



Fortescue pushes Canberra for emissions safeguard review; Exclusive

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Body

Fortescue Metals chief executive Dino Otranto has called on the Albanese government to fast-track a review of its climate safeguard mechanism which he said was "entirely compromised" by diesel tax credits and holding back the mining industry from decarbonising.

The mining giant also warned the West Australian government against palming off responsibility for local greenhouse emissions to Canberra, and said if the state wanted to streamline approvals it should instead prioritise green projects over traditional mining developments.

Mr Otranto said the state government needed to resist the allure of leaving policing of greenhouse emissions to the Commonwealth via the safeguard mechanism, an instrument he believes is compromised by the diesel fuel tax credit.

"Putting all the focus on the safeguard mechanism to address emissions reduction in WA is concerning," Mr Otranto told The Australian Financial Review.

"In the mining sector, the safeguard mechanism is entirely compromised by other initiatives such as the diesel fuel tax credit. We encourage the federal government to bring forward its review, so the mining sector can focus on investing in decarbonisation."

The safeguard mechanism is slated for review in 2026-27.

Calls for a review mark an escalation in **Fortescue's** attack on the diesel tax credit system, which allows mining companies to claim a tax rebate when the diesel is used on private roads.

Fortescue's director of global sustainability and external affairs, Bronwyn Grieve, earlier this month told the Financial Review the government should consider tying the lucrative fuel tax credit to decarbonisation efforts for major miners.

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Fortescue argues the cost incurred by companies paying for Australian carbon credit units when they don't meet prescribed emission reduction levels under the safeguard mechanism are outweighed by the value of the diesel fuel tax.

But Productivity Commission commissioner Barry Sterland said the policy was working to prompt big emitters to reflect on their emission abatement opportunities.

He said while the commission wanted to see the safeguard mechanism expanded to cover more industrial players and heavy transport, he did not believe it was being undermined by fuel credits.

"I don't think that necessarily works at cross purposes, I think there's a different complex argument to be had about the transport fuel space," Mr Sterland told The Australian Financial Review Energy and Climate Summit in Sydney. "I think, regardless, the safeguard sends a signal into that sector."

The call for a shake-up of the safeguard mechanism comes a week after the WA government announced it would strip its environment protection agency of the power to assess mining and other major project applications on their emissions.

The government cited legal advice that suggested the Commonwealth should be responsible.

The move, which the government argued would reduce duplicative assessments between the state and federal systems, was lauded by the WA mining lobby and energy giant Woodside, but condemned by environmental groups and the Greens.

Asked whether the federal government would consider bringing forward its review, a spokeswoman for Climate Change and Energy Minister Chris Bowen said the safeguard mechanism was driving down emissions from the nation's biggest industrial facilities.

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