



Australian Government

Australian Government response to the
Senate Rural and Regional Affairs and Transport
References Committee report:

Project known as Iron Boomerang

November 2024

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Background

On 5 September 2022, the following matter was referred to the Rural and Regional Affairs and Transport References Committee (the Committee) for inquiry into the Project known as Iron Boomerang (PIB), with reference to:

- a. the employment likely to result from the project during construction and once completed
- b. the effect on Australia's gross domestic product and balance of payments from this significant change in Australia's productive capacity
- c. capital, energy and resources required to build and operate the proposed 10 steel plants, 5 at Port Headland, Western Australia and 5 in the Bowen Basin, Queensland
- d. the feasibility of the proposed clamshell design and electric/diesel propulsion to safely transport iron ore and coal across the 3000 kilometre route
- e. the environmental benefit of the reduction in bulk ore exports in regard to marine pollution and energy consumption
- f. any environmental impacts from the proposed alignment
- g. any impacts of the rail line or steel parks on the Aboriginal community
- h. the relevance of the Iron Boomerang project to our national security
- i. any other related matters.

The Committee's report was tabled in the Parliament on 10 August 2023.

Introduction

The Australian Government appreciates the work of the Committee in considering the project.

The Government is committed to making our future here, making the most of our potential, and making sure the benefits are widely shared. Our \$22.7 billion Future Made in Australia Plan (Plan) will drive advanced manufacturing in Australia, helping us to maximise the economic benefits of the move to net zero and secure Australia's place in a changing global landscape. This will build a stronger, more diversified and resilient economy. As part of our Plan, we have announced a \$1.7 billion Future Made in Australia Innovation Fund to advance next generation Australian manufacturing capabilities by investing in new industries such as batteries, green metals and low carbon fuels. We have consultation underway on unlocking green metals opportunities for a Future Made in Australia. Our National Rail Procurement and Manufacturing Strategy is helping build scale and efficiency in the sector, promoting investment and leading to the sector being more globally competitive.

Australia has a generational opportunity to capture new economic opportunities emerging from the global net zero transformation, and to drive investments in low emissions and renewable technologies that will help achieve a 43% reduction in greenhouse gas emissions below 2005 levels by 2030, and net zero emissions by 2050. The Australian Government has committed to developing a 2050 Net Zero plan to support the transition to a net zero economy, help build new industries, and support the Government's ambition to become a renewable energy superpower.

Importantly, the Australian Government recognises the opportunity for Northern Australia to enhance prosperity through new investment across multiple sectors, including resources, defence, renewables, and advanced manufacturing. The Australian Government's Critical Minerals Strategy 2023–2030 sets out the ambition to achieve growth in the critical minerals

sector in coming years. The recent Budget establishes a production tax incentive for processing and refining critical minerals at an estimated cost of \$7 billion over the next decade. It also commits up to \$1.2 billion in strategic critical minerals projects through the Critical Minerals Facility and the Northern Australia Infrastructure Facility. This includes the Critical Minerals National Productivity Initiative to work with state and territory governments to develop pre-feasibility studies for critical mineral common-user processing facilities.

The recent Resources Statement to Parliament also highlights the commitment to strengthening the resources sector and its critical role in pursuing the transition to a net zero economy. To support our future resources industry, the Future Made in Australia program will include \$566 million over ten years in a new Resourcing Australia's Prosperity program to map prospective regions and resources needed for the transition to net zero.

The establishment of the \$15 billion National Reconstruction Fund, with \$3 billion for investment in renewables and low emissions technologies and \$1 billion for value-adding to resources, also represents a significant government commitment to diversifying and transforming Australia's industry and economy, creating high-value jobs, and driving sustainable economic growth.

Response

Recommendation 1 of the Committee's Report

The committee recommends that East West Line Parks resumes engagement with Infrastructure Australia and provide it with the information that it requires to complete an assessment of Project Iron Boomerang.

Response

The Australian Government **notes** this recommendation.

Comments

The Australian Government welcomes engagement with proponents on the development of submissions for Infrastructure Australia's assessment.

On 1 June 2023, Infrastructure Australia received an addendum to its Ministerial Statement of Expectations requiring that Infrastructure Australia only accept proposals from Australian state or territory governments¹. This does not preclude East West Line Parks from preparing a submission but would require engagement with an appropriate government entity to lodge a submission with Infrastructure Australia on its behalf.

