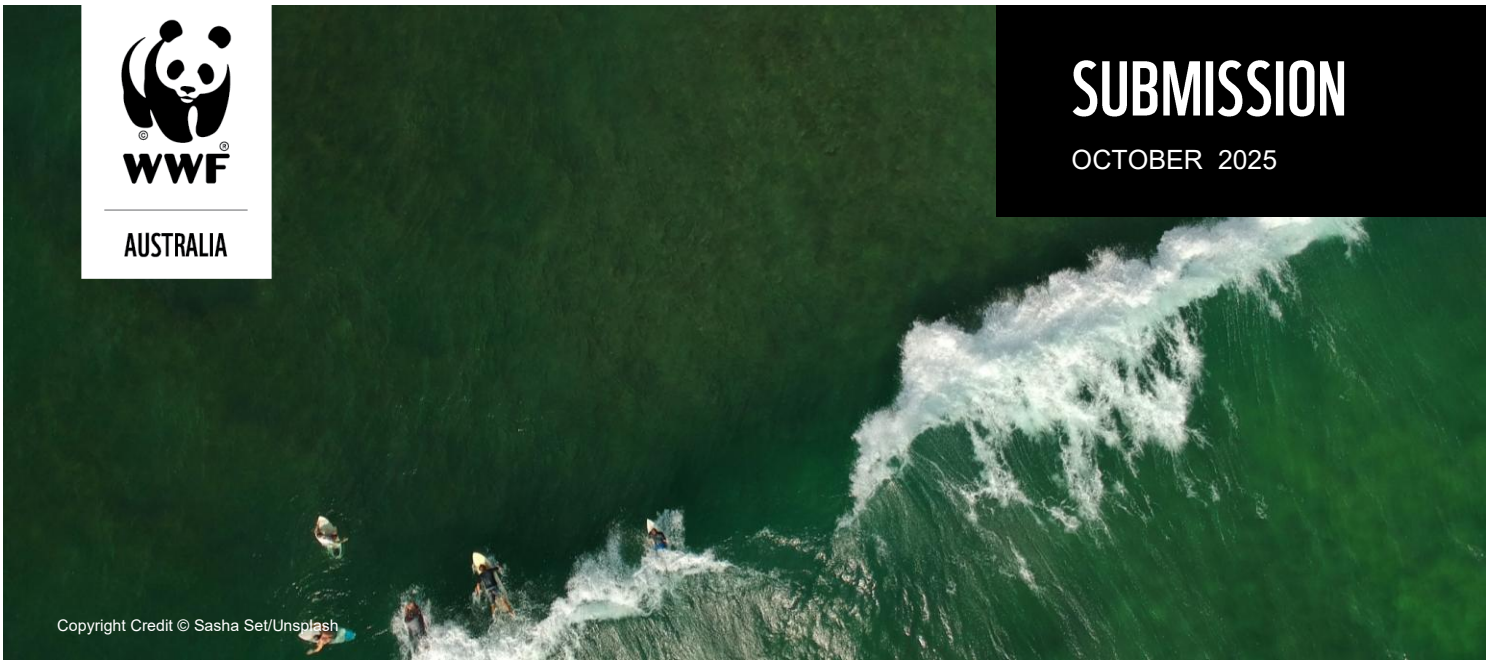
WWF AUSTRALIA

SUBMISSION

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INQUIRY INTO THE ROLE OF WESTERN AUSTRALIA IN THE GLOBAL EFFORT ON DECARBONISATION

WWF-Australia is part of the WWF International Network, the world's largest independent conservation organisation. WWF's global mission is to stop the degradation of the planet's natural environment and to build a future in which humans live in harmony with nature. WWF-Australia is one of Australia's largest and most trusted environment organisations. We work with more than two million financial and non-financial supporters to save species and protect the places we love.

General comments

WWF-Australia welcomes this important and timely inquiry into Western Australia's (WA) role in global decarbonisation. WA can play a pivotal role in helping our major trading partners decarbonise, but not by expanding LNG exports and relying on carbon capture and storage (CCS). Instead, WA can realise significant economic benefits from building a greener future for the WA iron ore industry and our Asian trading partners. This means developing onshore iron processing fully based on renewable energy and renewable consumables, and by rapidly electrifying existing energy-intensive industries. Prolonging fossil fuel dependence by expanding LNG exports is not investing in the WA's long term future - it undermines opportunities in growing clean export markets.

The Asia-Pacific region looks to WA's mineral endowment and potential for renewable energy generation as a potential collaborative decarbonisation opportunity. Our export partners in Japan and Korea are tightening carbon-intensity thresholds for products, while the EU Carbon Border Adjustment Mechanism (CBAM) will impose a carbon cost on iron, steel and aluminium imports from 2026. WA has the chance to lead a fair, fast transition to clean energy exports. Yet gas remains central to its narrative, despite clear scientific evidence that this will delay progress. For decades, WA's resource management has

KEY MESSAGES

- Green iron can be WA's clean-export flagship. EU and North Asian buyers are ready for verifiably low-emission iron. Green iron has the potential to be a $386bn export industry, far exceeding the current value of the Australian iron ore trade.
- The development of a green iron industry requires deliberate, strategic development that is in line with the needs of our trading partners and competitive with global first movers.
- Failure to signal to investors that WA is open for the business of genuine decarbonisation pose significant economic risks to WA.
- Urgent deployment of renewable energy and renewable hydrogen is needed to enable a green steel industry, as is adoption of "polluter-pays" carbon pricing. Without this WA risks being locked into fossil gas pathways and exposed to global transition risks.
- Carbon Capture and Storage (CCS) is a last resort option that carries significant economic, environmental and social risks. It is also demonstrably unproven for industrial applications related to green iron and steel.

delivered limited long-term benefits to Australians. Decarbonising WA's industry is WA's opportunity to reset this trajectory and build a resilient economy that benefits all Western Australians.

