

Safeguard Mechanism Taskforce

Submitted via the [DCCEEW consultation hub](#)

4 September 2026

## **RE: 2026-27 Safeguard Mechanism Review**

Thank you for the opportunity to provide this submission on the 2026-27 Safeguard Mechanism Review (**consultation paper**).<sup>1</sup>

### **Environmental Advocacy in Central Queensland**

Environmental Advocacy in Central Queensland (**EnvA**) is a Central Queensland association concerned about the risks associated with coal mining, coal seam gas and climate change.

EnvA considers that opening new and expanding coal and gas projects:

- is inconsistent with achieving Australia's emission reduction targets,
- is likely to result in irreparable damage to our local landscape and result in stranded assets,
- will put our local community at further risk of extreme weather such as increasing the intensity and frequency of storms, floods, droughts and bushfires,
- will damage our significant coastal resources including our beaches and the Great Barrier Reef through storm surge and increased coral bleaching events,
- will further degrade wildlife habitats of state and national significance through both habitat loss and climate change, and
- rarely take into consideration the views of Traditional Owners and local communities who are concerned about protecting their land from fossil fuel development.

### **Background to our submission**

EnvA's submission focuses primarily on the resources sector and the role of the Safeguard Mechanism in ensuring that Australia's largest industrial emitters make a genuine contribution to achieving the 2035 emissions reduction target.

EnvA is concerned that continued approval and expansion of coal and gas projects is working against this objective. The climate consequences of increased fossil fuel production should not be accommodated through higher facility baselines or transferred to other sectors of the economy.

EnvA recently made a submission to the Climate Change Authority (**CCA**)<sup>2</sup> which included the following recommendations:

- revise baseline settings for new and expanding coal and gas facilities so that increased production does not create additional emissions headroom;
- apply stronger baseline decline rates to fossil fuel facilities;

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<sup>1</sup> [DCCEEW \(August 2026\) Safeguard Mechanism Review – Consultation Paper](#)

<sup>2</sup> [EnvA \(August 2026\) Submission to the Climate Change Authority: Annual Progress Advice - Consultation Paper](#)



- prioritise genuine onsite emissions reductions and strictly limit, then phase out, the use of Australian Carbon Credit Units (**ACCUs**) by fossil fuel facilities;
- remove or phase out government policies that reduce incentives for fossil fuel facilities to electrify and decarbonise, including the Fuel Tax Credit Scheme;
- improve transparency by requiring facilities to explain significant changes in reported emissions and the reasons for any baseline exceedances; and
- continue supporting household renewable energy, electrification and regional electric vehicle infrastructure as important components of the broader transition.

EnvA considers that the Safeguard Mechanism (**SGM**) should ensure that continued growth in fossil fuel production does not undermine Australia's emissions reduction trajectory or shift the burden of decarbonisation onto other sectors.

We offer the following comments on the consultation paper with a specific focus on the management of emissions resulting from the continued approval of coal and gas facilities

### Australia's emission challenges

It is well recognised that Australia's current actions to reduce carbon emissions are not in line with meeting emission reduction targets<sup>3</sup>, commitments to limit global warming to 1.5°C<sup>4</sup>, reduce methane emissions<sup>5</sup> and pledges made to our Pacific neighbours<sup>6</sup>.

The Climate Action Tracker<sup>7</sup> rates the Australian Government's climate policies and action and Australia's nationally determined contribution as insufficient to meet Australia's commitments and legal obligations and considers that they need to be strengthened.

This is further reinforced by the International Court of Justice (**ICJ**) advice that:

- every country has significant legal obligations to slash climate pollution and do everything it can to limit global warming to 1.5°C,
- ongoing support for fossil fuels - including production, subsidies and granting licences - could be a wrongful act under international law,
- wrongful acts, like prolonged fossil fuel use - may trigger obligations to compensate other countries suffering from climate harm, and
- countries have a legal duty to slash climate pollution - not just at home, but from private actors and export interests.<sup>8</sup>

The extraction and burning of coal, oil and gas make the largest contribution to Australia's greenhouse gas emissions. As one of the world's largest exporters of fossil fuels, Australia's coal and gas are also burned beyond our borders resulting in emissions that promote global warming. Australia's global fossil fuel carbon footprint is three times larger than its domestic footprint with 80% of the damage occurring overseas.<sup>9</sup>

