

2026-27 Safeguard Mechanism Review

Submission by the Conservation Council of WA

18 September 2026

About the Conservation Council of WA

The Conservation Council of WA (CCWA) is the state's foremost non-profit, non-government conservation organisation representing close to 100 environmental organisations across Western Australia, with tens of thousands of engaged individuals state-wide. This broad collective of like-minded groups and individuals creates a vibrant and passionate community, dedicated to the conservation of our unique and diverse state.

CCWA has been a prominent and forthright voice for conservation for more than 50 years working directly with the government, media, industry, community groups, and political parties to promote a more sustainable WA and to protect our natural environment.

Acknowledgement of Country

The Conservation Council of WA respectfully acknowledges the Whadjuk People of the Noongar nation, along with the Traditional Owners of all Countries where it works. We pay our respects to Elders past and present. CCWA seeks to always walk alongside our Aboriginal partners, recognising their continued connection through land, sea, culture and community.

Submitted to:

Department of Climate Change, Energy, the Environment and Water
Via [online portal](#)

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Background

The Safeguard Mechanism is the Australian Government's principal policy for limiting emissions from the nation's largest industrial facilities. The 2026-27 review will consider the post-2030 baseline decline rates, coverage, the role of Safeguard Mechanism Credits and Australian Carbon Credit Units (ACCUs), incentives for onsite abatement, and arrangements for trade-exposed facilities. This review is a critical opportunity to ensure that Australia's largest polluters deliver real, rapid and sustained emissions reductions consistent with the national climate targets and the transition to net zero.

Introduction

CCWA thanks the Department of Climate Change, Energy, the Environment and Water for the opportunity to comment on the 2026–27 Safeguard Mechanism Review.

To date, the Safeguard Mechanism is failing on several fronts, including by:

- not driving aggregate reductions in gross emissions it is failing to effectively reduce Australia's emissions;
- enabling massive new coal and gas projects, whilst providing no clear mechanism for the required phasing out fossil fuels;
- not distinguishing between essential industries and industries that need to be rapidly phased out;
- only covering part of Australia's emissions, including no consideration of exported emissions;
- facilitating an almost complete reliance on offsets to "meet" baseline emissions targets;
- having limited consequences for facilities that increase emissions; and
- not having direct regard to state emissions and targets.

A well-designed Safeguard Mechanism has the potential to guide Australia's energy transition and play a central role in ensuring Australia meets international obligations to reduce its emissions in line with the Paris Agreement.

CCWA supports a strong, predictable and equitable framework that requires covered facilities to reduce pollution at source and is compatible with the required phaseout of fossil fuel use and production. The review should strengthen - not dilute - the Safeguard Mechanism's contribution to Australia's 2035 targets and net-zero objectives; prioritise genuine industrial transformation over ongoing reliance on offsets; and deliver permanent, extensive and immediate reductions in Australia's national and exported greenhouse gas emissions.

Australia cannot meet its climate commitments unless emissions from its largest industrial facilities fall rapidly with the assistance of strong, uncompromising, and forward-looking statute and regulations. The Safeguard Mechanism should be treated as a foundation for stronger action rather than a tool to authorise exceedingly lax compliance for facilities into the future.

CCWA encourages three key reforms to make the Safeguard Mechanism effective:

1. **The fossil fuel industry must face stricter pollution limits.** Australia's climate laws must distinguish between the dying fossil fuel industry and industries that have a clean future.
2. **The Safeguard Mechanism must drive abatement at source and not be completely reliant on offsets.** Offsets do not compensate for emissions. There is currently almost a complete reliance on offsets to meet Safeguard Mechanism baselines.
3. **The Safeguard Mechanism must help to stop the growth of Australia's fossil fuel industry.** Fossil fuels cannot be decarbonised. They need to be phased out.

The current Safeguard Mechanism allows for compliance to be far too flexible to realistically meet projected climate targets, creating the opportunity for abuse of procedure through unchecked carbon credit surrendering and TEBA schemes, regulatory oversights, and insufficient transparency requirements.

CCWA's submission points

CCWA presents the following grounds as feedback on the Safeguard Mechanism Review:

1. The Safeguard Mechanism does not drive aggregate reductions in gross emissions

By not delivering adequate aggregate reductions in gross emissions across regulated facilities, the Safeguard Mechanism is not addressing the cause of climate change effectively or quickly enough. Excluding the emissions of new facilities entering the scheme and old facilities leaving the scheme, the Safeguard Mechanism delivered an aggregate annual emissions reduction of less than 0.4% over the second 12-months under the reformed scheme.¹ These figures show that the Safeguard Mechanism is enabling Australia's biggest polluters to keep polluting.

