate ambition must therefore align with the maturity of the enabling conditions, and climate policy must adopt a whole-of-economy approach to ensure the viability of hard-to-abate industries while achieving emission reduction.

BlueScope's future vision and decarbonisation pathway

BlueScope is a proudly Australian manufacturer. Its operations produce the steel that builds Australian homes, supports major infrastructure projects, and enables Australia's transition to a renewable energy future. With around 75 percent of production supplied to the domestic market, its operations are deeply embedded in the nation's economic and industrial fabric. BlueScope employs thousands of Australians, bolsters regional economies and contributes to the sovereign capability that underpins national resilience.

Decarbonising the Port Kembla Steelworks is critical to achieving Australia's emission reduction goals and the company has a plan to do so while retaining sovereign iron and steelmaking capacity in Australia.

BlueScope's vision is to be a vibrant, modern, and sustainable manufacturer, embodying progress, innovation, and sustainability. Achieving this vision will require tackling the challenge of decarbonisation, while ensuring the long-term viability of the business – considering the broad range of stakeholders' needs, including customers, suppliers, investors, employees, local communities, and government.

To deliver on these ambitions and given the inherent challenges in decarbonising the blast furnace process, BlueScope has adopted a dual strategy for decarbonisation. Firstly, optimising the existing blast furnace process at Port Kembla. Secondly, and in parallel, undertaking a multi-year scoping study ('Project IronFlame') to develop the pathway for lower-emissions and 'green'² iron production in Australia.

BlueScope believes DRI is the most prospective technology for 'green' iron production for its Australian operations. In the DRI process, natural gas and ultimately green hydrogen, replaces coal as a reductant in the ironmaking

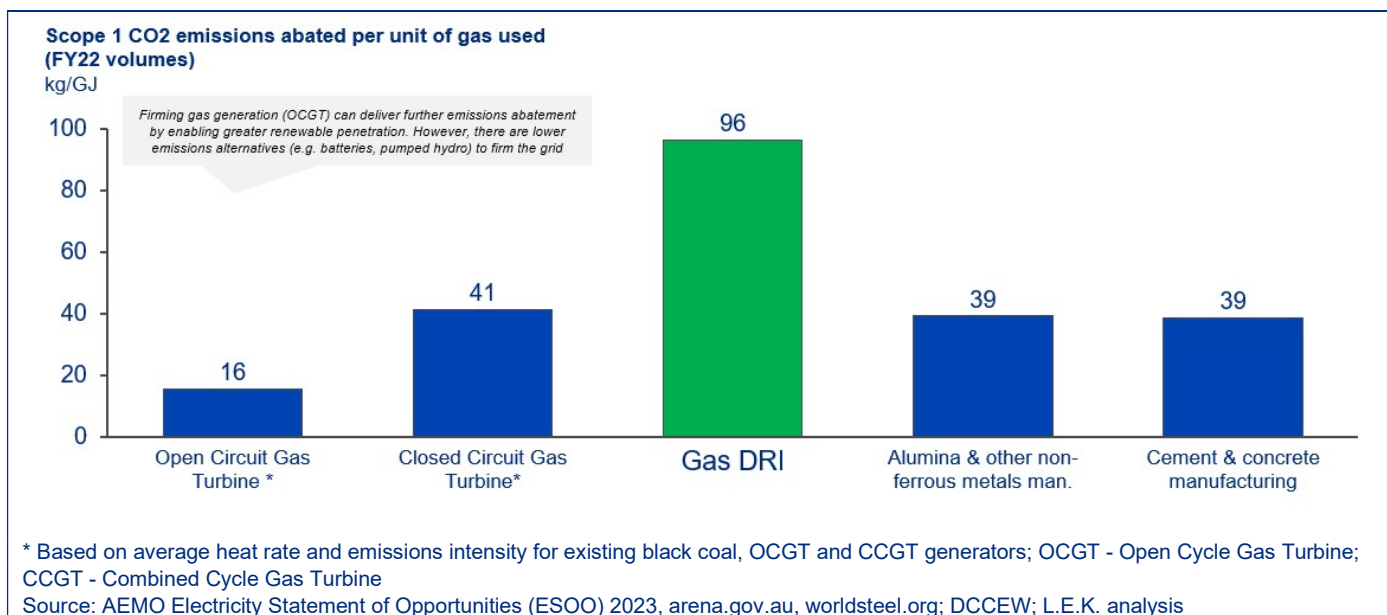
¹ Department of Industry, Science and Resources, Commonwealth of Australia Resources and Energy Quarterly June 2025

² Zero or near-zero emissions.

process. Natural gas based DRI could reduce overall iron and steelmaking emissions by around 60 per cent, while green hydrogen based DRI could reduce emissions by around 85 per cent.

Using natural gas to decarbonise iron and steelmaking delivers the highest industrial emission abatement per unit of gas consumption among major gas uses in Australia (Figure 1). If applied to the ~3.2 million tonnes of steel currently produced at Port Kembla Steelworks, it would achieve a 3.6 million tonnes per annum greenhouse gas (GHG, CO₂-e) abatement, and do so far sooner than awaiting the arrival of cost-competitive green hydrogen. This would be equivalent to almost one per cent of Australia's emissions in 2024.

Figure 1: DRI delivers more emissions reduction per unit of gas used than other options



BlueScope is leading the NeoSmelt joint venture, a consortium of major organisations in resources, energy, and manufacturing, comprising BHP, Rio Tinto, Woodside and Mitsui Iron Ore Development. The consortium intends to construct Australia's largest ironmaking electric smelting furnace (**ESF**) pilot plant at Kwinana, Western Australia.

The pilot facility, if constructed (the project is current in the feasibility phase), aims to demonstrate a breakthrough method for producing lower-emissions iron from Pilbara iron ore, which is the most widely used iron ore in global steelmaking. Existing DRI technologies require very high-grade ores or concentrate, which are both scarce and expensive. In contrast, Pilbara ores are more abundant and lower cost but are unsuitable for conventional DRI processes due to their lower iron content and higher impurity levels.

NeoSmelt aims to overcome this limitation by advancing DRI and ESF technology to accommodate Pilbara ores, potentially unlocking a scalable, low-emissions alternative to the traditional blast furnace route, which still accounts for 70 per cent of global steel production. Success would support BlueScope's decarbonisation objectives, enhance the long-term competitiveness of Australia's iron ore sector and contribute to the transformation of the global steel industry.