Countries around the world are transitioning to a clean energy future and have taken significant steps towards this goal. The future of Australia's fossil fuels must be identified as a priority sector to phase-out and existing projects must be further encouraged to decarbonise their facilities. The

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<sup>3</sup> [DCCEEW \(2025\) Setting our 2035 target and path to net zero](#)

<sup>4</sup> [United Nations Climate Change \(2016\). The Paris Agreement](#)

<sup>5</sup> [Global Methane Pledge](#)

<sup>6</sup> [Australian Government \( Foreign Affairs and Trade\) Pacific regional – climate change and resilience](#)

<sup>7</sup> [Climate Action Tracker \(2025\) Climate Target and Projections - Australia](#)

<sup>8</sup> [Climate Council \(2025\) World's highest court's landmark decision carries major implications for Australia's climate obligations](#)

<sup>9</sup> [Hare, B. \(2024\) Dug up in Australia, burned around the world – exporting fossil fuels undermines climate targets](#)

ICJ decision confirms that Australia cannot ignore the emissions that are produced and used domestically or are exported to other nations<sup>10</sup> – we must take significant steps to reduce the continuing approval of new and expanding facilities.

There are sufficient coal resources already approved to supply the domestic and international demand. The current pipeline of approved and proposed coal mines contrasts with global market outlooks, increases rather than decreases emissions, and increases rehabilitation uncertainty and risks to taxpayers when the projects become financially unviable.<sup>11</sup> This is reinforced by the many small Central Queensland coal companies falling into administration and larger companies placing mining operations into care and maintenance.<sup>12</sup>

A key implication of allowing new and expanding coal mines to be added to the Safeguard Facilities register is that it unfairly shifts the burden of reducing emissions onto non-fossil fuel sectors, many of which are more important to our future than coal mining and gas extraction.

### The extent to which the 2023 Safeguard mechanism reforms are working

The Safeguard Mechanism is central to meeting Australia's emissions reduction targets. The 2023 reforms appear to have resulted in baselines falling and reducing emissions headroom. However, EnvA considers that pollution across the scheme remains too high and that further strengthening is required to ensure Australia can meet its 2030 and 2035 emissions reduction targets.

As outlined in the consultation paper, the Safeguard objectives require gross emissions to fall over time, measured on a five-year rolling-average basis. This requirement is currently being met, and projections suggest this will continue to 2030, but with a relatively small margin.

The biggest polluters – coal and gas extraction facilities – account for more than half of the emissions covered by the SGM. These resource industries increased their climate pollution by 0.2% in 2024-25, eroding reductions occurring in other Safeguard facilities.<sup>13</sup>

While net emissions are falling in line with projected emissions reductions, the impact of additional fossil fuel projects – both new and expanded – risks undermining current forecasts and the progress achieved by the SGM over the last two years.

There are also questions about whether relying on only approximately 30% of facilities being reported, excluding most Scope 3 emissions associated with exported fossil fuels, and allowing facilities to use ACCUs to meet declining baselines provides a sufficiently robust framework for achieving Australia's emissions targets. These matters are discussed further below.

### **EnvA's submission**

#### The Safeguard Mechanism needs strengthening

The Safeguard Mechanism currently covers approximately one-third of Australia's total climate pollution. More than half of the reported emissions are from coal, oil and gas extraction.<sup>14</sup>

Getting the scheme settings right isn't just about the environment – it's about protecting Australian households from volatile fossil fuel prices, supporting clean industries, and securing Australia's place in a decarbonising global economy.<sup>15</sup>

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<sup>10</sup> [The Australia Institute \(2025\) Nearly a fifth of Australia's emissions now come from sending fossil fuels overseas](#)

<sup>11</sup> [IEEFA \(11 February 2025\) Australia's coal production limits far exceed actual output, so why approve new mine developments?](#)

<sup>12</sup> [EnvA \(2026\) Central Queensland coal company Vitrinite enters administration as sector instability deepens](#)

<sup>13</sup> [Climate Council \(2026\) Free Ride: How our biggest polluters are dodging their fair share](#)

<sup>14</sup> [Climate Council \(2026\) Free Ride: How our biggest polluters are dodging their fair share](#)

<sup>15</sup> [Climate Council \(2026\) Modelling: Fossil fuels and the Safeguard Mechanism](#)

At present, the Safeguard Mechanism (**SGM**) is the principal Commonwealth policy mechanism for directly managing emissions from Australia's largest industrial facilities. However, it applies after a project has been approved and is operating.