Putting the Safeguard Mechanism's impact into perspective, the share of Australia's total climate pollution (461.7 Mt CO₂-e domestic and 1175 Mt CO₂-e exported) covered by a carbon price through the Safeguard Mechanism (13.1 Mt CO₂-e) was just 0.8 per cent in 2024/25.

As expanded upon below, emissions reductions in WA's Safeguard Mechanism facilities over the most recent 12-month reporting period were due to factors entirely unrelated to the Safeguard Mechanism and still fell well short of the 4.9 per cent annual reduction requirement. Government projections predict that even these minor and inadequate reductions seen at facilities so far will not continue over the next several years and that on-paper offset abatement is only surpassed by tangible on-site emissions reduction in the mid-2030s.²

The year-to-year change in covered emissions under the current design is not sufficient in measuring the emissions reduction impact of the Safeguard Mechanism. There is a need for emissions intensity metrics to separate operational changes from real abatement.

2. The Safeguard Mechanism substitutes real emissions reductions with offsets

¹ <https://theconversation.com/australia-must-double-down-to-meet-our-climate-targets-our-new-study-shows-how-291668>

² <https://www.dcccew.gov.au/climate-change/publications/australias-emissions-projections-2025>

There are no limits to the use of offsets under the Safeguard Mechanism, even for Australia's biggest industrial polluters, meaning that facilities can be wholly reliant on offsetting for compliance under the scheme. The fact that facilities are exploiting this bottomless surplus of offsets to the detriment of reducing emissions on site is a clear demonstration that onsite abatement is not being appropriately incentivised.

Safeguard Mechanism facilities choosing to meet baselines through offsets, instead of through real emissions reductions, results in an exacerbated demand for cheap, low-integrity offsets. Safeguard Mechanism data shows that offsets are the largest single driver of claimed reductions under the scheme. The current price signal of offsets is too low, and they are too easy to attain, therefore blunting any incentive for on-site abatement.

Many offsets are not linked to tangible abatement outcomes and credits used under the Safeguard Mechanism have well documented flaws and integrity issues such as landfill gas, avoided deforestation and human-induced regeneration. Offsets are not a substitute for the genuine emissions reductions Australia and the world require.

The fossil fuel industry is a disproportionate user of offset credits under the Safeguard Mechanism despite the availability of technologically proven abatement options. Government projections indicate that offset use will outpace on-site abatement until at least 2035.³ Offsets do not compensate for fossil fuel use, and they do not decrease industrial pollution.

The use of international credits under the Safeguard Mechanism must be ruled out.

3. The Safeguard Mechanism must enforce a genuine attempt at abatement

The review acknowledges that unrestricted access to Safeguard Mechanism Credit units and Australian Carbon Credit Units (credits) plays an important role in lowering compliance costs, but it also concedes that this flexibility may delay the on-site abatement required to meet Australia's medium and long-term climate goals. As the review states, "access to a significant supply of lower-cost ACCUs could delay the on-site abatement needed to deliver Australia's future climate goals." This undermines the Safeguard Mechanism's statutory objective of ensuring each facility has a "material incentive to invest in reducing covered emissions from the operation of the facility."

To strengthen the integrity and effectiveness of the scheme, the policy framework should require facilities to demonstrate a genuine attempt at on-site abatement before credits are surrendered to meet compliance. The existing requirement for facilities surrendering credits above 30% of their baseline to provide an explanation is insufficient, as it does not establish a clear threshold test or evidence-based obligation. A cursory read on the 30% surrender statements available on the Clean Energy Regulator's website indicates that this publication requirement provides no meaningful impediment to excessive reliance on offsets. Companies are simply not taking that obligation seriously.

Introducing a mandatory demonstration of attempted abatement – such as documented feasibility assessments, operational improvements, or investment planning – would ensure credits

³ <https://naresearch.com.au/2025-safeguard-data/>

function as a supplementary measure rather than a primary compliance pathway and would better align the Safeguard Mechanism with Australia's legislated emissions reduction trajectory.

Mere economic inconvenience should not be sufficient reason for a failure to abate carbon emissions. Flexible compliance should only be permitted where abatement is technically infeasible. This would further disincentivise companies from purchasing credits as an alternative to abatement rather than as a last-resort measure.

All credits used for compliance must represent real, additional, measurable and durable abatement. The Government should strengthen method oversight, publish accessible information about surrendered units, and exclude units that do not meet contemporary integrity standards. Where uncertainty exists, the framework should apply a conservative approach rather than transferring integrity risk to the climate and community.

4. The Safeguard Mechanism must introduce a steeper decline in baselines to account for foreseeable difficulties in abatement.