This submission outlines the following three priority recommendations for the WA Government in decarbonising the iron and steel sector, a key opportunity for the state. These recommendations also provide a strong foundation for broader mining sector decarbonisation and the development of clean export industries such as green chemicals and metals.

1. ***Demonstrate WA's decisive and credible commitment to a future in the inevitable low-carbon global economy.*** Unlock investment in WA's climate solutions by signaling long-term policy alignment with deep decarbonisation. This means providing regulatory certainty (through clear targets, definitions, policies and timelines), to guide investment and prevent misallocation of capital into high-risk transitional fossil-based projects while delivering genuine decarbonisation and avoiding carbon lock-in of fossil fuel use.

2. ***Unlock Key Opportunities and enhance credibility in climate and investment messaging.*** The WA Government's claim that "the world needs WA gas to decarbonise" does not align with analysis by Climate Analytics and risks being perceived as greenwashing[1]. Other misleading messaging on the role of gas in the energy transition and CCS -that go against available scientific data and our national interests- undermines investor confidence, misaligns key industries with net-zero goals, and reduces public trust.

3. ***Prioritise decarbonisation exports that will be demonstrably competitive in the long-term***, led by green iron, and set a clear sunset on gas use while ensuring the roll out of large-scale renewables and associated infrastructure enable electrification of heavy industry and resources sector. Truly green industries are the leading candidate for replacing current trade-related income from fossil fuels, with the potential to far exceed carbon intensive revenues.

1. Demonstrate WA's decisive and credible commitment to a future in the inevitable low-carbon economy

The global economy is undergoing a structural shift as nations race toward net zero. This is not a distant horizon; it is the defining industrial moment of our time. For WA, the stakes are existential: whether we lead in clean exports or risk being locked into declining fossil fuel markets.

WA's advantages are undeniable: world-class renewable energy potential and a mineral endowment critical for low-carbon technologies. Studies show green iron alone could more than double current iron ore export value[2] [3], reaching up to $386 billion by 2060[4]. This is a once-in-a-generation opportunity to secure economic resilience, create high-value jobs, and position WA as a global leader in clean industry.

But opportunity will not wait. International investors and trading partners are moving fast to decarbonise supply chains. Our engagement with finance leaders in Japan and other markets makes one point clear: **policy predictability is essential to unlock capital for long-term decarbonisation investments.** Voluntary or weak measures do not provide the certainty investors need to manage future costs. Without

1https://climateanalytics.org/publications/woodsides-scarborough-and-pluto-project-undermines-the-paris-agreement

[2] Climate Energy Finance (2024): https://climateenergyfinance.org/wp-content/uploads/2024/11/CEF_Green-Metal-Statecraft_FINAL.pdf

[3] The Superpower Institute (2024): https://www.superpowerinstitute.com.au/resource/file-1201b937ae3348d77bcc9e46c3767db4b531e848-pdf/TSI%20submission_%20%20Unlocking%20green%20metals%20opportunities%20for%20a%20Future%20Made%20in%20Australia%20-%20July%202024.pdf

[4] The Superpower Institute (2024): https://www.superpowerinstitute.com.au/work/green-iron-plan

credible, time-bound policies, WA risks losing competitiveness as global markets pivot to low-emissions products.

WA is home to 35% of Australia's largest emitters and nearly half of emissions under the Safeguard Mechanism, most from mining and gas[5]. Continuing to expand high-polluting industries sends the wrong signal. To remain competitive and credible, WA must demonstrate true commitment to a low carbon future: set transitional emissions reduction and renewable energy targets, align with national efforts, and demonstrate a managed pathway away from fossil fuel dependence.

The Federal Treasury's Net Zero Transformation modelling confirms the economic upside of decisive action and the risk of clinging to fossil fuel exports[6]. WA now faces a clear choice: embrace industrial transformation with integrity and urgency or fall behind as global demand for clean products accelerates. This is WA's moment to lead, not just for our economy, but for regional decarbonisation and global climate goals.

The Federal Government has taken steps to lift Australia's climate game from a position once labelled "simply embarrassing" among developed nations[7]. WA must now follow suit: it remains the only state without transitional emissions reduction or renewable energy targets. **To demonstrate credibility on the world stage and unlock investment, WA must urgently commit to strong, time-bound climate policies and a clean export strategy. The global shift is accelerating, and WA cannot afford to be left behind.**

2. Unlocking Key Opportunities and Enhance credibility in climate and investment messaging

As the transition accelerates, so does the risk of greenwashing. WA cannot afford to promote technologies as "decarbonisation solutions" when they either increase emissions or fail to deliver meaningful reductions. Examples include promoting LNG as "helping trading partners decarbonise", and use of gas to make "green iron"[8]. In reality, methane, the main component of natural gas, is the second-largest contributor to global warming, responsible for 25–30% of modern warming[9]. WA's climate messaging relies on narratives that contradict scientific evidence and global market trends, undermining credibility and investor confidence. Common misleading statements, as outlined in Table 1, delay real action, risk greenwashing, and jeopardise WA's competitiveness in a decarbonising global economy. WA must replace fossil-centric messaging with credible, science-based strategies that prioritise renewables, green hydrogen, and verified low-emission exports.