The SGM is therefore not a substitute for incorporating climate considerations into federal environmental decision-making. It will not protect Australia's people, ecosystems or threatened species from climate change because:

- it does not prevent greenhouse gas emissions. It does not require on-site emissions avoidance or reduction. Instead, facilities can use carbon credits to meet their compliance obligations rather than undertaking equivalent onsite emissions reductions, subject to the requirements of the Safeguard Mechanism.
- it is not an assessment or approvals system. It does not require, or even allow for, any federal decision-maker with approvals power to consider whether the greenhouse gas emissions to be produced by proposed projects are compatible with Australia's emission reduction targets, or with limiting global warming to 1.5 degrees, and to prevent unacceptably polluting projects from going ahead.
- in relation to coal mines and gas fields covered by the SGM, only covered onsite emissions are subject to the mechanism. This represents only a fraction of the total climate pollution associated with fossil fuel production. Downstream or Scope 3 emissions associated with the eventual use of exported coal and gas are largely outside the SGM; and
- the SGM does not differentiate between fossil fuel production and other industries that may be essential to Australia's future economy but harder to decarbonise.<sup>16</sup>

Unfortunately, the current EPBC Act amendments do not invoke a climate trigger, and the Safeguard Mechanism legislation (*National Greenhouse and Energy Reporting Act 2007*) does not provide a mechanism for refusing a project because its emissions are incompatible with Australia's legislated emissions reduction targets.

EnvA considers that Australia's climate policy framework should include a mechanism to refuse projects where projected emissions are incompatible with legislated emissions reduction targets and where proponents cannot demonstrate that emissions can be avoided, minimised or substantially abated using available and proven technologies.

Alternatively, where government determines that further fossil fuel development is inconsistent with Australia's climate objectives, the baseline framework should be substantially amended so that high-emitting fossil fuel facilities are required to make a stronger and more immediate contribution to decarbonisation.

### Calculating baselines

EnvA considers that the approach to calculating baselines for new and expanding coal mines and gas facilities should be amended so that increased production does not result in additional allowable emissions that undermine the sector's required emissions trajectory.

This could potentially be achieved through the use of a fixed or otherwise production-independent absolute baseline, or another mechanism that prevents increased production from generating a corresponding increase in a facility's allowable emissions.

The current approach risks producing a perverse outcome: a new or expanding fossil fuel facility can increase its absolute baseline as production increases, even while the emissions intensity

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<sup>16</sup> [Environmental Justice Australia \( 2025\) Safeguard or smokescreen? - Why the Albanese government's climate excuse doesn't stack up](#)

applied to that facility is intended to decline. This can create additional emissions headroom at precisely the time when the sector needs to achieve substantial absolute emissions reductions.

The emissions consequences of new and expanding fossil fuel facilities should not be transferred to other sectors of the economy. Electricity, transport, manufacturing and other sectors will remain essential components of Australia's clean energy transition and should not be required to compensate for continued growth in fossil fuel production.

### **Reducing emissions**

EnvA has made submissions on numerous proposed coal and gas projects over the past few years.<sup>17</sup> Based on our review of these proposals, evidence of meaningful greenhouse gas emissions abatement in the fossil fuel industry appears to be limited.

Proposed measures frequently consist of high-level or aspirational commitments rather than clearly defined, funded and measurable emissions reduction measures. Examples include:

- preferencing fuel-efficient mining equipment during procurement;
- maintaining mining equipment in good working order;
- encouraging carpooling for mine workers;
- considering gas drainage and abatement of incidental mine gas;
- transitioning from diesel to electric machinery and equipment when the technology becomes available; and
- complying with the Safeguard Mechanism through the purchase or surrender of ACCUs.

Occasionally, proponents propose purchasing renewable energy through power purchase agreements to reduce Scope 2 emissions. EnvA is aware that BHP Mitsubishi Alliance has entered into such agreements for seven of its Central Queensland mines, with the intention of sourcing approximately half of their electricity demand.<sup>18</sup>

While this represents a positive step towards reducing Scope 2 emissions, it addresses only a component of the emissions associated with fossil fuel extraction.

Some recent underground coal proposals have also included capture of methane through gas drainage, either for supply to third parties or for use in onsite electricity generation. Methane capture and combustion can reduce the climate impact associated with methane that would otherwise be released directly to the atmosphere.