Delivering on this vision will require strong support and close collaboration with government to help unlock the required enablers for iron and steel decarbonisation.

Enablement before enforcement

The Productivity Commission's Interim Report places strong emphasis on intensifying legislated abatement requirements, especially the Section 1 recommendations. BlueScope believes this approach is misguided. A more effective strategy would be to focus on establishing the critical enablers of decarbonisation, which are essential for large-scale transformation in steelmaking.

Large-scale decarbonisation of steelmaking depends on the availability of critical enablers, including affordable natural gas, firming renewable electricity, technological advancement, and funding support. These enablers will position Australia as an attractive destination for low-emission investment and facilitate decarbonisation more effectively than intensifying legislated abatement requirements.

For BlueScope, the enablers of decarbonisation are summarised as follows:

- **Natural gas availability:** In a country with abundant natural gas, the government must ensure domestic industry has access to sufficient secure, internationally cost-competitive natural gas supplies, particularly where the gas is used for decarbonisation.
- **Renewable electricity:** Accelerate the large-scale development of firming, affordable renewable electricity generation and supporting infrastructure.
- **Raw materials and technology:** Enable access to high-grade ore deposits, and support the technical evolution of DRI and EAF process technology to accommodate Australia's lower-grade but abundant ores, including Pilbara ores.
- **Hydrogen availability:** In the longer term, green hydrogen has the potential to replace natural gas in industrial processes. However, its availability at scale and at a competitive cost depends heavily on access to very low-cost renewable electricity. Government has a role in supporting the establishment of industrial-scale green hydrogen supply chains.
- **Policy:** Effective policy underpins all enablers. Key levers include:
 - An East Coast domestic gas reservation framework and pricing mechanism that prioritises gas for hard-to-abate domestic industries using it to decarbonise;
 - Support for infrastructure to supply energy and enable efficient logistics at scale, including through regulatory change and financial support;
 - Funding support for research and development and to defray significant capital and operating costs, beyond the potential to earn credits under the Safeguard Mechanism and current funding programs; and
 - Implementation of well-designed measures that preserve Australia's hard-fought competitiveness against higher carbon imports — for example maintaining TEBA provisions in the Safeguard Mechanism and developing a robust border carbon adjustment mechanism.

Among these enablers, access to sufficient quantities of competitively priced natural gas is the most urgent priority. BlueScope's proposed transition to DRI technology at Port Kembla could reduce emissions by up to 60 percent using natural gas, and up to 85 percent with green hydrogen in the longer term. However, the lack of competitively priced domestic gas remains the most immediate barrier to investment. A domestic gas reservation and pricing framework is urgently required to prioritise supply for hard-to-abate sectors such as steel.

Policy must also avoid disproportionately favouring hydrogen at the expense of natural gas, which offers a more immediate pathway towards industrial decarbonisation. For instance, the Australian Government has committed \$10 billion to hydrogen initiatives, including Hydrogen Headstart and production tax incentives. However, despite this substantial funding, at least nine publicly announced green hydrogen projects in Australia have recently been cancelled or placed on hold. These setbacks highlight ongoing challenges related to cost, scalability, and infrastructure readiness.

Section 1: Reducing the cost of meeting emissions targets

General response

The Australian Government is making progress toward net zero; however, additional measures are required to support industrial decarbonisation. Policy improvements should prioritise the development of key enablers — including affordable natural gas, reliable and affordable renewable electricity, technology evolution, and funding support — while maintaining a technology-neutral approach to accelerate emissions reductions in hard-to-abate sectors. This approach avoids prematurely favouring specific technologies before the full range of options and their

economic viability are clearly understood. It ensures that emissions reduction efforts remain flexible and inclusive of all viable solutions, allowing innovation and market forces to determine the most effective pathways.

Immediate focus must be to secure domestic gas supply

BlueScope remains deeply concerned about energy in Australia, especially the escalating price and constrained supply of natural gas. It is disappointing that Australia's east coast gas crisis has not been addressed in the Productivity Commission's Interim Report, especially given the critical role gas must play in Australia's transition to net-zero.

In recent years, BlueScope has experienced increasingly higher and more volatile gas prices, driven by LNG netback pricing, reduced contract flexibility, and fewer credible supply offers. These conditions have placed significant pressure on day-to-day operations and have undermined confidence in committing to long-term growth and investment opportunities.

Among all enablers of decarbonisation, securing competitively priced domestic gas is the most urgent. BlueScope's most prospective Australian decarbonisation pathway, which involves continuing to manufacture 3.2 million tonnes per annum (Mtpa) of crude iron and steel using natural gas DRI technology, depends on securing approximately 40PJ of gas per annum at prices competitive with other DRI producing regions.

A successful transition from the coal-based blast furnace to gas-based DRI would eliminate approximately 60 percent of BlueScope's Australian GHG emissions, delivering a reduction in emissions of approximately 3.6Mtpa (CO₂-e), or approximately 6 percent of total manufacturing sector emissions. Using gas as a substitute for coal in ironmaking offers one of the highest — if not the highest — emissions abatement per unit of gas. This represents decarbonisation that cannot otherwise occur due to the inability to electrify iron and steelmaking.

The lack of affordable gas at the required volumes in Australia remains the primary barrier to BlueScope investing in lower-emissions DRI technology. Fixing the east coast gas market requires a targeted and effective policy solution. This should include a fit-for-purpose gas reservation mechanism and a domestic pricing framework that prioritises the national interest and long-term supply security.

To accelerate emissions reduction, reserved natural gas should be prioritised for sectors that play a critical role in industrial decarbonisation, such as iron and steel production. Ensuring these sectors have access to secure and affordable gas will enable near-term investment in lower-emissions technologies and support Australia's broader emissions reduction and net zero ambitions.

Establishing gas-based DRI production will also create latent demand for green hydrogen, helping to incentivise the development of hydrogen markets and infrastructure. This approach supports a phased and practical transition, enabling early decarbonisation while laying the groundwork for future green hydrogen integration.