Covered facilities are not reducing emissions in line with the Safeguard Mechanism or Australia's emissions reduction targets. Carrying no legal obligation to reduce emissions, the Safeguard Mechanism's current 4.9 per cent annual baseline decline rate is not being adequately applied and does not account for foreseeable abatement challenges in sectors with persistent or technologically constrained emissions.

The review itself notes that many industrial emissions sources lack mature abatement options and that reliance on offsets may defer necessary on-site action. The result is that facilities covered by the Safeguard Mechanism will not deliver their proportional share of Australia's 2030 or 2035 climate targets, leaving Australia short of meeting its national climate commitments. This is confirmed by the Climate Change Authority's 2025 Annual progress Report, which noted that emissions reductions need to double to meet Australia's 2030 target, and more than triple to meet 2035 targets.⁴

Safeguard Mechanism data from Western Australia reinforces this concern: despite the application of the default decline rate, the majority of WA facilities exceeded their emissions baseline, and nearly half have seen on-site emissions increase over the latest 12-month reporting period. The majority of observed reductions were attributable to external operational disruptions rather than Safeguard-driven abatement. These outcomes suggest that the current decline trajectory is not sufficiently calibrated to drive early and sustained emissions reductions in hard-to-abate sectors. A revised Safeguard Mechanism must reflect and enable Australia's ambition and be calibrated to meet the high end (70 percent) of Australia's 2035 targets, requiring an adjusted decline rate of 6.8 per cent.

If baseline decline rates remain unchanged, the Safeguard Mechanism will defer the most challenging abatement tasks into later decades, shrinking the timeframe available to address emissions for which no commercial abatement technology currently exists. This would likely increase compliance costs, heighten transition risks, and place additional pressure on national

⁴ <https://www.climatechangeauthority.gov.au/2025-annual-progress-report>

targets in the 2030s and 2040s. A steeper annual decline rate would better reflect the technological constraints identified in the review, and ensure that industrial emissions decline at a pace consistent with Australia's legislated 2035 and 2050 commitments. Strengthening the decline trajectory now would support orderly long-term planning and avoid a scenario in which unresolved abatement challenges must be addressed under significantly tighter time and policy constraints.

5. The Safeguard Mechanism fails to provide a pathway for the required phaseout of fossil fuels and instead allows for the industry's expansion

The Safeguard Mechanism is failing to stop new fossil fuel projects being approved in Australia. It has not been shown how Australia's 100-plus new fossil fuel projects, many of which add to the emissions covered by the scheme, will fit into the Safeguard Mechanism. Many of these new fossil fuel projects will be treated as existing projects, meaning that they will avoid the more effective emissions reduction requirements that apply to new Safeguard Mechanism facilities.

Browse – a case in point

It has not been demonstrated how massive new gas export projects such as Browse will fit into the Safeguard Mechanism and comply with Australia's emissions reduction targets. More than 80 per cent of the pollution resultant from the Browse gas export project will be exported scope 3 emissions and will not be considered by the Safeguard Mechanism or subject to any reduction requirements.

Even though laws are ostensibly designed to hold new projects to account through best practice mechanisms, through loopholes in the law, new fossil fuel projects such as Browse are able to claim to be part of existing facilities, thereby avoiding adequate scrutiny and best practice requirements. Not counting Browse as a new facility means Woodside could avoid up to \$210 million in offset requirements.⁵

The largest threat to Australia's emissions targets is new and expanded fossil fuel operations. Any growth in these facilities will require other sectors and facilities to make up for that growth with steeper decline rates of their own. To avoid the worst impacts of climate change, the world must quickly and drastically phase out fossil fuel use.

Scope 3 emissions

The existence of the Safeguard Mechanism is frequently cited as justification for the approval of new, extended or expanded fossil fuel infrastructure. However, the scheme fails to account for >80% of the emissions that these fossil fuel facilities are responsible for by not considering emissions associated with end-use of products sold or embodied emissions released upstream of the facility, otherwise known as scope 3 emissions or exported emissions.

⁵ <https://naruresearch.com.au/browse-under-the-sgm/>

6. The Safeguard Mechanism is having no impact on emissions in WA

In the most recent 12-month reporting period, WA's total safeguard facility emissions fell from 48.03 Mt CO₂-e to 47.23Mt CO₂-e (1.65%) due to factors unrelated to the Safeguard Mechanism. This total exceeded WA's baseline emissions number (46.17Mt CO₂-e) by 2.29%, thanks to 56 WA facilities exceeding their baseline.