However, methane capture and combustion should not be treated as equivalent to eliminating the underlying fossil fuel emissions. Where captured gas is subsequently combusted, carbon dioxide emissions remain, and the measure does not address the much larger emissions associated with the continued production and eventual use of the coal.

From EnvA's observations, the key barriers to meaningful abatement and decarbonisation in the coal and gas sectors include:

- the continued ability to purchase ACCUs or use Safeguard Mechanism Credit Units (**SMCs**) rather than undertake genuine onsite emissions reductions.
- access to government subsidies, particularly through the Fuel Tax Credit Scheme, and
- high baselines based on historical or business-as-usual emissions, which reduce the urgency for facilities to undertake rapid and substantive decarbonisation.<sup>19</sup>

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<sup>17</sup> [EnvA. Submissions on fossil fuel projects and relevant legislative reforms](#)

<sup>18</sup> [PV Magazine \(2023\) BHP signs renewable PPA for Queensland coal mines](#)

<sup>19</sup> [Our Trace. Baseline Emissions: What Are They & How To Calculate](#)

EnvA considers that there remains significant potential to accelerate emissions reductions in the fossil fuel industry, which is a major contributor to Australia's emissions.

The combination of limited incentives to decarbonise operations, the availability of a 'pay-to-emit' option and government subsidies<sup>20</sup> can allow Scope 1 and 2 emissions to continue when greater onsite reductions should be achievable.

EnvA considers that the Fuel Tax Credit Scheme as it applies to the resources sector should be removed or significantly scaled back to encourage electrification of mining operations.

The Australia Institute has reported that mining companies used the majority of Australia's diesel fuel in 2023–24—3.5 times more than diesel used in agriculture, and more than all the country's dual-cab utilities combined.<sup>21</sup>

This subsidy can reduce the financial incentive for mining companies to transition away from diesel-powered equipment and therefore disincentivise emissions reductions that could be achieved onsite. Reducing or eliminating this incentive would also provide a budget saving that could be redirected towards industries of the future or towards recovery from increasingly frequent and severe climate-change-fuelled extreme weather events.

Baseline settings for new and expanding coal mines and gas facilities need to be amended to ensure that increased production does not allow for an increase in emissions.

### **Fossil fuel expansion undermines climate policy**

To comply with declining baselines, facilities can either cut their emissions at source, acquire ACCUs, or purchase SMCs from facilities that have reduced more than their baseline allowance for the corresponding compliance period.

ACCUs are generated from activities outside the SGM framework which largely allow for a facility to meet its compliance obligations without achieving an equivalent reduction in its own onsite emissions.

The Safeguard Mechanism is expected to be the main driver of ACCU demand, as large industrial emitters can meet their steadily declining emissions targets, or 'baselines', through offsets in lieu of cutting on-site emissions.<sup>22</sup>

Demand for ACCUs linked to the SGM is expected to increase from under one million in 2023 to 25 million by 2030, 35 million in 2035 and 37 million in 2040.<sup>23</sup>

The increase in demand from Safeguard facilities is due to lower projected on-site abatement and less projected generation of SMCs as facility baselines reduce.

### **Issues associated with the use of ACCUs**

Despite ACCUs being a central component of Australia's current climate policy framework, there are significant concerns about whether some ACCU methodologies deliver genuine, additional and measurable emissions reductions. This is because they are crediting activities that store, reduce or avoid greenhouse gas emissions which often have low integrity and many do not result in any reduction in emissions.

For example, in 2021, 'avoided deforestation' made up 1 in 5 of all carbon credits in Australia. This

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<sup>20</sup> [The Australia Institute \(2026\) Fossil fuel subsidies in Australia 2026](#)

<sup>21</sup> [The Australia Institute \(2026\) Diesel use in Australian Mining](#)

<sup>22</sup> [Climate Analytics \(2025\) Submission to the Climate Change Authority Issues Paper: 2025 Annual Progress Report](#)

<sup>23</sup> [DCCEEW \(2025\) Australia's emissions projections 2025](#)

clearing was never going to happen anyway and hence could not possibly abate emissions from any facility.<sup>24</sup> Likewise, ‘human-induced regeneration projects’ which are based on allowing cleared native forests to regenerate do not result in an increase in forest cover or emission abatement.<sup>25, 26</sup>

This lack of integrity - real, additional and verifiable emission reductions – means these offsets are exacerbating the climate change problem through allowing projects to contribute more emissions to the atmosphere with no meaningful abatement.