Draft recommendation 1.1: Reducing emissions in the electricity sector after 2030

Governments should prioritise introducing enduring, broad-based market settings in the electricity sector beyond 2030. The settings should:

- *create nationally consistent incentives for lowest-cost clean energy, irrespective of generation technology or jurisdiction*
- *embed investment incentives to ensure reliability and system security are maintained.*

Governments should also phase out any jurisdictional- and technology-specific incentives over time.

Response

BlueScope supports the Productivity Commission's recommendation to establish long-term, broad-based market settings that drive sustained investment in renewable energy beyond 2030. Decarbonising the electricity sector is fundamental to achieving economy-wide emissions reductions and is particularly critical for enabling the transition of energy-intensive industries such as steelmaking.

To ensure effectiveness, it is essential that policy settings are clear, consistent, and enduring. Certainty in regulatory and market signals is a prerequisite for attracting the scale of private sector investment required to deliver a resilient, low-emissions energy system. Crucially, market settings must be designed to balance decarbonisation objectives with reliability and affordability, ensuring that Australia's energy transition supports sustainable industrial competitiveness and energy security.

Although the Capacity Investment Scheme (**CIS**) has accelerated investment in renewable infrastructure, its use of out of market, confidential tenders weakens market signals about where and when energy is most valuable. This approach may impair price discovery and reduce market efficiency, particularly if developers prioritise securing government funding over responding to market dynamics. The scheme's design may distort bidding behaviour, especially if developers rely heavily on government-backed revenue rather than market-based returns.

To preserve the integrity of market signals and ensure robust price discovery, future iterations of the CIS, or any new capacity support schemes, should incorporate mechanisms that promote market liquidity and transparency. These mechanisms could include mandating CfD-backed generators to participate in contract markets, ensuring transparent tender processes that reflect actual market needs, and embedding incentives that encourage responsiveness to locational and temporal price signals. Schemes should also enable the participation of demand-side resources where they can deliver the required services. These resources, such as demand response or behind-the-meter (**BTM**) generation, often represent the lowest-cost solutions, as the assets already exist and can be rapidly deployed to support system reliability and flexibility. By integrating these principles, policymakers can balance de-risking investment with maintaining a dynamic, efficient energy market that attracts diverse private capital.

Energy system planning must align closely with the decarbonisation trajectories of industry. For sectors like steel, which face unique technical and economic challenges in transitioning to low-emissions production, integrated planning is essential. This requires proactive forecasting of future energy demand, streamlined regulatory processes and timely investment in firming and transmission infrastructure. These elements are critical to ensuring the electricity system can support the scale and pace of industrial transformation needed to meet emissions reduction targets.

In addition to stable and enduring policy frameworks, investment in renewable energy infrastructure is influenced by a range of factors that must be addressed at the federal level to accelerate the energy transition. These include:

- Streamlined planning and approval processes
- Volatile electricity price outlooks
- Project delivery timelines
- Network connection and transmission constraints
- Technology and labour costs
- Access to finance

As these factors become increasingly volatile, attracting the level of investment required to meet national decarbonisation targets becomes more challenging. Material risks associated with the delivery of renewable electricity generation and infrastructure must be mitigated to accelerate both the investment in and deployment of renewable electricity projects, which can currently take five to eight years from concept to completion.

While a national policy environment may deliver benefits in terms of consistency and scale, transitioning away from state-based mechanisms risks the loss of flexibility to tailor solutions to local grid conditions, resource availability, and industrial demand. A nationally coordinated approach to Renewable Energy Zones (**REZs**) may offer a practical solution. By aligning REZ planning across jurisdictions, governments can collaboratively identify future REZ locations, define infrastructure requirements and synchronise development timelines. This approach preserves regional responsiveness while reducing the risk of inefficient or duplicative network investments.

Draft recommendation 1.2: The Safeguard Mechanism should cover more industrial facilities and carbon leakage provisions should be improved

The Australian Government should lower the Safeguard Mechanism threshold so that it covers more industrial facilities. The Safeguard Mechanism review scheduled for 2026-27 should determine the new threshold but favour broadening the scheme as much as possible. The review should also consider whether the lower threshold would introduce inefficiencies such as uneven coverage in some sectors, and whether it would be appropriate to phase in the inclusion of new facilities. If the review identifies no major countervailing considerations, reducing the threshold from 100,000 tonnes to 25,000 tonnes of carbon dioxide equivalent per year would be reasonable.

If the Australian Government introduces a border carbon adjustment, it should phase out trade-exposed baseline-adjusted status for Safeguard Mechanism facilities that would otherwise be exposed to competition from imports from countries without domestic policies to reduce emissions.

Response

BlueScope does not support the Commission's proposed changes to the SGM, specifically lowering the emissions threshold for scheme inclusion and phasing out TEBA provisions alongside the introduction of a BCA mechanism. These proposals will not enhance the effectiveness of the SGM.

More broadly, the reformed SGM should be afforded sufficient time to deliver on its objectives. Industrial decarbonisation projects are inherently complex and require extended lead times. The reformed SGM is designed to incentivise long-term abatement and has only been in operation in its current form for two years. Premature changes will create policy uncertainty and risk undermining investment confidence.

SGM threshold reduction needs to be balanced against the incremental abatement benefits of including smaller facilities

There should be no reduction in the SGM threshold from the current 100ktCO₂e level without a thorough assessment of the additional complexity and cost to both government and business versus the incremental abatement benefits of including smaller facilities. The Productivity Commission's Interim Report estimates there are 267 facilities with annual emissions between 25,000-100,000tCO₂e totalling a combined 13MtCO₂e per year. Reducing the large facility threshold in the SGM would more than double the number of facilities covered (from the current 233 to 500) while increasing the emissions covered by less than 3 percent of Australia's annual greenhouse gas emissions.

In contrast, BlueScope estimates that sectors currently not subject to any emissions reduction obligations account for roughly 35 percent of Australia's total emissions.³ Expanding coverage to these uncovered sectors presents a significantly greater opportunity for meaningful emissions reductions and a more equitable distribution of the national abatement effort.

TEBA provisions must be retained even if a border carbon adjustment mechanism is introduced

BlueScope strongly opposes phasing out TEBA provisions under the SGM. TEBA provisions are essential for maintaining the competitiveness of trade-exposed facilities and preventing carbon leakage. Any reduction or removal of TEBA, particularly in the context of a future BCA mechanism, would erode investment confidence.