Table 1

Common myths	**Fact**

[5] WA Treasury Corporation (2025): https://www.watc.wa.gov.au/media/qr5jfb5z/decarbonising-western-australian-and-our-trading-partners.pdf
[6] Treasury (2025): https://treasury.gov.au/publication/p2025-700922
[7] The Guardian (2020): https://www.theguardian.com/australia-news/2020/nov/18/australias-climate-record-labelled-simply-embarrassing-and-among-worst-of-g20-nations
[8] For example, The Australian Financial Review (2025): https://climateenergyfinance.org/wp-content/uploads/2025/09/Regulator-says-fossil-fuel-methane-can-be-used-to-make-%E2%80%98green-iron.pdf
[9] Climate Council (2024): https://www.climatecouncil.org.au/resources/dangerously-overlooked-why-we-need-to-talk-about-methane/

Gas is needed to replace, and is cleaner than, coal.	When measured across the full lifecycle, including Scope 1, 2, and 3 emissions and fugitive methane, LNG can be as polluting as coal[10]. The IEA estimates methane emissions from Australian gas and coal corporations may be under-reported by up to 60%, and CSIRO found LNG displaces renewable energy in Asia, not coal[11].
Gas is a transition fuel.	CSIRO analysis shows gas only reduces emissions when carbon prices are very high; otherwise, increased gas supply's impact on GHG emissions reduction is neutral or negative[11]. As global carbon pricing becomes widespread, gas will become economically unviable, making investment in gas infrastructure a stranded asset risk as less gas will be required as the transition progresses.
Gas is secure and affordable energy.	CSIRO's GenCost 2025 report confirms that renewables (solar PV and wind) are the lowest-cost new-build technologies, even with integration costs[12]. Battery storage projects in WA (Kwinana, Collie, Cunderdin) are already reducing reliance on gas peakers, proving that firmed renewables can deliver reliable energy.
The Safeguard Mechanism is enough to drive decarbonisation.	The reformed version of the SM is Australia is not in itself sufficient for Australia to achieve net-zero by 2050. Its regional contribution to emission reduction is also limited, given that it targets only Scope 1 emissions. WA needs regional emissions targets and carbon pricing readiness to avoid future trade penalties under mechanisms like the EU CBAM[13] [14].
Hydrogen as a multi-purpose fuel in any "colour".	Fossil-based hydrogen adds significant emissions and undermines decarbonisation goals[15]. Renewable hydrogen is essential for hard-to-abate sectors such as steelmaking and fertiliser production, and WA should prioritise green hydrogen and stop funding projects involving non-renewable hydrogen[16], aligned with federal programs like Hydrogen Headstart.
Critical minerals are so important they are above regulation.	Global buyers increasingly demand low-emission supply chains. Ignoring emissions in critical minerals production and loosening environmental protection regulations risks losing access to premium markets and undermines WA's competitiveness in green trade corridors. Mining entities embrace renewable energy development for cost benefits[17].
CCS can support industry decarbonisation	CCS has a poor track record of underperformance and under regulation globally[18] [19]. Chevron's Gorgon project averaged 47% capture vs. an 80% target[20], and IEEFA analysis shows most CCS projects underperform[21]. Even at maximum scale, CCS could only deliver

[10] Howarth RW Cornell Chronicle (2024): https://scijournals.onlinelibrary.wiley.com/doi/10.1002/ese3.1934
[11] CSIRO (2019): https://www.woodside.com/docs/default-source/sustainability-documents/climate-change/modelling-the-emissions-impact-of-additional-lng-in-asia.pdf
[12] CSIRO (2025): https://www.csiro.au/en/news/All/News/2025/July/2024-25-GenCost-Final-Report
[13] Burke, P. et al. Energy (2022): https://researchprofiles.anu.edu.au/en/publications/contributing-to-regional-decarbonization-australias-potential-to-
[14] Climate Energy Finance (2025): https://climateenergyfinance.org/wp-content/uploads/2025/06/CEF_A-Price-on-Carbon-Building-Towards-an-Asian-CBAM-Report_05June2025.pdf
[15] IEA (2023): https://www.iea.org/reports/global-hydrogen-review-2023
[16] Premier Cook's CEDA speech in July 2025 is an example https://www.youtube.com/watch?v=VEnOFIhzouY&t=316s)
[17] Parkinson, G. Renew Economy (2025): Gina Rinehart-backed lithium mine achieves 81 pct renewables over last year, with wind, solar and battery
[18] IEEFA (2024): https://ieefa.org/sites/default/files/2024-04/Carbon%20capture%20for%20steel-April24.pdf
[19] Kurmelovs, Drilled (2024): https://drilled.media/news/ccs-australia
[20] Michael West Media (2024): https://michaelwest.com.au/carbon-capture-ccs-chevron-santos-fail/
[21] IEEFA (2022): https://ieefa.org/articles/carbon-capture-decarbonisation-pipe-dream

	~2.4% of global decarbonisation by 2030, making it a niche and expensive solution, not a silver bullet[22].
Without gas, "the lights will go out in Tokyo."	Japan is over-contracted for LNG and resells up to 30 million tonnes annually, more than Australia's total LNG exports to Japan[23] [24]. Claims of energy security are overstated and serve to justify continued fossil fuel expansion rather than genuine transition.