¹ Ministerial Statement of Expectations for Infrastructure Australia can be found via <https://www.infrastructureaustralia.gov.au/sites/default/files/2023-06/Signed%20Letter%20by%20Minister%20-%201%20June%202023.pdf>

Recommendation 2 of the Committee’s Report

The committee recommends the Australian Government commissions and publishes a scoping study on the establishment of a steel plant/s located in Northern Australia. The study should consider:

- the most suitable location/s including economic viability and financing arrangements of such a plant/s, taking into account trends in and affecting the global iron ore and steel markets
- the use of metallurgical coal and/or hydrogen as potential reductants
- the capacity of the Australian Government to provide potential guarantees, loans, grants, and/or equity arrangements
- legislative or regulatory approvals
- exposure to risk
- employment, environmental and social impacts, and land acquisition
- engagement with Indigenous communities and local communities
- the national security implications of increasing the domestic steel supply.

Response

The Australian Government **does not support** this recommendation.

Comments

The Government does not support a government funded scoping study on the establishment of steel plants located in Northern Australia. Instead, the Government will consider Australia’s iron and steel producing sectors as part of its net zero sector plans and Future Made in Australia.

The Australian Government will continue to support Australian companies and researchers to invest in research and development, renewable energy, and workforce development required to harness Australia’s potential to become a long-term and trusted supplier of green iron and green steel to global industries. Further information on the existing support arrangements are outlined in response to later recommendations.

Recommendation 3 of the Committee's Report

The committee recommends the Department of Defence details the use of steel in, and the value of steel to, Australia's defence industry in the **Defence Industry Policy Strategy**, covering:

- steel use and demand in current defence projects
- projected future supply and demand requirements
- the strategic value of any excess capacity arising from a capacity increase, such as from a new steel plant
- the risks to, and impact from, any disruption or shortfall in both the domestic and global steel markets.

Response

The Australian Government **notes** this recommendation.

Comments

The Defence Industry Development Strategy establishes the framework and principles for the direction of defence industry policy in what will be an important decade in Australia's national security. This includes identifying the sovereign defence industrial priorities Australia needs for our own self-reliance.

Recommendation 1 of the Government Senators’ – Dissenting Report

The project proponent work with interested parties (including the Department of Industry, Science and Resources) to explore opportunity for green iron and green steel production. This engagement should focus on understanding:

- the sovereign capability that such projects would represent
- the jobs and capability that could be created
- the role that Traditional Owners, governments (at all levels), and local communities can play
- the potential for carbon emissions reductions in Australia and in partner nations.

Response

The Australian Government **supports** this recommendation.

Comments

The Australian Government is updating Australia’s Net Zero 2050 plan. As part of this process the Government will develop six sectoral decarbonisation plans which, between them, will cover all major components of the economy and consider issues around green iron and green steel production. The Minister for Industry and Science and the Minister for Climate Change and Energy will work together to develop the Industrial Sector Decarbonisation Plan, which will consider iron and steel production.

As part of the whole of government development of sector plans, the Government will undertake engagement with the community, industry, experts, and unions to ensure its actions are well informed and reflect real-world economic, commercial, and industrial realities. Additionally, the Government will ensure that First Nations people who are affected are fully consulted including on social impacts and job creation.

Green metals have been identified as a priority industry as part of the Government’s Future Made in Australia agenda. This is because of the important role green metals will play in Australia’s net zero transformation, potential for comparative advantage in this industry, and the need for public investment in order to align economic incentives with the national interest and unlock private investment at scale.

The Future Made in Australia package also includes \$18.1 million over six years from 2024–25 for foundational initiatives to expedite the emergence of Australia’s green metals industry including enhanced industry and research collaboration, exploration of opportunities to improve the use of Australian scrap metal, and further consultation on incentives to support the production of green iron and steel, together with alumina and aluminium.

Recommendation 1 from the Additional comments by Senator Malcolm Roberts

Recommendation 2 should include an additional term of reference which covers the use of emission capture and reprocessing in steel production.

Response

The Australian Government **does not support** this recommendation.

Comments

The Government is committed to supporting technology development and additional abatement options for the industrial sector. This includes programs that support the reduction of emissions in steel production. These include:

1. The Carbon Capture Technologies Program which supports carbon capture and utilisation technologies.
2. The Safeguard Transformation Stream of the Powering the Regions Fund provides matched funding through competitive grants to support eligible facilities to bring forward investment and technology adoption to reduce on-site emissions.
3. The Australian Renewable Energy Agency (ARENA), through its strategic priority to accelerate the transition to a low emissions steel value chain, provides support for novel technologies that are within its mandate. This will be enhanced by the \$1.7 billion Future Made in Australia Innovation Fund that has been established as part of the Future Made in Australia package.

Further to the above, there are numerous research organisations and collaborations exploring technologies and process improvements to reduce emissions in the iron and steel sector, including CSIRO and the Heavy Industry Low Carbon Transition Cooperative Research Centre (HILT CRC).

The Government will continue to work with the key steel industry stakeholders and those with new technologies, through ARENA, the National Reconstruction Fund, Powering the Regions Fund and other avenues, to explore opportunities to decarbonise the sector, consistent with Australia's 2030 and 2050 emissions reduction targets.