A BCA alone does not level the playing field between domestic producers and importers for two main reasons:

- While decarbonisation enablers for iron and steel are available in some regions, they are not yet established in Australia. Until these enablers are in place, a standalone Australian BCA without TEBA would not sufficiently support local producers in competing with low-emission imports.
- Australia's steel industry must compete with low-emissions imports that have benefited from substantial government subsidies overseas.

For these reasons, TEBA provisions should remain in place, even if a BCA is introduced, until:

- The essential enablers for competitive low-emissions iron and steel production in Australia are established;

³ BlueScope analysis based on data from *Quarterly Update of Australia's National Greenhouse Gas Inventory: March 2025*, Australian Government Department of Climate Change, Energy, the Environment and Water. CC BY 4.0.

- Industry has had sufficient time to plan and implement the transition, noting that BlueScope's recent blast furnace reline investment was based on current TEBA decline rates; and
- Adequate complementary measures, including funding and long-term policy certainty, are available.

Designing and implementing an effective BCA is highly complex. Retaining TEBA provisions alongside a cautiously introduced BCA is necessary to provide contingency in case the BCA proves ineffective. For a BCA to be effective, it must address several key factors:

- **Comprehensive coverage:** A BCA must apply to all steel products manufactured by local producers and downstream manufactured goods produced using locally manufactured steel. Otherwise, carbon leakage could occur through increased imports of downstream products not covered by the mechanism.
- **Support export competitiveness:** Export rebates for SGM costs are essential to maintain competitiveness in international markets that do not impose a carbon price. These exports are necessary to support scale efficient local production processes.
- **Product-level equivalisation:** The SGM is site-based, while a BCA would be levied on individual products. Aligning these is complex from both emissions and financial perspectives, especially when imported products are produced across multiple facilities using varied technologies.
- **Inclusion of upstream emissions:** The SGM covers much of the upstream steel supply chain, including iron ore, coal mining, natural gas, metals refining, and transport. BCA liabilities for importers must similarly reflect upstream emissions, not just those from the direct steelmaking process.
- **Prevent resource shuffling:** A BCA could incentivise overseas producers to redirect low-emission steel to Australia while continuing to sell higher-emission steel to countries without carbon pricing. This would result in no net reduction in global emissions.
- **Subsidy-adjusted baselines:** Importer BCA liabilities must account for substantial government subsidies that have enabled investment in low-emissions steel production overseas, to ensure a level playing field for domestic producers.

Concerns that retaining TEBA provisions would weaken emissions reduction incentives are unfounded. The ability to earn Safeguard Mechanism Credits (**SMCs**) when emissions fall below a facility's baseline creates an opportunity cost of not reducing emissions. As a result, SGM facilities remain incentivised to incrementally reduce emissions intensity, regardless of whether a TEBA-adjusted baseline is applied. As a result, reduced baseline decline rates under the TEBA regime still support Australia's emissions reduction efforts.

Policy stability: the reformed Safeguard Mechanism must be given time to operate as intended

The reformed SGM should be allowed to operate as designed. Premature or frequent changes to its framework risk undermining investor confidence and may delay or redirect decarbonisation investments offshore. In addition to facility thresholds and TEBA provisions, there are other fundamental aspects of the SGM that must remain stable to avoid generating substantial uncertainty for industry. These include:

- **No steepening of default decline rates.** The existing decline rates in the Safeguard Mechanism were calibrated to ensure industrial facilities contribute their fair share toward achieving Australia's 2030 and 2050 emission targets. When decline rates were determined, a portion of the SGM emissions budget was 'held back' to accommodate unexpected production growth, new facilities, and differential decline rates for TEBA facilities.⁴

Since baseline decline rates already account for SGM facilities' fair share of Australia's emissions budget to 2050, further steepening these rates, such as by phasing out TEBA, would disproportionately increase the burden on SGM-covered facilities, many of which operate in hard-to-abate sectors.

⁴ Safeguard Mechanism Reforms – Position Paper – January 2023, Australian Government Department of Climate Change, Energy, the Environment and Water (pp 49-50).

These sectors face significant barriers to decarbonisation, including limited access to viable abatement technologies and high associated costs. Baseline decline rates should not exceed what is technologically feasible and commercially viable. Forcing these facilities to accelerate emissions reductions beyond current settings would not be equitable.

BlueScope's position is that Australia's interim emissions targets between now and 2050 should not be met by increasing the abatement burden on SGM covered facilities, including through the phase-out of TEBA. Instead, any strengthened emissions targets could be achieved by broadening the scope of emissions reduction programs to include currently uncovered sectors so that the effort is shared more equitably across the economy. These additional sectors need not be incorporated into the existing SGM framework. Rather, tailored schemes could be developed that are best suited to the characteristics and abatement opportunities of each sector.

- **No limits on ACCU use within the SGM.** BlueScope strongly supports maintaining current rules on ACCU use within the SGM. The government should also remain open to allowing international offsets in the event of ACCU shortages. For the SGM to remain effective and economically viable, industry must have access to competitively priced offsets, including international options if necessary.
- **Ensuring Safeguard Mechanism Credits do not expire.** Certainty needs to be provided that SMCs earned before 2030 will not expire at that point. One option under consideration in the FY2026-27 SGM review is to impose a 2030 expiry, which would risk devaluing near-term abatement and therefore incentivise delaying decarbonisation investments. It is also critical to recognise that a step change in decarbonisation for the steel sector requires large one-off capital investments. These investments result in substantial reductions in emissions at discrete points in time, rather than gradual, linear annual decreases. As such, the ability to 'bank' credits over time enables organisations to build financial capacity to fund such investments.
- **Importance of retaining SGM focus on emissions intensity rather than absolute emissions.** Australia's natural resources position it to play a major role in global industrial decarbonisation. For example, developing a low-emissions iron export industry — leveraging abundant iron ore and natural gas, with a future transition to hydrogen — would increase Australia's domestic emissions but enable significantly greater global emissions reductions. The Safeguard Mechanism's emissions intensity baseline framework can accommodate growth in such industries without negatively impacting the baseline allocations of existing facilities. Importantly, an emissions intensity approach still enables Australia to reach net-zero within the same timeframe as an absolute emissions approach.

Allowing baseline portability will improve the effectiveness of the SGM

While there is no case for changing fundamental aspects of the SGM, there is a strong case for allowing baseline portability to new facilities that enable decarbonisation of existing facilities.