In addition, the term "green", particularly in the case of green iron and steel, is increasingly being used to describe a wide range of production pathways, some of which rely heavily on fossil fuels, Carbon Capture, Utilisation and Storage (CCS/CCUS) or low-integrity offsets[25]. Without clear standards, this ambiguity risks greenwashing, undermines genuine decarbonisation efforts and WA's competitive edge in green supply chains. WA must therefore be extremely mindful of what the market considers to be "green". Our experience in speaking to sector representatives in Australia and Japan (steel producers, steel buyers, the finance sector and end-users) is that products with low, or inadequate emission reduction ambition are not considered green and will not be competitive. This includes any product made with LNG and derivatives, except in limited cases where no non-fossil substitute technology exists.

A 2024 survey of investors in 34 countries found that 81% of investors agreed that green steel cannot be made with fossil fuels[26]. Green iron and steel are increasingly seen as products that must meet a calculatable, Paris-Agreement aligned emission reduction pathway (with or without additional requirements for circularity and environmental benefits[27]). For the steel sector, this means enabling technologies that support reducing emissions by 50% by 2030 and 95% by 2050[28].

Without clear parameters, "green" risks being co-opted by high-emission producers seeking reputational or financial advantage without genuine decarbonisation. This undermines public confidence, distorts markets and makes it harder for investors to assess decarbonisation pathways. For WA, this poses a strategic risk as global markets increasingly favour verified low-emissions products. Credible claims become a strategic trade and investment imperative, foundational to market creation.

To protect WA's net zero ambition and export potential, it is essential that:

- "Green" exports are clearly defined in legislation, certification schemes, and integrated into national and international schemes to ensure consistent emissions accounting and transparency
- Emissions thresholds are established for export industries, with deep progressive decarbonisation over time
- Fossil fuel-based pathways are excluded from 'green' labelling
- Language used in marketing and policy reflects the true climate impact of production methods

[22] IEEFA (2025): https://ieefa.org/ccs
[23] IEEFA (2024) https://ieefa.org/resources/japan-does-not-need-australian-lng-keep-lights-tokyo
[24] Jubilee Australia Research Centre (2025): https://www.jubileeaustralia.org/news/latest-news-post/how-build-a-gas-empire-part-1
[25] WWF International (2025): https://wwfint.awsassets.panda.org/downloads/wwf-toolkit-for-lower-emission-steel-procurement.pdf
[26] ACCR (2024): https://www.accr.org.au/research/ahead-of-the-game-investor-sentiment-on-steel-decarbonisation/
[27] The WWF-Australia position on the definition of green iron and steel is including in this report: WWF-Australia 2024: https://assets.wwf.org.au/image/upload/f_pdf/file_WWF_Green_Iron_Report
[28] Relative to 2020 levels to meet Paris Agreement targets. E3G (2021): https://www.e3g.org/publications/1-5c-steel-decarbonising-the-steel-sector-in-paris-compatible-pathways/

Robust signals on WA's future direction will enhance its reputation, attract investment, support genuine decarbonisation, secure WA's place in the global clean economy, and enable participation in green trade markets (e.g. EU CBAM, Asia-Pacific corridors).

Australia *Guarantee of Origin* (GO) *Scheme* for hydrogen is a strong foundation. Green metals must now be incorporated. WWF-Australia is supporting the Australian National University's work on international verification protocols for green iron and steel, based on HILT CRC principles[29].

3. Prioritise clean exports that will be demonstrably competitive in the long-term

Can you make "green iron" with methane (gas)?

Only if you define green iron as something that does not meet the global emission reduction requirements for the sector. A Paris-Aligned reduction by 2050 requires a 95% reduction emissions intensities approaching 100 kg CO_2-e/t for primary steel[10]. This level of reduction is not possible to achieve with methane-based processes.

Greening the steel industry presents Australia with both challenges and opportunities. Iron ore is Australia's most valuable export commodity. This market, currently dominated by bulk shipments of largely unprocessed hematite ore, will change markedly in response to the demand for greener iron and steel. This will trigger a restructure of steel-making, as high-emission iron-making blast furnaces are phased out and replaced with technologies powered by renewable energy. Energy-intensive iron-making will need to be located closer to iron ore, renewable energy, and renewable hydrogen supplies.

It is Australia's renewable energy potential, and the potential to use that renewable energy to make renewable reductants and other consumables that makes Australia attractive to international steel producers when planning opportunities to decarbonise. This is also Australia's opportunity – to create a value-adding green iron industry to meet the needs of these producers.