EnvA notes that changes to the ACCU Scheme in 2026 will include the development of new methods including:<sup>27</sup>

- extending savanna fire management (SFM) to the northern arid zone method,
- integrated farm and land management method to incorporate feed additives to reduce methane from livestock (livestock method), and
- alternative waste method to incentivise the diversion of mixed solid waste from landfill.

These methods are largely intended to minimise or avoid emissions rather than provide sequestration that can be considered equivalent to offsetting emissions from a separate facility.

It is EnvA’s view that relying heavily on offsets to meet emissions reduction goals creates a significant risk to Australia’s emissions trajectory and should not substitute for direct emissions reductions at high-emitting facilities.

#### Encourage onsite abatement

EnvA considers that there should be strict limits on the use of ACCUs by fossil fuel facilities, with their use progressively reserved for sectors where emissions are genuinely difficult to abate and which are essential to the future economy.

While the policy framework for such a sector-based approach would need to be developed, emissions reductions from fossil fuel facilities should primarily be delivered through onsite abatement.

EnvA therefore recommends that the use of ACCUs by fossil fuel facilities be strictly limited and phased out completely by 2030.

Modelling commissioned by the Australian Conservation Foundation and the Climate Council<sup>28</sup>, shows that the fossil fuel industry is undermining the Safeguard Mechanism, increasing climate pollution, and putting more Australians at risk of climate harm.

The modelling also shows that:

- if higher-than-expected gas or coal production occurs, gross emissions could increase by a further 5% in 2035.
- the risk of carbon blowouts from coal and gas facilities is poorly managed and could lead to close to 50 million tonnes of additional pollution by 2035 if speculative technologies like carbon capture and storage fail to scale-up.

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<sup>24</sup> [Hemming, P. et al \(2021\) Questionable integrity: Non-additionality in the Emissions Reduction Fund’s Avoided Deforestation Method](#)

<sup>25</sup> [Macintosh, A. et al \(2024\) Australian human-induced native forest regeneration carbon offset projects have limited impact on changes in woody vegetation cover and carbon removals](#)

<sup>26</sup> [Climate Integrity \(2025\) Legal risks stack up under Australia’s failed carbon market](#)

<sup>27</sup> [Chris Bowen and Josh Wilson \(April 2026\) Joint media release: Better ACCU methods to deliver more income opportunities and emissions cuts](#)

<sup>28</sup> [RepuTex Energy \(2026\) Safeguard Mechanism emissions and baseline sensitivities](#)

- polluters will increasingly rely on offsets to comply with pollution rules, with the Mechanism failing to support enough real cuts to climate pollution. Relying on offsets is a risk to Australia's climate targets, with no guarantee they actually reduce pollution.
- improvement to Australia's measurement of fossil fuel methane emissions, shows that these emissions are currently under-reported by approximately 60%, which potential increase Safeguard reportable emissions by 18% to 2035 and risking the achievement of the 2030 carbon budget.
- stronger decline rates for coal and gas could substantially reduce the decarbonisation burden on other long-term industries such as manufacturing and minerals processing.<sup>29</sup>

Methane emissions from coal mining and gas production represent a significant uncertainty within current Safeguard projections. Improvements in measurement and reporting may reveal substantially higher emissions than currently reported, highlighting the need for precautionary baseline settings and stronger methane abatement requirements.

The SGM covers less than one-third of Australia's greenhouse gas emissions. At present, high-emission facilities are being held responsible for meeting emissions targets even where they produce essential products and services and may be harder to decarbonise using currently available technology.

EnvA considers that fossil fuel production should be treated differently from essential industries because the continued expansion of fossil fuel production is incompatible with Australia's long-term emissions reduction objectives. There are sufficient approved coal and gas facilities to provide domestic and contracted export market requirements.

Further to this, the World Bank forecasts that coal prices are falling and will continue to fall in 2026 due to a weakening import demand from Asia and a potential supply glut.<sup>30</sup> Treasury modelling similarly predicts that the value of Australia's coal and gas exports will fall by around 50% over the next five years.<sup>31</sup>

In this context, EnvA considers that continued approval of new and expanding fossil fuel projects is difficult to reconcile with the EPBC Act's principles of ecologically sustainable development, particularly where their emissions are inconsistent with Australia's legislated emissions reduction targets.

