Safeguard Mechanism Review Team
Department of Climate Change, Energy, the Environment and Water
Canberra ACT 2601

Submitted via DCCEEW consultation portal

18 September 2026

Dear Safeguard Mechanism Review Team,

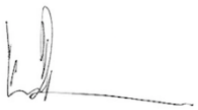
Subject: 2026–27 Safeguard Mechanism Review — BCSD Australia submission

The Business Council for Sustainable Development Australia (BCSDA) welcomes the opportunity to respond to the 2026–27 Safeguard Mechanism Review. BCSDA supports a credible, progressively tightening mechanism that contributes to Australia's national emissions targets while strengthening the conditions for investable industrial decarbonisation.

Our central proposition is that the Safeguard Mechanism should be calibrated rather than rebuilt. The post-2030 framework should distinguish net compliance outcomes, gross/covered emissions, emissions intensity and physical abatement, and enduring investment in lower-emissions Australian production. It should preserve high-integrity flexibility, strengthen transparency around abatement and investment decisions, address genuine carbon-leakage risks, and avoid imposing settings that are not supported by modelling or implementation evidence.

Calibration is not a presumption that the current architecture must be preserved. Structural redesign should be considered if transparent evidence shows that the existing architecture cannot deliver the agreed Safeguard contribution, materially suppresses feasible physical abatement or investment, creates unmanageable leakage or market-integrity risk, or cannot be corrected through bounded changes.

Yours sincerely,



Andrew Petersen
Chief Executive Officer
Business Council for Sustainable Development Australia
andrew.petersen@bcsda.org.au | 0412 545 994

Executive summary

BCSDA supports a credible and progressively tightening Safeguard Mechanism, but considers that post-2030 settings should be judged by more than net compliance. Government should separately assess contribution to national targets; gross/covered emissions, emissions intensity and physical abatement; and the extent to which the scheme is creating durable investment in lower-emissions Australian production. [1][2][6]

BCSDA's analysis indicates that these outcomes are linked but not identical. A stronger emissions constraint can improve lower-emissions project economics, but it cannot by itself deliver affordable clean energy, shared infrastructure, mature technology, approvals, finance or demand for lower-emissions products. Where a verified non-carbon-price barrier prevents an otherwise credible project, complementary policy should be considered only where it passes a public-value test: the barrier is demonstrable and non-carbon-price in nature; support produces material additional physical abatement; private commercial and technology risks remain with the proponent; an existing institution is used where fit for purpose; support is time-limited; and delivery milestones and review/exit triggers are explicit. [6][8][13]

BCSDA therefore recommends five priority actions:

1. **Use a three-part performance test** — net contribution to national targets; gross/covered emissions, emissions intensity and physical abatement; and enduring low-emissions industrial investment — rather than treating compliance alone as proof of transformation. DCCEEW and the CER should publish a concise annual indicator set covering net contribution against the Safeguard target/budget, covered emissions, emissions intensity, physical abatement where measurable, ACCU/SMC use and committed versus delivered low-emissions investment.
2. **Calibrate ACCU and temporal flexibility as one package**, not instrument by instrument: preserve strong SMC incentives and bounded banking/borrowing/multi-year flexibility, but require Government to model their cumulative interaction with ACCUs and cost containment before imposing or relaxing restrictions.
3. **Set the post-2030 trajectory transparently**. Update the proportional-share reference where justified by current data, but do not select the top of the 2035 target range, a 7% decline rate or a lower coverage threshold without complete modelling of investment, production, new entrants, exits, abatement feasibility and competitiveness. This is not an argument for a weaker national target; it is a requirement to set the strongest settings that can credibly deliver the agreed contribution without shifting emissions or substituting avoidable credit use for feasible domestic abatement.
4. **Progress carbon-leakage reform in sequence**: develop and consult on a workable cement/clinker border carbon adjustment, use sectoral leakage tests and catch-up mechanisms where appropriate, and proceed to implementation only if the design passes emissions-measurement, trade-law, leakage and administrative-burden tests. Remove TEBA only where an operating BCA demonstrably replaces the relevant protection.
5. **Reduce implementation friction** through interoperable data, proportionate facility-transition evidence, reuse of existing climate-disclosure information, and explicit consideration of value-chain, regional, First Nations, land and nature consequences where compliance architecture creates them.

