

Budget fails to match support for technologies needed to cut industrial emissions

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The Federal Budget has failed to back the technologies most Australians say should be used to cut emissions from heavy industry, Low Emission Technology Australia (LETA) said.

National research conducted in February 2026 by Insightfully and commissioned by LETA found 70 per cent of Australians support using low emission technologies to reduce, eliminate, capture, store or re-use emissions from mining and manufacturing.

Low emission technologies are designed for industries that cannot simply electrify, including steel, cement, chemicals and fertiliser manufacturing, alumina, lime, gas processing and coal mining. Together these sectors underpin around \$130 billion in Australian exports and directly support around 130,000 jobs, the majority of them in regional communities.

Independent analysis by EY-Parthenon shows that scaling up carbon capture, utilisation and storage (CCUS) along Australia's east coast could add up to \$66 billion to GDP, support 15,250 additional jobs, and enable up to 50 million tonnes of CO₂ to be captured each year over coming decades. Even the report's most modest deployment scenario adds \$14 billion to GDP.

This Budget was a missed opportunity to set out the policy framework needed to unlock any of those outcomes for Australia and disappointingly, the investment gap with comparable economies is widening. The United States offers a tax credit of up to US\$85 per tonne of captured CO₂ under Section 45Q. The United Kingdom has committed around £22 billion to the common-user infrastructure underpinning two major carbon capture hubs, supporting first movers to reduce emissions and significantly reducing the costs faced by industries with significant regulatory requirements to reduce emissions.

Only last week, the European Commission cleared a €5 billion German scheme of 15-year Carbon Contracts for Difference that explicitly backs carbon capture in steel, cement, chemicals, lime, glass and other heavy industries. Japan and Korea, two of Australia's largest energy and resource trading partners, are also investing in CCS supply chains, providing financial support for CCS projects and looking to Australia as a reliable source of carbon storage.

LETA Chief Executive Mark McCallum said the public was well ahead of the politics on this issue.

"While the Australian Government wants to significantly cut emissions from the industries that mine, make and build the things our economy depends on, tonight's Budget ignores the views of the vast majority of Australians who want Australia to support all the technologies that will be needed to achieve this," Mr McCallum said.

"The Federal Government's Safeguard Mechanism is putting a real cost on industrial emissions, but without serious federal investment in the technologies and foundational infrastructure needed to actually

cut those emissions, it becomes a tax on industry. This real cost on emissions with nothing on the other side of the ledger to encourage first movers and support heavy industry to reduce emissions, will make it harder and harder and keep those industries competitive, viable and in Australia under the Safeguard Mechanism regime."

"This Budget could have set out a national CCUS strategy. It could have backed common-user CO₂ transport and storage infrastructure, which is the single biggest enabler of bankable hub projects. And it could have extended the Carbon Capture Technologies Program so that work on next-generation capture technologies continues without interruption. It did none of those things."

"That would send a positive signal to investors and to our trading partners. The United States, the United Kingdom, Japan, Korea and now Germany are all committing billions to accelerate deployment of technologies to reduce emissions in their heavy industries."

Mr McCallum said industry, communities and international partners were ready to invest if the policy settings were right.

"What's been missing is a federal partner willing to back proven low emission technologies with the certainty that turns studies into action on the ground. The projects are real. The storage resources are there. The skills are in our regions. LETA will continue working with the Government, the Opposition and the crossbench to get that done."

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ABOUT LOW EMISSION TECHNOLOGY AUSTRALIA

Low Emission Technology Australia (LETA) is a not-for-profit investment fund that accelerates the development and large-scale deployment of technology solutions to reduce and remove greenhouse gas emissions from critical industries like steel, cement and power generation.

LETA's investment in technology unlocks a faster, cheaper pathway to net zero for hard-to-abate industries that are critical to the economy, provide thousands of Australian jobs and support households every day.

Since 2006, LETA members have contributed more than \$400m to low emissions projects and unlocked a total investment of \$1.1b. LETA members recognise the crucial role of low emissions technology in enabling a net-zero future for their industries, their customers, their workforces and Australian communities.