Despite the high emission reduction targets for the sector, there are global projects that are making solid efforts to achieve this. In 2026, Swedish company Stegra will begin steel production from a renewable hydrogen and renewable energy-based processes, producing products with and emissions intensity of around 200 kg CO_2-e/t of crude steel. Other early movers are already ahead of Australia. In August 2025, Chinese steel maker HBIS Group will make a shipment of steel to Italy with a 50% reduction in CO_2 emissions compared to conventional products. This is the first commercial steel order meeting the EU's CBAM requirements[30].

Meanwhile in Australia, early initiatives such as South Australia's commitment to a green iron industry based on renewable energy and hydrogen, go backwards in green credentials as they look to incorporate gas-based reduction technologies. In WA, projects that could be world-leading, and have the potential to establish a long-term iron production future, are also looking to including gas. An example is Korean steel giant POSCO's Port Hedland Green Steel[31] project (with partner steel makers from Taiwan and Japan). POSCO Australia's current plan (phase 1) is an initial gas(methane)-reduction MINDREX[32] Flex DRI pellet plant coupled with EAF steel making, resulting in a product with an emissions intensity of 1.1 t CO_2-e/t steel,

[29] HILT CRC 2025: https://hiltcrc.com.au/events/hilt-crc-public-webinar-certification-and-verification-to-enable-a-successful-low-carbon-transition-for-heavy-industry/
[30] EUROMETAL (2025): https://eurometal.net/china-sells-20000-t-of-greensteel-slab-to-italy/
[31] WA EPA (2025): https://www.epa.wa.gov.au/proposals/port-hedland-green-steel-project-stage-1
[32] MIDREX has explicitly stated that CCS will have little role in reducing emission from this technology[28].

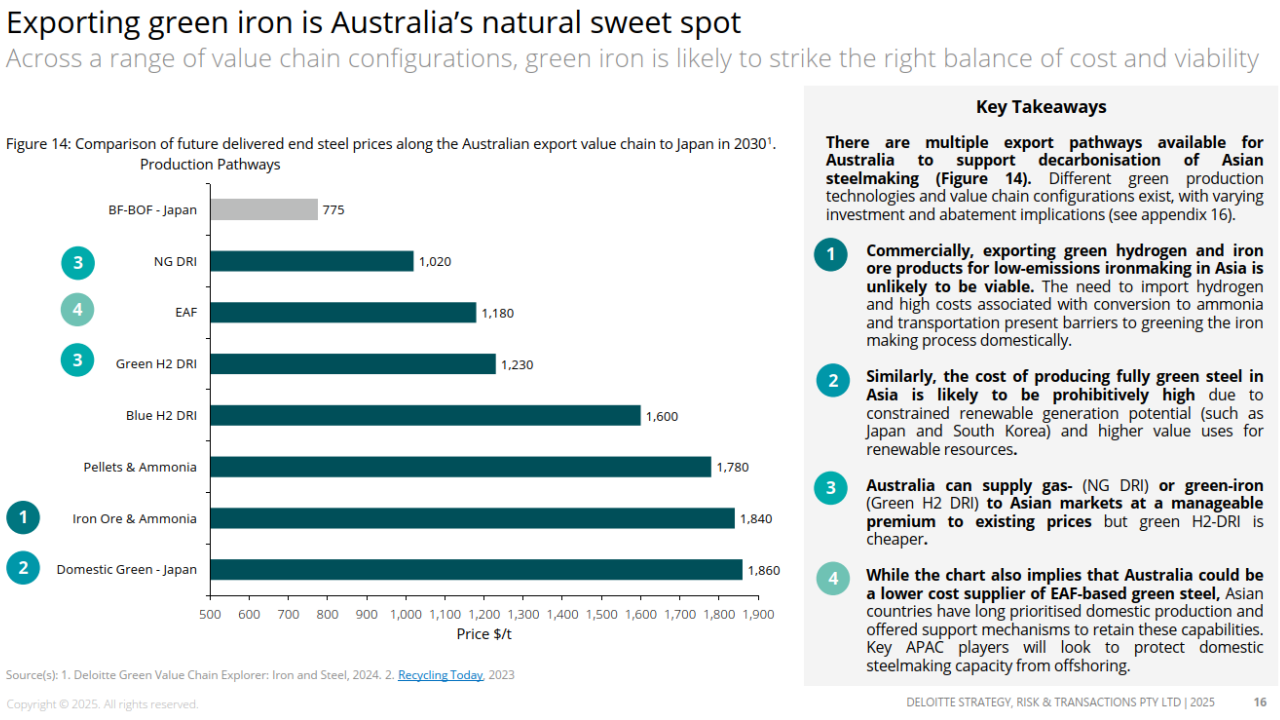
representing a 55% reduction in emissions from traditional coal-based steelmaking (if coal mining-related emissions from conventional processes are not counted)[31].

This predicted product is already less green than the already operational first movers mentioned above. Using gas for this project is a wasted opportunity on many levels. POSCO, with the help of the WA and Republic of Korea governments, could bring forward Korea's HyREX technology – a method with much potential for transitioning hematite ores to lower emission processes, coupled with renewable hydrogen, to create a market-leading product. Even if renewable hydrogen was available for phase 1 of POSCO's current plans and used instead of gas, a far more competitive product, one with a 75% reduction in emissions, could be achieved.

What steel decarbonisation pathways make economic sense for Australia?