Australia's industrial decarbonisation potential can be improved by providing additional flexibility in the definitions of "single facility" and "single undertaking" in the NGERS legislation. For instance, these definitions currently prevent facilities from spanning multiple states, which can delay investment in low-emission technologies.

For example, to decarbonise BlueScope may need to relocate ironmaking from Port Kembla to a state with better access to natural gas and renewable energy. However, under current Safeguard Mechanism rules, the new site would face a stricter international best practice baseline and therefore earn fewer SMCs. This outcome risks discouraging and delaying decarbonisation of Safeguard facilities.

Allowing relocated facilities to retain the original facility's baseline would support least-cost decarbonisation, preserve Safeguard Mechanism Credit generation, and accelerate investment. This proposed approach aligns with the Safeguard Mechanism's efficiency principle of encouraging abatement where it is cheapest and production where emissions are lowest.⁵

⁵ Safeguard Mechanism Reforms – Position Paper – January 2023, Australian Government Department of Climate Change, Energy, the Environment and Water (page 13).

Draft recommendation 1.3: Introduce an emissions-reduction incentive for heavy vehicles and phase-out policy overlaps for light vehicles

The Australian Government should introduce a new emissions-reduction incentive to cover heavy vehicles. The incentive should be as technology-neutral as possible, meaning that it should create the same incentive to reduce emissions by switching from fossil fuels to electric vehicles, low-carbon liquid fuels or any other method to reduce emissions.

Now that the Australian Government has implemented the New Vehicle Efficiency Standard, it should phase-out the exemption of electric vehicles from the Fringe Benefits Tax, and state and territory governments should phase-out the exemption of electric vehicles from vehicle stamp duty and registration discounts.

Response

BlueScope supports the principle of expanding emissions reduction obligations to more sectors, particularly where this would avoid increasing the burden on SGM facilities. At present, industrial facilities and electricity generation bear a disproportionate share of the national emissions reduction effort. Expanding emission reduction obligations to other sectors would help support a more equitable distribution of the national abatement task.

However, applying carbon pricing to the transport sector presents several potential consequences that must be carefully considered.

- Heavy transport is used across all sectors of the economy. A carbon price could increase freight costs, contributing to broader inflationary impacts.
- Trade-exposed manufacturers may face reduced competitiveness. Domestic producers would ultimately bear the transport carbon cost throughout the entire supply chain for moving goods domestically, that may not be applied in country of origins or ocean freight for imported goods.
- For BlueScope, transport is a material cost. Steel produced at Port Kembla is distributed nationwide, whereas imported steel could enter through ports closer to end markets, potentially bypassing domestic transport-related carbon costs.

There are potential options to address these concerns:

- Provide rebates or exemptions on transport carbon costs for trade-exposed sectors, to help maintain their competitiveness in both domestic and international markets.
- Account for transport carbon costs in any potential border carbon adjustment mechanism.

BlueScope strongly urges the government to undertake comprehensive consultation with industry before expanding carbon pricing to additional sectors. This is essential to fully understand the economic and operational impacts such changes may have, particularly on trade-exposed industries.

Opposition to option 2: including fuel wholesalers in the SGM

BlueScope does not support the Commission's Option 2, which proposes extending the SGM to fuel wholesalers. This approach would introduce additional complexity and create a fundamentally different emissions accounting methodology compared to sectors currently covered by the SGM. The mechanism is already administratively complex and incorporating scope 3 emissions from fuel wholesalers would risk undermining its coherence. Moreover, shifting the SGM away from its current facility-based design would make it more difficult to maintain consistency and comparability across sectors.

Draft recommendation 1.4: Apply frameworks to achieve emissions targets at least cost and improve transparency

The Australian, state and territory governments should improve the transparency of emissions-reduction policies by consistently including estimates of their cost-effectiveness in impact analyses. Those estimates should routinely be assessed against agreed national carbon values. The Australian Government should:

- task an independent agency with relevant expertise with developing national carbon values. These values – estimates of the implied carbon prices needed to meet Australia’s emissions targets – should be used consistently as policy benchmarks across government and in regular reporting on the cost-effectiveness of emissions-reduction policies*
- design and evolve policy settings to be broadly aligned with these carbon values.*

To support achieving net zero in 2050 at as low a cost as possible, the Australian Government should:

- develop a framework for extending emissions-reduction incentives to new sectors. The costs associated with any new policies to reduce emissions in areas like agriculture and household gas should align with the target-consistent carbon values*
- continue work to ensure ACCUs are high integrity and seek to integrate ACCUs into every national emissions-reduction policy in the long term so hard-to-abate emitters face consistent incentives.*

Response

BlueScope supports the intent of this recommendation to improve transparency and cost-effectiveness in emissions-reduction policy. Applying consistent frameworks, such as target-consistent carbon values (**TCCVs**), can help guide decision making and ensure public resources are used efficiently. However, while the recommendation is sound in principle, its practical implementation presents significant challenges.

- Estimating accurate abatement costs is extremely difficult.** These values must be grounded in real, current data and not speculative future cost estimates. For example, using projected hydrogen costs that are not based on actual projects being developed risks undermining the integrity of the framework. Policymaking must avoid relying on assumptions ahead of economic realities.
- Industry input must be used.** Marginal abatement costs vary widely across sectors and technologies. Governments must engage directly with industry to understand actual costs and constraints. Relying on data from consultants is problematic as they typically lack access to credible, site-specific abatement cost data. Policy frameworks must be informed by real-world operational data, not theoretical modelling detached from industry realities.
- Technology neutrality is critical.** All viable technologies must be considered, not just those preferred by government. A narrow focus risks excluding cost-effective or innovative solutions that could play a meaningful role in decarbonisation. The framework should be flexible and inclusive, allowing the market to determine the most efficient pathways.

Section 2: Speeding up approvals for new energy infrastructure

General response

BlueScope broadly agrees with the Commission’s recommendations in Section 2. Driving investment in affordable, reliable and firm renewable energy sources is essential to reducing emissions across the manufacturing industry. Without a timely and coordinated transition in the electricity sector, many manufacturing facilities will face significant challenges in achieving substantial reductions in greenhouse gas emissions. The economics of green hydrogen, and the viability of net-zero pathways for BlueScope such as hydrogen-based DRI-EAF/ESF, are tightly linked to the availability of very low-cost renewable electricity.