BCSDA's organisational position is not a statement of the individual position of every BCSDA Member. Primary road-freight evidence remains limited, the Climate Change Authority's final 2026 fossil-methane advice is not yet available, and detailed quantitative claims from the EY–IGCC modelling have not been relied upon unless independently supported. [3][8][14]

About BCSD Australia

BCSDA is the Australian partner of the World Business Council for Sustainable Development. It works with over 70 businesses and partners across climate, nature, equity, circularity and corporate performance and accountability to translate sustainable-development ambition into implementation. BCSDA's interest in this Review extends beyond directly covered facilities because Safeguard settings affect capital allocation, energy and infrastructure investment, carbon markets, trade exposure, procurement, product value chains, regional economies and land-sector credit demand.

Responses to the Department's consultation questions

The responses below follow the Department's 45 consultation prompts. Where BCSDA does not consider the evidence sufficient to prescribe a setting, the response says so and identifies the decision test Government should apply. Secondary recommendations should be read either as implementation conditions for the five

priority actions above or as conditional responses to a specific Department question, not as a separate unranked policy agenda. [1]

2. Tracking progress to 2030

Q1. What perceived risks remain for the Safeguard Mechanism?

The principal risks are not simply non-compliance. They are:

- insufficient physical abatement despite net compliance;
- weak investability of technically credible projects;
- uncertainty around future credit supply and settings;
- enabling-infrastructure and energy constraints;
- carbon-leakage and competitiveness effects; and
- avoidable administrative duplication. Government should track these separately so one indicator does not mask deterioration in another. [1][6][13]

Q2. Is the mechanism on track to deliver its legislated 2030 outcomes?

Current compliance data do not indicate failure of the compliance architecture: for 2024–25 the Clean Energy Regulator reported 98.6% compliance across 208 covered facilities, 132.8 Mt CO_2-e of covered emissions (down 2.3%), 120.3 Mt CO_2-e of net emissions after unit surrender (down 5.5%), 6.7 million SMCs issued and 13.4 million units surrendered. These figures make the distinction between net compliance and physical emissions tangible, but two completed compliance years are not enough to conclude that all legislated 2030 outcomes are on track. Government should report net emissions; gross/covered emissions, emissions intensity and physical abatement; and the investment response separately and test progress against the legislated outcomes using each. [1][2][6]

3.1.1 Emissions reduction technologies

Q3. Are Safeguard settings and Government support mechanisms suitable for developing and deploying industrial emissions-reduction technologies?

They are necessary but not sufficient. The Safeguard signal should remain credible and predictable, while complementary policy addresses verified barriers that the carbon constraint cannot solve efficiently — such as grid and shared infrastructure, technology readiness, approvals, finance, or insufficient demand for near-zero products. Any public support should pass a clear additionality and risk-allocation test: demonstrable non-carbon-price barrier; material additional physical abatement; private commercial and technology risk retained; use of an existing institution where fit for purpose; time-limited support; measurable delivery milestones; and a review/exit trigger. [1][6][8][13]

Q4. What remaining barriers exist to on-site abatement, including sector-specific barriers?

The evidence points to technology maturity and performance risk; electricity availability, cost and grid connection; low-emissions fuel availability; shared transport/storage infrastructure; approvals; finance and internal capital allocation; long asset-replacement cycles; workforce/delivery capacity; customer demand and offtake; and sector-specific physical constraints. Government should distinguish facility-specific barriers from generic assertions and test which barrier is binding for the proposed abatement. [6][8][13][14]

Q5. Are important areas not covered by current government policy or programs?

The recurring gaps are coordination rather than the absence of any policy instrument: shared infrastructure, demand creation and procurement, project bankability/risk allocation, product-level emissions information, and whole-of-government barrier resolution. Where the barrier sits outside Safeguard rules, the Review should identify it and recommend referral or coordination with the relevant Australian Government institution rather than duplicate programs. New programs should be created only where an existing institution cannot close a demonstrated gap. [6][8][13]

3.1.2 Domestic offsets / ACCUs

Q6. Are new measures governing ACCU use needed to accelerate industrial decarbonisation?