WWF-Australia worked with Deloitte Australia[33] to examine the 2030 economics of the Australia-Japan iron and steel value chain. We identified many possible benefits of choosing rapid and real decarbonisation, including 240,000 more jobs and a bigger, cleaner, more complex economy[34].

Our report, which we have earlier presented to JTSI and other relevant ministerial advisors of the WA government, identifies developing a green iron manufacturing capacity as the clearest avenue for Australia to competitively more up the green steel value chain. This would involve Australian green hydrogen-based direct-reduced iron (DRI, specifically green H2-DRI) exported as reduced iron product for steel-making in Asia:

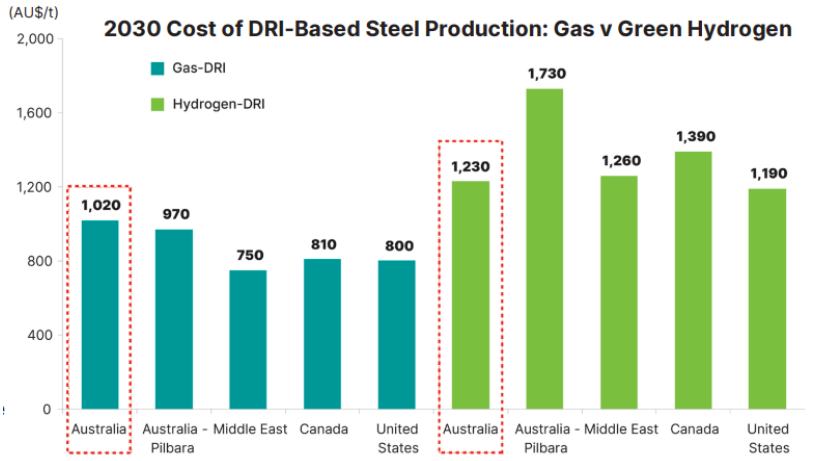


Our modelling confirms that Australia in general cannot compete with gas-based products against countries in the Middle East, nor against Canada and the United States. However, in a green economy with a carbon market, Australian green hydrogen (in some locations) would be cheaper than that from competitor countries:

[33] WWF-Australia (2025): WWF_Green_Steel_Forging_Futures_Report_2025 (English - full report)
Technical Appendix A - Green Iron Value Chain Economics
Technical Appendix B: Nature Impacts of a Green Iron Value Chain

[34] Jobs and Skills Australia (2023): https://www.jobsandskills.gov.au/sites/default/files/2023-10/The Clean Energy Generation_0.pdf

Figure 1 - 2030 Cost of DRI-based steel production [35]



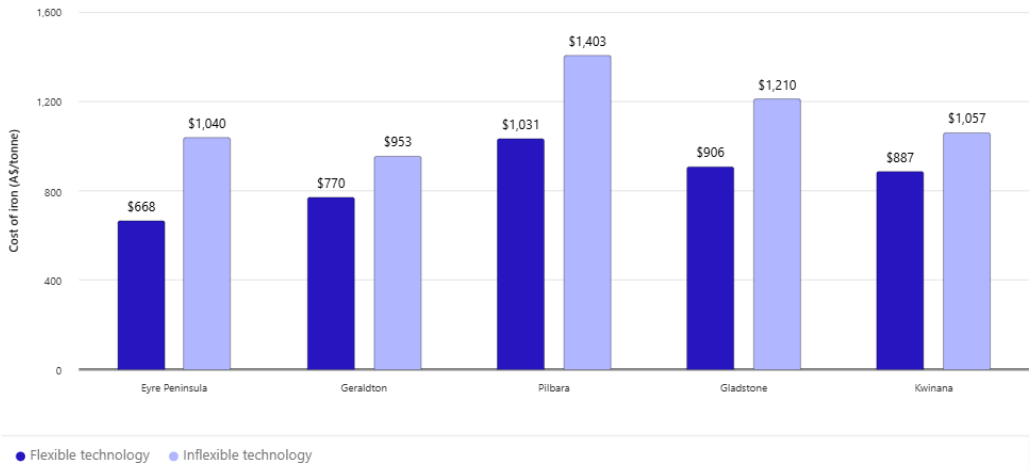
Source: Deloitte Green Value Chain Explorer - Iron and Steel, 2024. Note: Cost of steel production comparing gas-DRI and green hydrogen-DRI in Australia (Pilbara), Australia (outside Pilbara, for example in South Australia), Canada, the USA and the Middle East. Includes raw material and energy inputs, transport, and electric art furnace (EAF)-based steel production.

The chart above should also draw attention to one of the challenges facing the Pilbara - above average costs. Not finding a solution for the Pilbara to transition to green iron production is not an option, given that 96% of iron ore exports come from the Pilbara[36]. Cost, together with the predominantly hematite/goethite ore types, which remain challenging for some low-emission steel making technologies, highlights the need for WA to make detailed transition plans for the Pilbara.

Similar modelling by The Superpower Institute and Bivios[3] (Figure 2) for five regions – the Eyre Peninsula (SA), Geraldton (WA), Pilbara (WA), Gladstone (QLD) and Kwinana (WA) simulated a full green iron production chain (including renewable energy generation and storage) and also predicted that the Pilbara will be one of the more challenging production locations by cost.