BlueScope urges the Australian Government to lead a nationally coordinated approach that accelerates the deployment of renewable energy infrastructure, strengthen grid reliability, and ensures industrial users have access

to competitively priced renewable energy. The recommendations in this section can also be applied to all decarbonisation projects, not just renewable energy, to ensure a consistent and effective transition across sectors.

The Commission should also recognise the role of local supply chains in accelerating the rollout of new energy infrastructure. Domestic manufacturing capability can reduce supply chain risks and deliver economic and social benefits. Local content policies should be embedded in renewable energy procurement frameworks to support domestic fabrication and steel production to achieve competitive scale over time. This would also enhance regional employment, supply chain resilience, and community support for the energy transition.

There is an opportunity for new and evolved Australian supply chains to enable the renewable energy transition to net-zero.

As a domestic manufacturer of flat steel products and an existing supplier to the renewable energy sector, BlueScope understands steel's pivotal role in Australia's energy transition. The infrastructure required for renewable energy, such as wind towers, solar panel arrays and electricity transmission lines, heavily relies on steel. For instance, a gigawatt (GW) of solar farm generation demands approximately 40,000 tonnes of processed steel, while wind generation necessitates 80,000 to 150,000 tonnes. BlueScope is committed to fostering Australian manufacturing capabilities to actively participate in this clean energy transition which are currently largely dominated by imported fabricated goods. Along with economic and employment benefits, domestic supply chains can play a key role in complementing existing supply chains, delivering a thriving industry and underpinning a timely and cost effective renewable energy roll out.

The marginal share of domestic steel in renewable energy construction highlights a substantial future opportunity for the domestic industry, which has broader direct economic benefits to the Australian economy, such as the increased employment from expanded steel processing and fabrication, but also indirect and induced economic benefits such as the employment increase in related industries that will need to increase their output to match higher domestic steel production. For every \$1M invested in the Australian steel industry the economic multipliers are 7 FTEs are employed in steel and related industries; \$2.9M of output is added to the Australian economy and \$1.3M of value added is added to Gross Domestic Product.

Over the next decade, the absence of a domestic renewable energy manufacturing industry is a lost opportunity of up to 9,000 direct and indirect jobs per year and up to \$17 billion in additional economic value, along with skills development and a pipeline of apprenticeships, along with strengthening national industry capability, supply chain resilience, and broader economic growth.

Policy design can unlock investment and stimulate a thriving domestic renewables sector manufacturing industry

While multiple State and Federal Government policies, including the FMIA legislation, have recognised the opportunities for manufacturing industry in the renewable energy transition, this vision has not yet been realised.

Global investment in fabrication for the renewable sector is being directed to those jurisdictions with the most favourable policies. These jurisdictions include the United States, with its Inflation Reduction Act and One Big Beautiful Bill, the UK with its Sector Deal package, and the European Union, where local content policies support domestic manufacturing. A key reason for the success of these policies is that they provide both immediate financial support for construction of domestic manufacturing facilities (supporting cost competitiveness) *and* incentives for purchasing locally made components that provide investors in such facilities with an ongoing pipeline of work (thereby derisking investments by providing certainty of demand).

BlueScope has had extensive engagement with both local and international companies that have indicated that they would consider investing in Australia given the right policy support. This potential investment capital is mobile and will go to jurisdictions that have both the right economic fundamentals and the right policy support. Economic fundamentals include the likely scale and duration of the renewable energy build, the ability to achieve sufficient scale for facilities to be internationally competitive over time, as well as general economic settings.

Mechanisms could utilise existing policy frameworks or explore new fit-for-purpose options to realise local manufacturing. Identified existing pathways would be:

- **Signal** – Investors are seeking a clear signal, underpinning a long-term pipeline to secure investment for modern domestic manufacturing.
- **Pathway** – Medium term policy (with on and off ramps) to support the utilisation of sustainable, sovereign, domestic manufacturing capability. Capacity Investment Scheme (**CIS**) Merit Criteria should explicitly support local manufacturing. The current CIS includes combined First Nations and Local Content merit criteria, but neither are mandatory.
- **Realisation** – Implement policies that prioritise local manufacturing through strengthened procurement governance and enforceable compliance with local content requirements.

Domestic manufacturers can accelerate the rollout of renewables generation and transmission infrastructure

Domestic fabrication capability can support the timely delivery of renewable energy projects. Australian access to renewable energy infrastructure and components remains vulnerable to global supply shortfalls and bottlenecks due to a heavy, and in some sectors exclusive, reliance on global supply chains. Strengthening domestic supply chain capabilities would help mitigate these risks and may contribute to price stability, as modelling indicates that the price gap between local supply and imports can shift based on global conditions such as shipping rates, demand, and foreign exchange movements.

Data from the International Energy Agency (**IEA**) and the Global Wind Energy Council (**GWEC**) highlight forecasted global shortfalls in wind tower sections and a lag in their availability relative to nacelles and blades. The GWEC also projects a widening gap in wind capacity required to meet Net Zero by 2050 goals.⁶ This global dynamic places Australia in direct competition with other nations for access to supply, a situation the Clean Energy Council (**CEC**) describes as intensifying the race to net zero.⁷

Currently, renewable energy infrastructure and components, such as wind tower sections, are almost entirely imported, increasing the risk of supply chain disruption caused by global conflict, trade restrictions, and overseas bottlenecks.

The large physical size of imported wind tower sections contributes to port congestion, impacts local roads and infrastructure, and requires large areas for storage prior to installation. As the renewable energy roll out accelerates, these issues are likely to intensify. Transporting large tower sections through urban areas also disrupts communities and accelerates road deterioration.

Investing in modern domestic manufacturing capabilities, especially in regional locations, can reduce risks associated with global supply chain shortfalls and alleviate port and urban road congestion. Modelling commissioned by BlueScope suggests that in NSW, onshore tower fabrication using locally supplied steel could reduce wind turbine supply chain risks by eliminating up to 50 percent of component volumes passing through ports, thereby lowering the burden on state infrastructure maintenance.⁸

Local supply chains can harness the benefits of scale, drive innovation, and enhance supply security with minimal impact on electricity costs

Modelling indicates a very modest impact on electricity costs from utilising local supply chains. A report commissioned by BlueScope and industry partners into the feasibility of a domestic wind tower fabrication facility, showed the impact of a 60 percent local content requirement in NSW would create 765 FTE indirect and direct jobs and up to \$2.7bn of additional economic activity in the state by 2040, while only increasing electricity costs by 0.2 percent⁹.