BCSDA supports reviewing whether current settings produce sufficient physical-abatement incentives, but does not support a blunt facility-level ACCU cap or automatic discount without evidence that it will increase viable onsite abatement rather than simply raise compliance cost or shift credit demand. Any change should be phased and tested against abatement effect, market liquidity, supply resilience, integrity and cost. [1][4][7][9][12][14]

Q7. If new measures are needed, how should reliance on ACCUs be reduced without unduly disrupting the carbon market, and when should changes begin?

Government should first model system-level and calibrated options, including enhanced transparency around heavy reliance, stronger abatement-planning evidence where decision-useful, and any differentiated eligibility or discount only where integrity evidence supports it. If restrictions are adopted, they should provide credible transition time and avoid retrospective disruption. BCSDA does not recommend a numeric cap in this submission. [1][7][8][9][12]

Q8. Are carbon-abatement-plan requirements needed for transparency and to inform future ACCU/SMC supply and demand?

A proportionate requirement can be useful where it reveals real abatement opportunities, project timing and binding barriers and where the information materially informs scheme calibration or public-support decisions. BCSDA does not support a universal annual planning bureaucracy detached from material investment decisions. [1][13][14]

Q9. How would such plan requirements complement or duplicate corporate climate-disclosure requirements?

Safeguard-specific requirements should reuse existing assured corporate and facility information wherever possible and request only the incremental data necessary for scheme decisions. DCCEEW and the CER should coordinate with the corporate-reporting architecture, including Treasury, AASB and ASIC where relevant, rather than recreate it. The design principle should be: collect once, assure where required, and reuse across compatible Australian frameworks rather than requiring materially equivalent information in multiple forms. [1][15]

3.1.3 International units

Q10. Is there ongoing interest in future use of international offsets for Safeguard compliance, and why?

BCSDA does not support introducing international units through this Review. However, it also does not support a permanent prohibition that would foreclose future high-integrity Article 6 units if international markets and Australian governance mature. Future optionality may support interoperability and cost containment without weakening domestic investment if strong safeguards apply. [1][7][16]

Q11. What market development would be needed before future inclusion could be considered?

At a minimum: operational Article 6 accounting and authorisation arrangements; transparent corresponding-adjustment treatment where applicable; credible registries and data interoperability; sufficient market depth; stable domestic compliance settings; and evidence that future access would complement rather than displace domestic decarbonisation. [16]

Q12. What interoperability, recognition and integrity conditions would be required?

Eligibility would require comparable MRV, transparent quality criteria, avoidance of double counting, clear recognition rules, claims integrity and regulator-operable governance. Any Australian framework should identify which unit classes are recognised and how international accounting consequences are treated. [16]

3.2.1 Banking

Q13. Is banking encouraging businesses to reduce emissions ahead of schedule?

Banking creates an incentive for facilities that outperform their baselines to preserve value for future periods, but the current evidence does not establish how much observed early abatement is caused by that incentive. Government should continue banking while publishing data on accumulation, use, market effects and the timing of physical abatement. [1][2]

Q14. Are there strong reasons banking should not extend beyond 2030?

BCSDA supports continuing banking post-2030 because early-action optionality can improve compliance flexibility, subject to transparent monitoring of actual accumulation, use, market effects and whether banking materially delays feasible abatement. [1][2]

3.2.2 Borrowing

Q15. Are current borrowing arrangements helping businesses manage short-term exceedance?

Borrowing can be a useful narrow tool for short-term timing differences, but should remain bounded so it does not become a substitute for credible transition. Government should report actual use and future liabilities. [1]

Q16. Should borrowing continue beyond 2030?

Yes, as bounded short-term flexibility, but continuation should be tested against actual uptake, borrowing duration, repayment performance, aggregate future liability and evidence that borrowing does not materially defer feasible abatement. [1]

3.2.3 Multi-year monitoring

Q17. Should the current prohibition on multi-year monitoring periods extending beyond 2030 be retained?

No absolute cliff is justified solely by the calendar. BCSDA supports tightly controlled post-2030 multi-year monitoring where it is linked to credible, time-bound investment or operational circumstances and does not create indefinite rolling deferral. [1][13]

Q18. Are there circumstances that would benefit from multi-year monitoring after 2030?

