



22 November 2024

Mark Williamson
Chief Executive Officer
Clean Energy Regulator
Discovery House, 47 Bowes St,
Phillip ACT 2606

Dear Mr. Williamson

Enabling deep, liquid transparent, and accessible carbon markets in Australia discussion paper.

The Minerals Council of Australia (MCA) representing Australia's minerals exploration, mining and processing industry appreciates the opportunity to provide feedback to the consultation on *enabling deep, liquid transparent, and accessible carbon markets in Australia*.

The mining industry recognises the need to reduce emissions globally, nationally and at the sites and facilities driving Australia's resources industry. In June 2020, the MCA and members launched the *Climate Action Plan* as a clear commitment to do the work needed to achieve net zero emissions by 2050 in support of the goals of the Paris Agreement.

It is important that Australia maintains a competitive advantage in the supply of minerals and metals during the clean energy transition. The clean energy transition will be resource and energy intensive. Incentivising investment in the production and processing of copper, nickel, lithium, uranium and other metals and minerals that are essential for global decarbonisation efforts and Australia's clean energy transformation should be the primary objective of policy.

Given Australia's responsible mining credentials, policy settings must ensure that Australia captures to the greatest extent possible the benefits that will accrue from the increased supply of metals and minerals to enable the clean energy transition necessary for reducing global emissions to net zero.

To reach this objective, member companies continue to invest in research and technical development to better understand the technologies and practices that will be necessary to achieve decarbonisation across the sector.

An essential aspect of government policy is continued support for high integrity domestic and international offsets which are essential for industry to support meeting Australia's ambitious decarbonisation goals. The mining industry supports the Clean Energy Regulator (CER) in its regulation of a high integrity Australian Carbon Credit Unit (ACCU) market.

The development of new carbon market infrastructure should:

- Cost effectively and efficiently meet the needs of compliance participants needing to transact different unit types including ACCUs and Safeguard Mechanism Credits (SMCs)

- Support the development of a deep and liquid exchange traded offset market with forward price discovery that is based on an undifferentiated ACCU market
- Continue to support the over-the-counter (OTC) market for compliance buyers seeking co-benefits that allows the cost of co-benefits to be assessed based on the undifferentiated exchange traded market. MCA does not support differentiation of ACCUs by co-benefits, jurisdiction or by other segmentation on the exchange traded platform. Participants seeking specific segmentation will be able to continue to access the OTC market.
- Support international credits developed under Article 6 of the Paris Agreement
- Be based on best practice proof of identity practices to prevent cycling and the possibility of GST fraud. It is important that the CER incorporates the lessons from the EU ETS on VAT fraud as a high integrity market is essential for participants.

Australian mining has an important role to play

Mining is a large-scale, capital-intensive activity. Unlike other industrial enterprises, geology dictates activities and can significantly influence emissions profiles. Flexible application of policy to recognise these elements is vital to maintain the international competitiveness of Australian mining operations on the national path through 2030 to net zero emissions by 2050.

Australia has a significant role to play in supporting the global clean energy transition. In FY23, Australia's exports of minerals, metals and energy commodities was worth \$455 billion and accounted for 66 per cent of the nation's export revenue.

Over the last decade the industry has paid \$356.6 billion in taxes and royalties. These contributions support stronger communities by helping to fund hospitals, schools, doctors, nurses, police, teachers and other essential services and infrastructure.

The industry is also critical in supporting regions and communities, including providing 1.1 million jobs in Australia supported by the mining, mining equipment, technology and services sectors.

Government and the mining industry must continue to work together to develop appropriate enabling policy frameworks to achieve net zero goals and maintain Australian industry competitiveness.

The pathway will not be linear for all industries, but great progress is being made across mining.

Achievement of both the 2030 target and the 2050 net zero target will require close consultation and collaboration with all stakeholders.

The industry seeks change that is manageable, orderly, and establishes an appropriate regulatory framework for industry and the nation to achieve medium- and long-term emissions targets.

We thank you again for the opportunity to comment and look forward to engaging constructively with the Government on these important reforms. We stand ready to help put Australia on the path to meeting its emissions reduction targets and contribute to the achievement of the Paris Agreement goals.

Yours sincerely



**TANIA CONSTABLE PSM
CHIEF EXECUTIVE OFFICER**