⁶ Global Wind Energy Council (2025), *Global Wind Report 2025*.

⁷ Clean Energy Council. (2023). *Power Playbook: Accelerating Australia's clean energy transformation*. Clean Energy Council.

⁸ 'Feasibility of Domestic Wind Tower Fabrication', BlueScope submission to the NSW Renewable Energy Sector Board, 2023

⁹ Ibid.

Local suppliers can help build regional support for Australia's transition to a low-cost renewable energy system

Domestic manufacturing can unlock investment, economic and employment growth in regional Australia. Investment by government to support domestic manufacturing would boost regional Australia. A modern, at-scale domestic wind tower fabrication facility would have a capital cost of approximately \$170M and would employ approximately 170+ FTEs. Such a facility would create apprenticeships and could potentially redeploy some displaced workers from fossil fuel industries. In doing so, it would also give the renewable energy sector greater social licence by enabling it to demonstrate benefits for regional communities.

Draft recommendation 2.1: Reform national environment laws

The Australian Government should reform environment laws to expedite approvals for clean energy projects and better protect the environment. The reforms should:

- *introduce national environmental standards*
- *facilitate regional planning, particularly within renewable energy zones, with stricter statutory deadlines for assessing projects in 'go zones'*
- *provide accessible, high-quality information about the environment and past assessment decisions*
- *make offsetting arrangements more efficient, such as by enabling developers to meet their offset obligations by contributing to an Australian Government offsets fund*
- *set clear expectations about engagement with local communities and Aboriginal and Torres Strait Islander people.*

Response

BlueScope supports reforms to national environment laws that will streamline approvals for clean energy projects, while maintaining strong environmental protections. The proposed reforms will help accelerate Australia's transition to a low-carbon economy. However, to ensure these reforms are most effective, BlueScope recommends they be applied consistently across all decarbonisation initiatives, not just renewable energy developments.

Draft recommendation 2.2: Set up a specialist 'strike team' for priority projects

The Department of Climate Change, Energy, the Environment and Water should set up a strike team focused on priority renewable energy projects. The strike team should:

- *be adequately resourced to ensure all priority projects can be efficiently assessed under the Environment Protection and Biodiversity Conservation Act 1999 (Cth)*
- *integrate environmental and clean energy expertise*
- *be issued with clear expectations, tools and escalation procedures*
- *work with state and territory counterparts to reduce duplication and share information and expertise.*

Response

BlueScope broadly supports initiatives that expedite approvals for renewable energy and decarbonisation projects. While the concept of a dedicated strike team may be one approach, any mechanism designed to streamline assessments should apply to all decarbonisation efforts, not just renewable energy, and be supported by clear processes, adequate resourcing, and strong coordination across jurisdictions.

Draft recommendation 2.3: Establish a Coordinator-General for priority projects

The Australian Government should establish an independent Clean Energy Coordinator-General for priority renewable energy projects. The Coordinator-General should:

- *track the progress of all approvals needed to start construction*
- *investigate and help resolve delays*
- *report on progress to the Energy and Climate Change Ministerial Council*
- *provide advice based on objective criteria about the composition of the National Renewable Energy Priority List.*

Response

BlueScope supports improved coordination and oversight of priority decarbonisation projects. While the proposed Coordinator-General is a constructive initiative, the role should encompass all decarbonisation efforts, not just renewable energy, to ensure timely approvals and consistent progress across Australia's net-zero transition. This should also be expanded to include oversight to the delivery and realisation of sustainable renewable energy manufacturing industries to ensure FMIA vision is realised.

Draft recommendation 2.4: Consider the energy transition in approval decisions

The Environment Protection and Biodiversity Conservation Act 1999 (Cth) should be amended to require the minister to consider the needs of the energy transition when deciding whether to approve an energy project that will have a significant impact on a matter of national environmental significance.

Response

BlueScope agrees with the recommendation to consider the energy transition in environmental approval decisions. New gas developments are a clear example of where this approach is relevant. While natural gas is not a renewable fuel, it delivers substantial abatement benefits for industrial sectors such as steel when used to support a shift away from coal, particularly in the period before green hydrogen becomes commercially viable. These benefits should be recognised in environmental approvals for gas projects that contribute to decarbonisation. Environmental approvals could also be linked to conditions requiring gas to be supplied to projects that support emissions reduction.

Section 3: Barriers to investment in climate adaptation

General response

BlueScope generally supports the Interim Report's Section 3 recommendations aimed at strengthening climate adaptation in Australia, including the development of a national climate risk database, a consistent housing resilience rating system, and coordinated action to upgrade older housing stock. These initiatives are essential for improving resilience, particularly against heatwaves, and delivering cost-effective outcomes. To help ensure successful implementation, BlueScope has offered suggestions to enhance practicality, consistency, and alignment with industry capabilities.

Draft recommendation 3.1: Set up a climate risk information database covering all climate hazards

The Australian Government should coordinate with relevant federal, state and territory organisations to support development of a central climate-risk information database to cover all climate hazards in different parts of Australia. The database should enable the public, builders, developers, insurers, government planners and policymakers to get granular and accessible climate risk information.

Response

BlueScope supports the development of a publicly accessible national climate risk information database. This resource would benefit not only to households but also businesses operating in Australia.

Managing physical climate-related risks is a priority for BlueScope. In 2024, the company undertook a physical risk assessment to better understand the potential impacts of climate change on its global operations. This assessment covered 71 sites, including BlueScope's three steelmaking sites in Australia, New Zealand and the United States. It applied the latest climate projections following the release of Intergovernmental Panel on Climate Change's (IPCC) Sixth Assessment Report. An external specialist consultant conducted the assessment. If a database of this nature become publicly available, BlueScope anticipates conducting parts of future assessments internally, drawing on its own climate expertise.