EnvA recommends that adjustments should include, at a minimum:

- Developing an alternative method of calculating baselines for new and expanding coal mines and gas facilities so that increased production does not result in additional emissions,
- Increasing the baseline decline rate for fossil fuel facilities,
- Impose strict limits on the use of ACCUs for all fossil fuel facilities to ensure that a substantial proportion of emission reductions are delivered through onsite abatement and become the primary mechanism of reducing emissions,
- Removing access to the Fuel Tax Credit Scheme (or phase out access) to encourage electrification of mining operations,

<sup>29</sup> [Australian Conservation Foundation \(2026\) New modelling: Coal and gas giants gaming the system](#)

<sup>30</sup> [Agnolluci, P & Makarenko, N \(June 2025\) Weakening demand, steady supply: What's driving coal price decline in 2025?](#)

<sup>31</sup> [Australian Government \(September 2025\) Australia's Net Zero Transformation: Treasury Modelling and Analysis](#)

- Ensure that fossil fuel projects do not have access to government subsidies for decarbonisation projects or operations.

### **Better transparency is essential**

No single metric can determine whether emissions reductions result from Safeguard Mechanism reforms. The CCA consultation paper<sup>32</sup> identifies many reasons emissions can change, including:

- changing methane conditions;
- mine closures or commissioning;
- production interruptions; and
- methane capture and combustion.

At present, the public reporting does not identify which of these factors explains changes at an individual facility.

For the reporting period 2024–25:

- 208 facilities were covered by the Safeguard Mechanism;
- 23 published an explanation under section 72C of the *National Greenhouse and Energy Reporting (Safeguard Mechanism) Rule 2015* due to use of carbon offsets to cover emissions exceeding 30% of the facilities baseline; and
- 147 reported facility records with emissions above their baseline.

Even if all 23 explanatory statements were included within the 147 records, approximately 84% of above-baseline facility years had no published explanation and hence it is challenging to determine whether there has genuine emissions reductions and offsets were not required, or there have been changes in emissions in regard to new emissions sources, changes in estimation methods, or changes in production.

Ideally, all facilities, particularly fossil fuel facilities, should be required to provide an explanation of exceedances of their baseline and how they will manage these exceedances moving forward. Again, we iterate that the use of ACCUs for fossil fuel facilities must be further limited and phased out completely by the end of this decade.

EnvA further notes that it is challenging to understand the reporting of emissions associated with coal mine expansion.

### An example of unclear public reporting

The Lake Vermont Coal Project is a major open-cut coal mine located near Dysart in Central Queensland which has been operating since 2009. An extension to the mine, the Lake Vermont Meadowbrook Project (EPBC 2019/8485), was approved (with conditions) under the EPBC Act in 2024.<sup>33</sup>

A further proposed extension to the mine, Lake Vermont Mockingbird (EPBC 2025/10381) is in the early stages of assessment.

The operator of the Lake Vermont Coal, reported that between 2023-24 and 2024-25:

- covered emissions increased by about 10%;
- reported methane emissions increased by 45%;
- carbon dioxide emissions remained almost unchanged; and
- methane accounted for almost all the increase in covered emissions.

<sup>32</sup> [Climate Change Authority \(2026\) Annual Progress Advice - Consultation Paper](#)

<sup>33</sup> [EPBC Public Portal \(2024\) Decision on approval – Lake Vermont Meadowbrook \(EPBC 2019/8485\)](#)

In the 2024-25 reporting period, a new ‘underground mines – method 2’ reporting category was introduced while retaining the ‘open cut mines – method 2’ category. The published data do not explain which emissions or activities were assigned to each category.

In this example, the public information is insufficient to determine whether the emissions increase reflects:

- an increase in methane emissions associated with the exploration activities associated with the proposed underground mining at the Lake Vermont Meadowbrook extension (which may also explain the introduction of an underground mine category);
- a reporting or methodological change;
- a classification change; or
- some combination of these factors.<sup>30</sup>

This example again emphasises the need for facility proponents to provide an explanation of the reasons for changes to emissions reporting, and where exceedances of their baseline occur, how they will manage these exceedances moving forward.

Improved reporting will assist the CCA and the public in determining the loopholes within the SGM that need to be addressed.

### **Further suggestions on improvements to the Safeguard Mechanism**

The Safeguard Mechanism currently covers approximately one-third of Australia’s total greenhouse gas emissions. EnvA acknowledges that emissions management has improved across a number of sectors through a range of policies and incentives. However, there remains an opportunity to expand the Safeguard Mechanism to capture a greater proportion of Australia’s large emitters.