35 WA facilities had an increase in emissions over the latest 12-month reporting period, and 33 WA facilities have increased their emissions since the Safeguard Mechanism was reformed two years ago.⁶

Through the issuance of credits, fossil fuel companies are currently benefiting from the Safeguard Mechanism when they urgently need to be phased out. A combined 2,382,176 Safeguard Mechanism Credit units (SMCs) and Australian Carbon Credit Units (ACCU) were issued to 15 WA facilities, valued at \$88,283,442.⁷ Shell, through its FLNG facility was awarded 1,421,460 SMCs, valued at over \$52 million, despite the facility's emissions increasing by over 400,000 t CO₂-e over the most recent 12-month reporting period; effectively gaining money for nothing. It is now estimated that Shell's FLNG facility will not need to take any abatement action to meet its baseline until the 2030s.⁸

In 2023–24, Chevron's Gorgon LNG terminal received 388,803 SMCs despite comprehensively failing to meet its state and territory legal obligations to capture reservoir carbon dioxide at its CCS facility. Under state environmental laws, Gorgon is required to operate a CCS facility capable of capturing all the reservoir carbon dioxide from the fields that supply it. In that year, Gorgon CCS captured less than 30% of its total reservoir CO₂,⁹ and yet it received around \$15 million worth of tradable offset credits from the federal government.

Despite WA's total Safeguard Mechanism facility emissions falling, this was in no way thanks to the Safeguard Mechanism. The data shows that the Kwinana Alumina Refinery, the North West Shelf Project, the Telfer Gold Mine, and WA's four nickel facilities combined for 1.73Mt CO₂-e in emissions reductions compared to the previous reporting period. These reductions were all due to external factors unrelated to the Safeguard Mechanism, including closure, maintenance, global markets and safety breaches. The Safeguard Mechanism is rewarding companies for unforeseen events and mismanagement.

⁶ <https://cer.gov.au/markets/reports-and-data/safeguard-data/2024-25-baselines-and-emissions-data>

⁷ The generic ACCU volume-weighted spot price was sitting at \$37.06 on 13 February 2026: <https://cer.gov.au/document/quarterly-carbon-market-report-december-quarter-2025>

⁸ <https://naruresearch.com.au/prelude-and-the-underseved-smcs/>

⁹ <https://australia.chevron.com/-/media/australia/our-businesses/documents/gorgon-and-jansz-feed-gas-pipeline-5-year-environmental-performance-report-2020-2025.pdf>

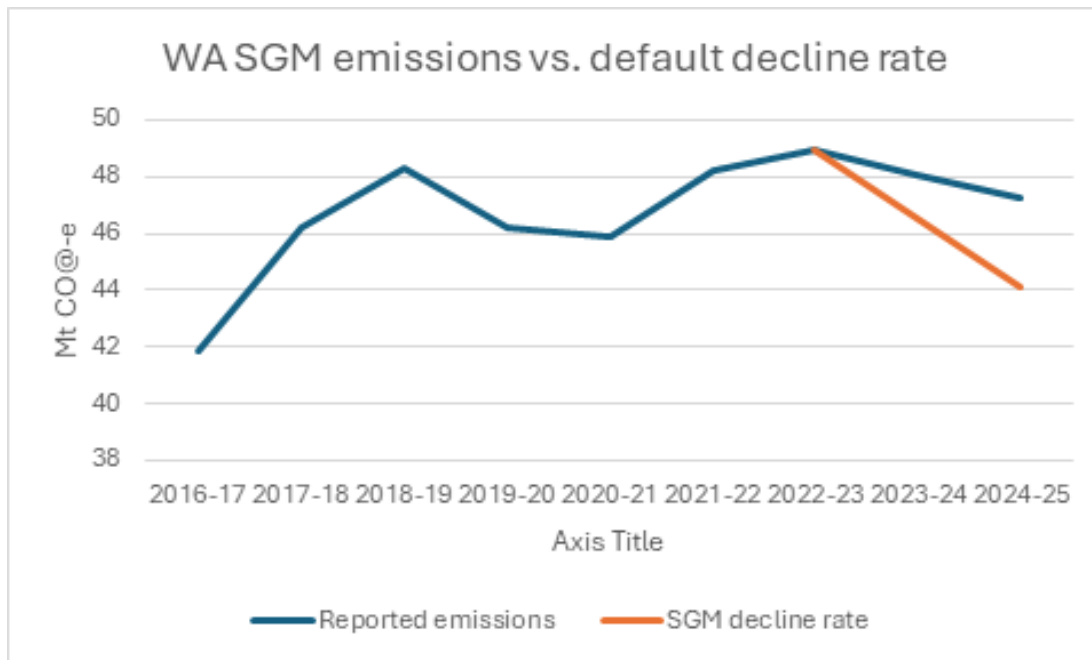


Figure 1: Recorded emissions from Western Australian Safeguard Mechanism facilities, 2016 – 2025 vs. default Safeguard Mechanism decline rate 2022-23 to 2024-25.