Whilst producing green iron from more favourable magnetite ore types (for example, in the Mid West) may offer a faster pathway to production, a renewable solution for Pilbara ores is still needed. All WA regions currently share the same transition blockers – they lack access to sufficient renewable energy and renewable hydrogen supply. Without these there can be no green iron.

Figure 2 – Cost of green iron production by technology and location[3]



[35] WWF-Australia and Deloitte (2025): https://wwf.org.au/forging-a-greener-future-that-benefits-people-and-nature/
[36] GeoScience Australia 2018. https://www.ga.gov.au/scientific-topics/minerals/mineral-resources-and-advice/australian-resource-reviews/iron-ore

A future made *with* Western Australia

Western Australia stands at a crossroads: it has a once-in-a-generation opportunity to lead in high-integrity climate solutions that deliver real emission cuts and create a lasting positive economic legacy. Western Australians, along with our key Asia-Pacific trading partners, must be assured that the transformation is a collaborative and mutually beneficial process, undertaken with them, not imposed upon them.

In this context, integrity matters. The transition cannot be built on false promises. When LNG is marketed as a transition fuel and CCS as a silver bullet, it risks greenwashing that undermines trust, distorts investment, locks WA into stranded assets, and risks alienating the very communities and partners we need to bring along. These narratives delay the inevitable and jeopardise our competitiveness in a world that is pricing carbon and demanding verifiable low-emissions products. However, done right, credible climate solutions can replace WA's short-term fossil dependence with long-term clean industry leadership, creating secure regional jobs, and enhancing energy security both nationally and regionally.

To ensure this transition is both just and effective, the WA government must embed First Nations perspectives and engagement at the heart of its decarbonisation strategy. This means moving beyond consultation to genuine partnership, recognising Traditional Owners as key stakeholders in shaping the future of WA's clean industries. By co-designing policies and projects with First Nations communities, the government can ensure that benefits—such as secure regional jobs, energy security, and environmental stewardship—are shared equitably, and that cultural values and knowledge systems are respected throughout the transition.

To truly realise "A future made with Western Australia," the WA government should establish formal partnership agreements with Traditional Owners for all major renewable energy and green industry developments. This includes ensuring First Nations voices are involved in decision-making, land management, and benefit-sharing arrangements. The government should also support capacity-building initiatives, invest in First Nations-led renewable projects, and embed Indigenous knowledge into environmental planning and monitoring. Free Prior and Informed Consent (FPIC) should be embedded as a core policy principle in any government frameworks and programs.

In addition, WA's decarbonisation efforts must prioritise nature protection across all environmental dimensions—including water quality, forestation and deforestation, soil contamination, biodiversity loss, climate impacts, and the safeguarding of First Nations cultural sites. Policies should be designed to prevent ecosystem degradation and build resilience, drawing on both scientific expertise and Indigenous ecological knowledge. By fostering genuine engagement and co-design, WA can build trust, strengthen social licence, and deliver more resilient, sustainable, and culturally respectful outcomes for all Western Australians.

To realise this potential, we must ensure that we define and prioritise the green industries, like green iron and renewable-powered metals, that will anchor WA's export future and reject CCS as a licence for new fossil fuel expansion.

This inquiry is a critical opportunity to chart that course and restore clarity and credibility in WA's climate and industrial policy. By embedding climate integrity into our export strategy, WA can remain a global leader, not laggard, and help its communities and its trading partners adapt, decarbonise, and thrive in the clean economy.

Recommendations

1) Demonstrate WA's decisive commitment to a future in the inevitable low-carbon economy

- Signal to investors that the WA government has clear and globally aligned climate commitments by introducing emission reduction targets and renewable energy deployment targets.
- Signal a phase-down of domestic gas reliance and introduce expiry horizons for any new onshore export allowances to avoid lock-in.

2) Enhance credibility in climate and investment messaging

- Avoid greenwashing risks by improving claims about climate solutions. This includes avoiding overinflating LNG's role in Australia's decarbonisation future.
- Ensure transparency in public subsidies and investment incentives, tie approvals and grant to emissions intensities and robust social/environmental criteria: e.g. support tied to 100% renewable electricity and green hydrogen use with biodiversity safeguards and Traditional Owner partnership agreements

3) Prioritise support for decarbonisation solutions that will be demonstrably competitive in the long-term

- Declare green iron a strategic clean export: Establish an adequate domestic support package to decarbonise the existing iron ore and steel industry and prioritise the development of export-focused green iron projects. Revitalise and expand green iron and steel international strategic partnerships and push for better coordination of domestic and international, and Commonwealth, state, and territory efforts.
- Redistribute current financial support and subsidies for the fossil fuel industry to fund renewable energy and renewable hydrogen infrastructure that, unlike investments in fossil gas, will future-proof regional economies. Fossil fuel subsidies are counterproductive for WA and have been proven to diminish demand for, and discourage exports of, low-carbon energy technologies[37].
- There should be no new public support or approvals for LNG expansion without stranded-asset stress-testing against International Energy Agency World Energy Outlook 2023 peak gas scenarios and a shadow carbon price aligned to CBAM exposure.
- Restrict CCS to hard-to-abate processes with binding capture guarantees and transparent independent monitoring, reporting and verification (MRV). Establish a clear definition of 'hard-to-abate', excluding fossil fuel generation and processing, informed by international climate pathways (e.g. IPCC, IEA), and subject to regular review based on technological progress and environmental criteria. This will prevent the misuse of CCS as a blanket solution and ensure its application is limited to genuinely necessary contexts. No LNG expansions contingent on CCS.
- Lead Western Australia into an economic transition that deliver real emission cuts and create a lasting positive economic legacy for all Western Australians and embed First Nations perspectives and engagement at the heart of its decarbonisation strategy. This means moving beyond consultation to genuine partnership, recognising Traditional Owners as key stakeholders in shaping the future of WA's clean industries.