To ensure the database is effective, consistent, and comparable across organisations and regions, BlueScope recommends the following considerations:

- Inclusion of climate projections based on globally aligned frameworks such as those developed by the IPCC.
- Provision of open-access, high-resolution climate modelling data for specific locations (5km x 5km resolution or finer).
- Inclusion of a standard set of climate-related hazards that are comparable across regions in Australia and globally. For example, hurricanes commonly occur in North America and having a hazard of this nature will not be useful for Australia.
- Classification of climate risk and multi-hazard information in alignment with globally accepted frameworks to support comparison with organisations operating internationally.
- Clear guidance and training for users to support informed decision-making, acknowledging the complexity and inherent uncertainty of climate projections. These caveats must be clearly communicated, understood and appropriately applied by users.
- Capability to download data without requiring specialised software (e.g. ArcGIS).
- Integration of outcomes from Australia's national climate risk assessment.

From a housing resilience perspective, the database should, where possible, align with existing built environment frameworks linked to climate hazards, for example the National Construction Code/NatHERS climate zones, AS 4055 Wind Classifications, Rainfall Intensity, AS 3959 Bushfire Attack Level.

Draft recommendation 3.2: Develop a nationally consistent climate resilience rating system for housing

The Australian Government should lead development of a nationally consistent climate resilience star rating system for housing.

- *The rating system should be outcome-based, with ratings reflecting potential damages from climate hazards. Ratings should account for location-specific climate hazards and the characteristics of a property.*
- *The rating system should be complemented by supporting material so that households, builders and insurers can easily identify upgrades that would improve a property's resilience.*
- *Development of the rating system and supporting material should build on work undertaken in this area and learn lessons from the development of the world-leading Nationwide House Energy Rating Scheme (NatHERS).*

Response

We support the development of a nationally consistent climate resilience rating system. While an outcome-based approach is preferred to encourage design optimisation, construction efficiency and not stifle innovation, the rating system should be carefully designed considering the following principles:

- **An outcome-based rating system should be complemented with minimum standards for critical building elements for resilience.** This would prevent trading off performance of a single element below the minimum performance level required for the climate action (e.g. thermal, bushfire) or to achieve a minimum rating.

For example, In NatHERS the overall 7* energy efficiency rating of a house can be achieved by trading off lower thermal performance in windows and increasing the thermal performance of other building elements. For resilience-based outcomes like bushfire resistance all the building elements (roofs, walls, windows, doors etc) should be required to achieve a minimum level of performance at each rating level prior to being traded off in pursuit of an overall resilience rating.

Similarly, NatHERS does not restrict the application of a dark coloured roof in a warm climate, with the impact of the dark roof on the house cooling load able to be compensated for in other areas. The performance of the roof plays a significant role in heat wave impact on the house and community (urban heating). For heat wave resilience, careful consideration should be given to the ability to trade off the performance of the roof in a rating system.

- **The rating system could account for and recognise materials/products/construction methods that minimise the cost and speed of recovery, and occupant displacement consequences, following a natural disaster.** Products and building systems that, while impacted, can retain their primary function or prevent consequential outcomes that impact occupant health (like mould growth), a further deterioration of structural integrity, or damage to occupants' contents following an event, could allow for lower insurance recovery costs. For example, in the event of hail a steel roof may be damaged but retain its function, where other materials may need immediate repair.
- **Development of the rating system must involve early consultation with building practitioners and building product suppliers.** These stakeholders possess practical insights into design and construction feasibility, good-better-best practice performance step ups and risk mitigation of unintended performance outcomes that can be lacking from technical experts and consultants.
- **The rating system should be built on an understanding of current Australian construction and proven construction methods and reflect good-better-best practice step ups.** While there may be learnings from overseas jurisdictions, international construction practices can be vastly different from Australia and adopting prescriptive approaches may not be appropriate. The rating system should also factor in durability and maintenance of the system to ensure that the resilience performance is sustained. Differentiated levels of performance and advice to consumers on how to improve ratings would be valuable.
- **Resilience performance ratings should be based on verifiable evidence and not theoretical performance claims.** Compliance and certification should align or integrate into existing regulatory frameworks and compliance pathways such as NatHERS, the NCC and Australian Standards to avoid duplication or conflicting with current regulation and to facilitate approval and certification efficiency.

Draft recommendation 3.3: Governments should agree on a series of actions to improve housing resilience over time

The Australian Government should lead work with the states, territories and local governments to agree on a series of actions that will improve the resilience of our housing stock over the coming decades. Older housing in high-risk areas will need the greatest focus.

- *This work should be anchored around time-specific and outcome-based goals for household-level resilience, taking into account climate damages and the effects of heat. The goals will form the basis for a shared understanding of how agreed actions will improve resilience.*
- *Actions should only be taken where benefits exceed costs based on high quality impact assessments. They should be staged in line with the expected pace of climate change and coordinated with public investment to achieve measurable improvements in precinct resilience.*

Response

BlueScope recognises the necessity to enhance the resilience of Australia's housing stock. Upgrades to existing older housing are required to address vulnerabilities to climate change and in particular, heat waves. This can be achieved through coordinated Government action with adaptive policy development over time.

Mechanisms to incentivise retrofitting and adapting old housing stock in urban areas to increase their resilience to heat waves is likely to have the highest impact for measurable and cost-effective improvement in housing resilience. Including cool roofing in housing adaptation programs and planning processes would offer high impact, practical, scalable solutions to help reduce heat stress at a local level and for vulnerable populations. It would also extend to community level resilience against heat waves by mitigating urban heat island impacts.

Regular, targeted impact assessments will ensure that responses are prioritised to the highest impact areas where the benefits exceed the cost and should also keep actions in line with the evolution of building regulatory frameworks and industry best practice and innovation.

Coordinated actions should be staged with regular evidence-based feedback mechanisms to monitor the effectiveness, assess the quality and compliance around the intended outcomes, ensure the resilience benefits are being delivered and unintended risks are not being introduced. Insight and learnings from schemes, such as the Energy Efficient Homes Package 2009-2010, should be reviewed and industry should be engaged to develop capability and capacity to avoid implementation issues.

Draft recommendation 3.4: Give the Climate Change Authority responsibility for monitoring, evaluation and learning regarding adaptation policy

The Australian Government should legislate for the Climate Change Authority to take responsibility for monitoring, evaluating and learning to inform governments and the public about progress in adapting to climate change, and whether policies are effective. Progress reports should be published every two years and include recommendations about how to improve adaptation policy.

No response to recommendation 3.4