The latest figures represent little change beyond business as usual for WA’s biggest polluters.

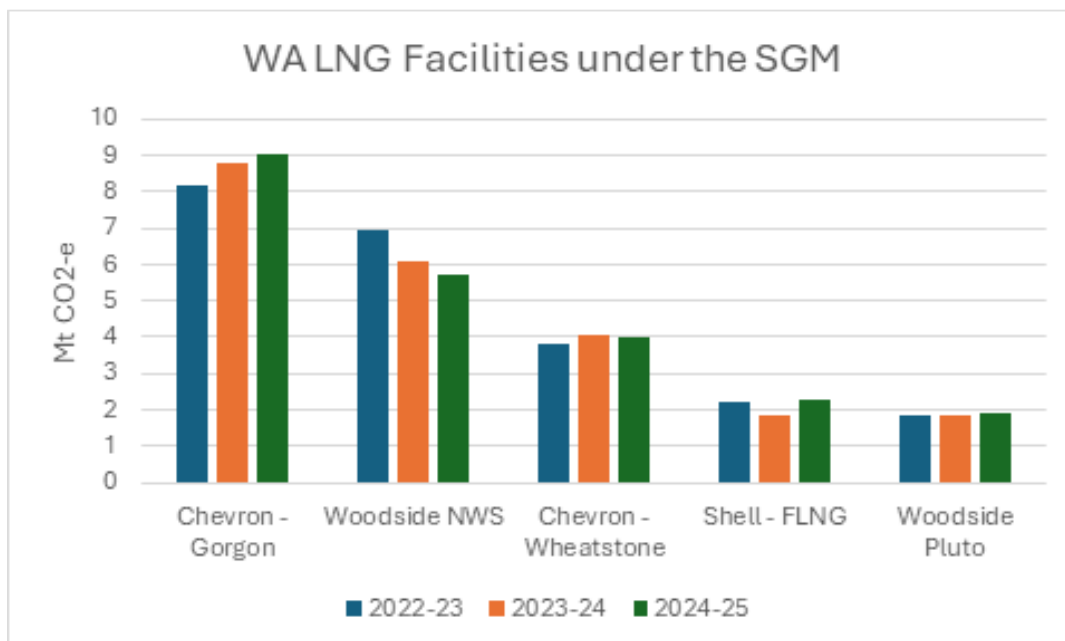


Figure 2: WA LNG facility emissions under the Safeguard Mechanism.

The Safeguard Mechanism does not reach WA’s emissions reduction targets

In 2005, WA’s energy emissions were 50.5Mt, and in 2022 they were 81.7Mt. Even if WA manages to reduce all energy emissions by 4.9 per cent per annum as required under the Safeguard Mechanism, emissions will still be above where they were in 2005, let alone 43 per cent below.