[37] Rahko, J., Onifade, S. T., & Alola, A. A. (2025). How harmful are fossil fuel subsidies to the diffusion of low-carbon energy technologies? *Energy Economics*. https://osuva.uwasa.fi/server/api/core/bitstreams/c1671978-5627-4c94-915e-7006fc9cd667/content

Further reading and action areas for green iron

WWF-Australia's *Green Iron Key* report[9] contained the following policy recommendations to unlock an Australian green iron industry. Whilst aimed at the Federal government, these apply equally to state decarbonisation efforts.

A. Establish an adequate domestic support package to decarbonise the existing iron ore and steel industry and prioritise the development of export-focused green iron projects.

- Align government programs such as Powering the Regions, the National Reconstruction Fund, Hydrogen Headstart and new initiatives with meeting the industry's significant need for affordable renewable power and renewable hydrogen. Policies should also create demand for renewable energy. State policies should be equal to or better than Federal decarbonisation initiatives in terms of alignment with global best practices.
- Align Australia's emissions reduction targets with global leadership and expectations if we are to be the low-emission investment destination of choice. This provides investors with clarity, certainty, and confidence. Investors already know that Australia must improve emission reduction timelines, community consultation, biodiversity protection and management of other environmental impacts. Attracting new green iron and steel investments is also far more likely with clear and future-proof climate and environmental protection regulations, not less regulation.
- Create and follow clear sector-specific emissions reduction pathways with measurable timelines, science-based targets, and auditable, consistent, and transparent data disclosure requirements. These must include clear deadlines for phasing out transition consumables, including fossil gas and fossil gas-hydrogen (fossil or renewable) gas blends[12]. Emission-tracking schemes, such as the Guarantee of Origin, must be expanded to all industries.
- Facilitate development of common user infrastructure in renewable energy industrial areas in appropriate locations to ensure that the vast scale of investment required is efficiently delivered and used by all industries.
- Develop a skilled workforce and technological capabilities.
- Task government agencies with de-risking industry investments by making renewable energy and consumables competitive with fossil fuels.
- Redistribute current financial support and subsidies for the fossil fuel industry to fund renewable energy and renewable hydrogen infrastructure that, unlike investments in fossil gas, will future-proof regional economies. This study of fossil fuel subsidies in 167 countries found that "fossil fuel subsidies reduce import demand for low-carbon energy technologies and also discourage exports of these goods".
- Respond to significant carbon market instruments like the Carbon Border Adjustment Mechanism (CBAM of the European Union) that will be a reality of the green economy. Australia should develop equivalent measures if deemed necessary to protect domestic decarbonisation.

B. Revitalise and expand green iron and steel international strategic partnerships.

- Agreements should identify and help the creation of value chains involving Australia as a green iron maker, and countries like Japan and Korea as green steel producers. For example, the Australia–Japan Partnership on Decarbonisation through Technology and the Australia–Republic of Korea Low and Zero Emissions Technology Partnership could be aligned with national green iron and steel ambitions and strategies.
- Elevate ties with emerging steel-making giant India to position Australia as a key partner in its low-emissions steel-making future.

- Investigate options for other green iron and steel international partnerships, including pragmatic ties with industry-dominating China and emerging Southeast Asian economies.
- Resource internationally engaged agencies—including Austrade; Export Finance Australia; CSIRO; Department of Foreign Affairs and Trade; and Department of Climate Change, Energy, the Environment and Water—with supporting partnerships via business facilitation, finance, research and development, standard setting, and policy formation.

C. Pursue international green iron and steel leadership.

- Advocate for Australia's prospective position as Asia's 'green iron key' in dedicated iron and steel decarbonisation groups, such as the Leadership Group for Industry Transition (LeadIT).
- Make iron and steel decarbonisation a focus of any revision of existing and or negotiation of new trade deals and engagement with global and Asian institutions and groups.
- Make iron and steel decarbonisation a focus of a prospective Australia/ Pacific-hosted Conference of the Parties (COP).
- Pivot international public finance towards facilitating green iron and steel trade and investment, in line with Australia's decision to end international fossil fuel finance at COP28.
- Establish a globally significant green iron and steel centre of excellence to advance research and development, and policy formation.

D. Better coordination of domestic and international, and Commonwealth, state, and territory efforts.

- Prioritise executable strategic planning for green iron and steel.
- Establish dedicated responsible (federal and state) agencies with the appropriate skills, financing, and policy and fiscal implements to match the scale of the challenge and opportunities. A highly coordinated and accountable approach that does not split responsibilities across multiple ministerial portfolios will be critical for success.
- Keep onshore all domestic scrap metal to integrate into Australia's value chain.

For more information

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