There is limited public information about emissions from facilities outside the Safeguard Mechanism. Without greater transparency about the emissions of these facilities, it is difficult to assess their collective contribution to Australia’s greenhouse gas emissions or whether sufficient measures are in place to reduce those emissions.

EnvA therefore recommends that the emissions threshold for entry into the Safeguard Mechanism be reviewed to ensure that a substantially greater proportion of Australia’s large industrial greenhouse gas emissions are captured within the emissions reporting and reduction framework. Expanding coverage would improve transparency, strengthen accountability and help ensure that emissions reduction responsibilities are shared more broadly across Australia’s major emitters.

### **Summary of recommendations**

EnvA recommends that DCCEEW:

1. Revise baseline calculations for new and expanding coal and gas facilities so that increased production does not result in increased allowable emissions or additional emissions headroom.
2. Apply stronger baseline decline rates to fossil fuel facilities to ensure that the sector makes a proportionate contribution to Australia’s emissions reduction targets.
3. Require greater onsite emissions abatement, particularly where proven and commercially available technologies can reduce emissions.
4. Strictly limit the use of ACCUs by fossil fuel facilities and phase out their use by 2030, ensuring that offsets do not substitute for genuine onsite emissions reductions.

5. Strengthen methane measurement, reporting and abatement requirements, recognising the potential for current measurement approaches to understate emissions.
6. Remove or phase out access to the Fuel Tax Credit Scheme for fossil fuel extraction to strengthen incentives for electrification and decarbonisation.
7. Prioritise government decarbonisation funding towards essential sectors and technologies, rather than supporting continued expansion of fossil fuel production.
8. Introduce a standardised annual Facility Emissions Change Statement requiring Safeguard facilities to explain significant changes in emissions, baseline exceedances, production changes, methane emissions, methodological changes and the use of credits.
9. Review the Safeguard Mechanism entry threshold so that a substantially greater proportion of Australia's large industrial emitters are captured.
10. Strengthen Australia's broader environmental and climate policy framework so that projects whose emissions are incompatible with legislated emissions reduction targets can be subject to refusal where emissions cannot be avoided, minimised or substantially abated.

## **Conclusion**

Environmental Advocacy in Central Queensland appreciates the opportunity to contribute to the Safeguard Mechanism Review Consultation Paper.

EnvA considers that Australia's ability to meet its 2035 emissions reduction target will depend not only on the progress being made in electricity, transport, households and other sectors, but also on whether the resources sector makes an appropriately strong contribution to emissions reduction.

The continued approval and expansion of coal and gas projects presents a fundamental challenge to this objective. New and expanding fossil fuel facilities can increase production and, under current arrangements, increase their allowable emissions at a time when Australia needs absolute emissions to decline.

The emissions consequences of this continued growth should not be transferred to other sectors that are essential to Australia's long-term economic and clean energy transition.

EnvA therefore recommends that DCCEEW give particular attention to strengthening the Safeguard Mechanism for fossil fuel facilities. This should include revising baseline settings so that increased production does not create additional emissions headroom, applying stronger baseline decline rates, and requiring a greater proportion of emissions reductions to be achieved through genuine onsite abatement rather than the purchase of ACCUs or other credits.

The integrity and transparency of the Safeguard Mechanism must also be improved. Public reporting should allow the community and policymakers to understand why emissions at individual facilities have increased or decreased, including the effects of changes in production, operational conditions, methane emissions, estimation methods, expansions and other relevant factors.

A standardised annual Facility Emissions Change Statement would provide a practical and transparent way to achieve this.

More broadly, Australia's climate policies should recognise that fossil fuel extraction cannot continue to expand indefinitely while Australia seeks to reduce emissions in line with its national and international commitments.

The Safeguard Mechanism should therefore be strengthened so that fossil fuel facilities make a proportionate and substantial contribution to emissions reduction, rather than relying on other sectors or future technologies to compensate for continued growth.

EnvA urges DCCEEW to implement the recommendations proposed as a matter of urgency rather than deferring necessary action to 2030. Australia needs a climate policy framework that prioritises genuine emissions reductions, strengthens accountability and transparency, and ensures that continued fossil fuel expansion does not undermine Australia's pathway to its 2035 emissions reduction target.

Thank you again for the opportunity to provide comment on the consultation paper.

Yours sincerely,



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Director

Environmental Advocacy in Central Queensland