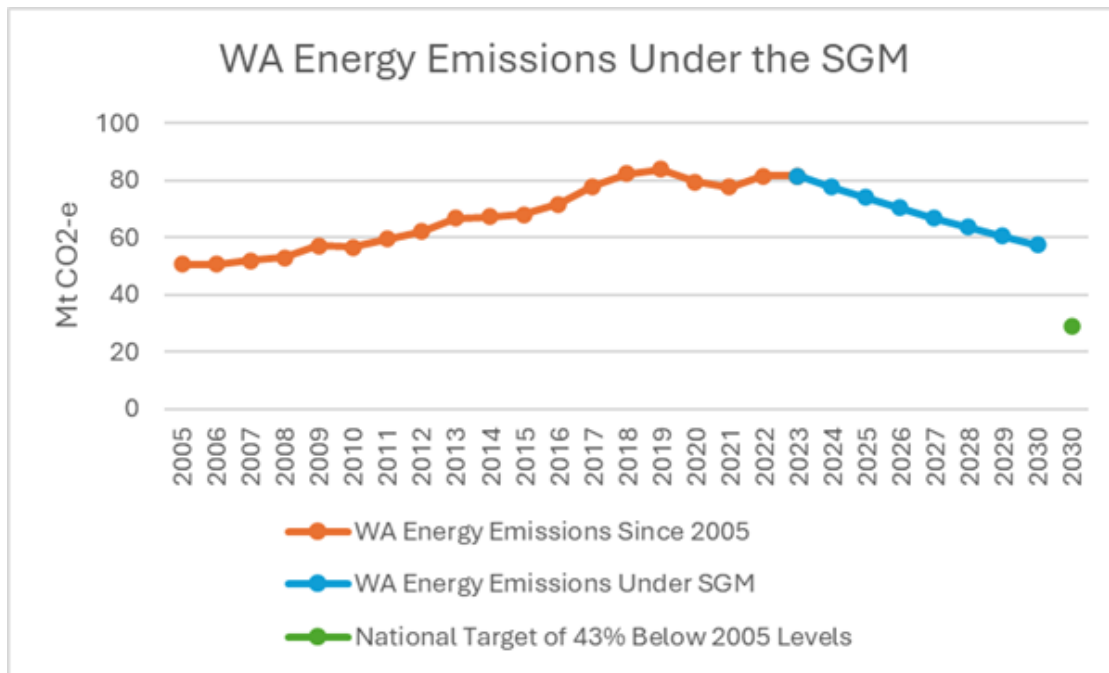


Figure 3: WA Energy Emissions Reductions under Safeguard Mechanism proposed reductions.

Emissions reductions projections under the Safeguard Mechanism presented in figure 3 do not consider new entrants, offsets or trade exposed concessions.

7. The Safeguard Mechanism must distinguish between essential industries and industries that need to be phased out

The Safeguard Mechanism currently offers no distinction between essential industries that will drive Australia's economic future and fossil fuel industries that must be phased out.

The scheme must assist in the required phase out of Australia's fossil fuel industry, while offering greater support to future-facing industries. By identifying facilities with genuine decarbonisation pathways, the Safeguard Mechanism can give policy signals strong enough to justify capital commitment in strong on-site abatement. Conversely, fossil fuels can't be decarbonised and there is no place for them in Australia's zero carbon economy of the future.¹⁰ This will require concurrent policy, but within the Safeguard Mechanism may include steeper baseline decline rates for fossil fuel facilities, differentiated access to offset units, no access to trade exposed facilities status, a shift to absolute emissions limits instead of emissions intensity, abatement verification, greenhouse gas management plans and the implementation of a carbon border adjustment mechanism.

Conflicting policy signals must be removed

The effectiveness of the Safeguard Mechanism and the ability to meet Australia's climate targets would be well served by ending conflicting policy signals such as the Fuel Tax Credit Scheme (FTC). The FTC actively undermines the Safeguard Mechanism with the net FTC rebate far

¹⁰ <https://www.climatecouncil.org.au/resources/free-ride-how-our-biggest-polluters-are-dodging-their-fair-share/>

outweighing the cost of Safeguard Mechanism compliance, meaning there is no financial incentive for some of Australia's biggest companies to decarbonise.¹¹

In 2024/25, Australia's top 18 FTC recipients received \$3.3 billion in subsidies from the scheme. Comparatively, the same 18 companies paid just \$150 million in compliance costs under the Safeguard Mechanism.¹² Even with a higher carbon price and tightened emissions limits, FTC subsidies will continue to greatly exceed Safeguard Mechanism compliance costs under current settings.

8. The Safeguard Mechanism has had an adverse impact on the assessment and regulation of greenhouse gas emissions from major projects in WA

The Safeguard Mechanism's interplay with or replacement of state policy must be considered.

In 2024, the WA State Government tabled a policy that defers greenhouse gas emissions assessment to the federal government through the Safeguard Mechanism. This has resulted in scrapping the state assessment of project emissions that apply to 20 major proposals identified by the WA Minister for Environment, in favour of being regulated solely by the Safeguard Mechanism. Former WA Environment Minister, Reece Whitby, noted that "Where a facility is already regulated under the Commonwealth's Safeguard Mechanism, additional state-based regulation is not required".

The removal of the state assessment of project emissions is a huge win for fossil fuel proponents. Comparing the Safeguard Mechanism against the WA EPA's greenhouse gas emissions environmental factor guidelines that were in place prior to the 2024 changes highlights that states deferring to the Safeguard Mechanism as a sole basis for greenhouse gas abatement from Safeguard Mechanism facilities is undermining emissions reductions.

The EPA's Environmental Factor Guideline on greenhouse gas emissions served to minimise the risk of environmental harm associated with climate change by reducing greenhouse gas emissions as far as practicable. The EPA outlined that it is in the public interest that GHG emissions arising from significant developments in WA, and measures to mitigate those emissions, are documented and disclosed.

The EPA considered that global warming should be limited to no more than 1.5°C above pre-industrial levels and held a minimum expectation for proposals to enact deep, substantial and sustained emissions reductions this decade. To achieve this, the EPA considered the adoption of best practice design, technology and management appropriate to avoid, reduce or offset scope 1 emissions.

