

# It's time to safeguard climate

**23 February 2023**

Dear Minister Bowen,

As business leaders representing hundreds of thousands of Australians and billions in economic activity, we are writing to acknowledge the increased ambition of the proposed reforms to the Safeguard Mechanism and to encourage you to go further to adequately safeguard Australia's economy. We believe Safeguard Mechanism reforms have the potential to significantly reduce emissions from large polluters and help Australia's transition to a zero-emissions, climate-resilient economy.

As responsible business leaders, we support Australia's 2030 emissions reduction target and are working to ensure that limiting warming to 1.5 degrees remains achievable. We understand that meeting Australia's climate goals requires cooperation and action from all levels of government and all sectors of the economy.

While we welcome the improved settings of the proposed reforms, we would like to recommend several modifications to ensure that the largest emitters contribute their fair share towards Australia's climate commitments.

Our recommendations are as follows:

1. Facilities covered by the Safeguard Mechanism should aim to achieve their fair share of emissions reductions in line with Australia's 43% by 2030 target;
2. Regular reviews of the Mechanism should be conducted to align with Australia's updated nationally determined contributions (NDCs) out to 2050;
3. Facilities should demonstrate genuine emissions reductions and avoidance before having access to domestic offsets via Safeguard Mechanism Credits (SMCs) and Australian Carbon Credit Units (ACCUs);
4. Facilities purchasing ACCUs must disclose the provenance of those ACCUs, and these must be published by the Clean Energy Regulator annually;

5. Funds through associated mechanisms such as the Powering the Regions Fund should be primarily utilised to decarbonise facility operations and technologies, rather than for offsets or Carbon Capture and Storage;
6. The use of offsets should be gradually phased down to a set percentage of a facility's baseline, with sector-specific limits;
7. All companies should receive consistent treatment to promote fair markets;
8. Transparency, accountability, and collaboration among facilities and across supply chains should be promoted to decarbonise the economy; and
9. Discussions to design and implement a Carbon Border Adjustment Mechanism should be engaged in with major trading partners and Australian business and communities as an additional safeguard.

We are ready to work with your government to implement an effective Climate Safeguard Mechanism that will drive down Australia's industrial emissions.

We look forward to collaborating to adopt a credible Mechanism across the economy and ensure a prosperous, climate-resilient, and zero-emissions future for us all.

Sincerely,



**Intrepid**



**koskela**

**STRIDE**  
STORE

Australian  
Ethical



**H** Hepburn  
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