The EPA's policy required assessment of climate change impacts on the WA environment, consideration of its emissions abatement hierarchy, and the development of a greenhouse gas

¹¹ https://climateenergyfinance.org/wp-content/uploads/2025/08/CEF_Transition-Tax-Incentive-Report-FINAL_20August2025.pdf

¹² <https://naresearch.com.au/conflicting-signals-how-diesel-rebates-to-big-polluters-are-undermining-the-safeguard-mechanism/>

environmental management plan. The EPA were required to make science-based recommendations and considered offsets as a last resort under its mitigation hierarchy.

Importantly, the EPA required that reasonably practicable measures were to be considered to reduce scope 3 emissions.

In comparison, the Safeguard Mechanism does not consider exported scope 3 emissions in any way, it does not require best practice, nor does it require avoidance or reduction in emissions as part of a mitigation hierarchy. Furthermore, the Safeguard Mechanism does not require proponents to develop a greenhouse gas environmental management plan. The Safeguard Mechanism only considers national emissions as a whole and has no regard for WA's emissions targets.

Nor does the Safeguard Mechanism consider the impact of emissions on WA's environment. This is problematic as the WA EP Act discusses local environmental and ecological risks, whereas the Safeguard Mechanism does not. As a result, the Safeguard Mechanism's current design creates a significant regulatory blind spot, leaving WA's vulnerable environmental features unprotected from localised emissions risks.

The Safeguard Mechanism should work in conjunction with State environmental statute and regulations, rather than in place of them. In order to resolve this shortcoming, the Safeguard Mechanism should include an environmental trigger which requires the deferral of emissions assessments to state governments where there is evidence of potential threats to sensitive ecosystems, endangered species, groundwater-dependent systems, Aboriginal cultural heritage—including rock art vulnerable to chemical weathering—or other secondary harms associated with carbon pollution.

9. Regulations to prevent the overuse of TEBA Mechanisms

Carbon leakage is a legitimate policy consideration, but it must not be used to shield high-emitting facilities from making a fair contribution to national targets.

The Safeguard Mechanism's TEBA provisions materially weaken the scheme's ability to drive timely emissions reductions. While designed to support trade-exposed facilities, TEBA allows eligible entities to access significantly lower decline rates—sometimes as low as 1–2 per cent—even though the legislated trajectory requires a 4.9 per cent annual reduction across the scheme. The consultation paper itself notes that “uptake of concessional baselines has been higher than expected,” with impacts already 0.4 Mt above projections. This demonstrates that TEBA is eroding the decline rate buffer intended to keep the scheme on track. By allowing large emitters to defer abatement on the basis of cost exposure rather than environmental necessity, TEBA shifts the emissions burden onto other facilities and delays the structural decarbonisation required for net-zero alignment.

TEBA qualified facilities currently receive a discounted baseline decline rate for up to 3 years, but under s43 of the legislation, there is no restriction on how many times a facility may apply for and receive TEBA concessions, meaning that facilities could have TEBA concessions applied all the way

up to 2049. This loophole must be rectified, and no TEBA concessions allowed for fossil fuel producers.

These regulations must be, at the bare minimum, reworked to incorporate stronger limitations. Specific regulations may include a requirement to credibly prove a project can realistically catch-up following lowered decline rates, or specific punishments or sanctions for failure to catch-up following lowered decline rates to discourage their overuse or abuse.

10. Specific measures for calculating carbon leakages and border adjustments

The Safeguard Mechanism review does not provide any methodology for calculating carbon leakage. While the review references leakage risk – particularly in relation to TEBA – it does not define how leakage should be measured, modelled, or verified. Instead, the review treats leakage qualitatively, framing TEBA as a precautionary measure to “avoid carbon leakage” for facilities facing international competition.

The absence of a transparent leakage calculation framework is a significant policy gap. Without a clearly defined method to assess leakage risk, TEBA concessions risk being granted without evidence that emissions reductions would genuinely shift offshore.

It may also be practically difficult to truly know the correct border adjustment for an import when that import was manufactured in a jurisdiction with poorer emission regulations, which would not require the same level of reporting or have the same accuracy of emissions measurements. Where there is no practical way of measuring offshore emissions, border adjustments would rely on mere estimations, which could run the risk of underestimating true offshore emissions and lead to the implementation of insufficient border adjustments.

CCWA recommends that the Safeguard Mechanism adopt and explicitly outline a transparent mechanism for calculating carbon leakages and place stronger obligations on importers to accurately measure carbon emissions so that border adjustments can be more consistent with domestic emission limits within Australia.

11. Greater protections regarding multi-year monitoring

Multi-year monitoring (MYM) concessions create clear risks to the Safeguard Mechanism’s ability to deliver steady, year-on-year emissions reductions. By allowing facilities to defer their emissions obligations across several reporting periods, MYM can mask short-term increases in gross emissions. This flexibility allows for the delaying of on-site abatement and creates overreliance on future offsets or catch-up to come into line with annual reduction targets.

The Safeguard Mechanism Review also makes no comment on the handling of facilities which have been granted a MYM concession which shut down before reaching their deferred reporting period. Given that MYM concessions are specifically designed to limit costs for facilities which may not be able to afford accurate monitoring, it stands to reason that facilities granted MYM concessions may also be at a greater risk of unforeseen shut-down due to funding struggles. This possibility

creates a large risk of unaccounted emissions where facilities are never held accountable to mandatory reporting.

To maintain the integrity of Australia's climate targets, the Safeguard Mechanism should employ tighter regulations surrounding the use of MYM, with clearer eligibility criteria, limits on repeated use, and requirements for credible abatement plans to ensure that MYM supports orderly compliance rather than functioning as a mechanism for deferral or non-compliance. This tightened regulation should exclude facilities from accessing MYM concessions where they are incapable of demonstrating stable operation and projected emissions which fall within yearly targets.

12. Regulations to improve transparency

Public confidence depends on clear information about whether facilities are reducing pollution or purchasing compliance units. The Clean Energy Regulator should publish timely facility-level data on baselines, gross emissions, net emissions, Safeguard Mechanism Credits issued or surrendered, ACCUs surrendered, banking and borrowing, and the use of any special assistance.

The review should also consider the wider environmental and social consequences of industrial decarbonisation. Transition plans must avoid harm to biodiversity, cultural heritage, water resources and communities. First Nations peoples should be involved early and meaningfully where policies, projects or credit methods affect Country, and benefit-sharing arrangements should be fair and transparent.

Recommendations

- a. Introduce a requirement for exhaustion of genuine abatement options before a facility is allowed to surrender or purchase offsets.
- b. Limited use of offsets must be of the highest integrity, representing real, additional, measurable and durable abatement.
- c. Increase baseline decline rates to account for foreseeable hard-to-abate emissions.
- d. Allow for the concurrent operation of the Safeguard Mechanism alongside state-level environmental protections.
- e. Require stronger grounds to access TEBA, multi-year monitoring, and catch-up provisions, and enforce genuine accountability on facilities which misuse these provisions.
- f. Implement a transparent carbon-leakage assessment framework as well as a clear calculation mechanism for carbon adjustments.
- g. Explicit requirements for greater consultation with stakeholders and the transparent publishing of facility-level emissions data and credit use.

- h. Remove loopholes which allow new fossil fuel projects to claim to be a part of existing facilities.
- i. Introduce emissions intensity metrics to separate operational changes from real abatement.
- j. Introduce differing decline rates for different facilities. Fossil fuel facilities must face steeper decline rates to accelerate the necessary phase out of fossil fuels, while greater support must be offered to future-facing industries.
- k. Decline rates must reflect and enable Australia's ambition and be calibrated to meet the high end (70 percent) of Australia's 2035 targets, requiring an adjusted decline rate of 6.8 per cent.
- l. Introduce mandatory greenhouse gas management plans for all Safeguard Mechanism facilities.
- m. In addition to stricter baseline rates, the Safeguard Mechanism must introduce more rigorous controls for fossil fuel facilities including differentiating access to offset units, no access to trade exposed facilities status, a shift to absolute emissions limits instead of emissions intensity and abatement verification.
- n. Remove conflicting policy signals.
- o. Do more to enforce and enable major planning decisions around megaton-scale emissions reductions at the highest polluting facilities.
- p. Introduce a cap on offsets which tightens over time, in conjunction with penalties for excessive offset reliance, and mandatory demonstration of attempted abatement – such as documented feasibility assessments, operational improvements, or investment planning.
- q. Mandate the verification of emissions reduction methods by clean energy regulator before SMCs are issued.

Conclusion

The Safeguard Mechanism review must engage with these fundamental issues that currently stand as barriers to the acceleration of emissions reductions from Australia's largest polluters and Australia's global leadership on climate.

The Safeguard Mechanism must do more than balance emissions on paper. It should drive a visible decline in gross pollution from Australia's largest industrial facilities, accelerate investment in clean technologies, ensure any residual use of credits meets the highest integrity standards, and complement the required phase out of fossil fuel use and production in Australia.

CCWA urges the Federal Government to use this review to strengthen the mechanism's post-2030 ambition, close loopholes, and place gross emissions reduction, environmental integrity, and public accountability at the centre of the scheme.