Potential circumstances include commissioning of major abatement projects, temporary outages, material production transitions and other verified timing issues where a multi-year view better aligns compliance with a real project pathway. Eligibility should be objective, time-bound and transparent. [13]

3.2.4 Cost containment

Q19. Is the current cost-containment design sufficient to manage upside price risk?

A finite backstop remains useful, but Government should review its quantum and access conditions against expected unit supply, facility abatement costs and market behaviour. The objective should be risk containment rather than a standing alternative to investment. [1][9]

Q20. Could the cost-containment price itself deter investment in emissions-reduction activity?

A predictable backstop that is materially below the marginal cost of otherwise viable onsite investment could weaken the investment signal, but the effect will vary by facility and is not established by the present evidence. Government should model this interaction before changing the mechanism and should not adopt a price floor or corridor solely on stakeholder assertion. [1][8][14]

Cross-cutting test — cumulative compliance flexibility

The Review should assess the combined effect of ACCUs, SMC banking, borrowing, multi-year monitoring and the cost-containment mechanism as one effective compliance envelope. DCCEEW and the CER should publish modelling of how the package affects physical abatement, unit demand and liquidity, compliance cost, effective headroom and the timing of facility investment. They should also consolidate a simple annual SMC/ACCU market-function dashboard covering issuance and surrender, holdings and banking, market volumes and price signals, and use of other flexibility measures, using existing CER data where possible. A flexibility instrument that is defensible in isolation may still weaken the investment signal when combined with the others. [1][2][9]

3.3.1 Economic opportunities and competitiveness

The Safeguard Mechanism should provide a stable and predictable emissions constraint that rewards lower-emissions Australian production and investment. It should not be asked to carry sovereign-capability or resilience objectives that sit outside emissions regulation. Where Government identifies a genuine strategic-capability, supply-chain or fuel-resilience objective, complementary industry, finance or procurement policy should address it transparently and separately, with clear public-value, additionality, risk-allocation and review tests. The Review should test the combined policy package: whether post-2030 Safeguard settings preserve incentives for best-practice new and transformed production in Australia without weakening the emissions constraint or embedding assistance unrelated to decarbonisation. [1][6]

3.3.2 Carbon leakage

BCSDA treats carbon leakage as distinct import, export and investment risks that should be evidenced separately and matched to the policy tool most capable of addressing them. The detailed responses below therefore test TEBA and a potential border carbon adjustment against the leakage channel they are intended to address, rather than treating domestic cost pressure alone as proof of leakage. [5][6]

3.3.3 Trade-exposed baseline adjustments (TEBA)

Q21. Do current cost-impact-linked TEBA eligibility rules create equity concerns among competing facilities or discourage on-site abatement?

There is sufficient basis to review whether current facility-level rules create persistent competitive differences or weak abatement incentives. Reform should target genuine carbon-leakage risk rather than treating high domestic cost itself as proof of leakage. [1][6]

Q22. Would sectoral TEBA eligibility better target carbon-leakage risk and address equity concerns?

BCSDA supports further development of a sectoral leakage test where it improves competitive neutrality and reflects the common exposure of competing producers. Facility-level exceptions should remain possible only where evidence demonstrates materially different leakage risk. [1][6][12]

Q23. Could a catch-up mechanism better distribute effort between TEBA recipients and other Safeguard facilities?

Yes, in principle. A transparent catch-up mechanism can reduce enduring baseline advantage where leakage risk or assistance changes, provided transition is predictable and avoids abrupt investment shocks. [1]

Q24. What other TEBA improvements would both manage carbon leakage and preserve Safeguard targets/on-site-abatement incentives?

Government should separate import competition, export competitiveness and investment leakage; publish the leakage assessment; coordinate TEBA with other transition support and any BCA; and make continuing assistance transparent, conditional, periodically reviewed and linked to credible decarbonisation pathways. [5][6]

3.3.4 Potential Border Carbon Adjustment

Q25. Should a BCA be introduced for cement and clinker?

BCSDA supports Government progressing a cement/clinker BCA to detailed design and consultation. Any subsequent implementation decision should be conditional on workable product-level emissions measurement, consistency with Australia's international trade obligations, proportionate administration and evidence that the design addresses the identified leakage risk. [5]

Q26. If a BCA is implemented, what should the process contain for considering and consulting on additional commodities over time?

Expansion should be commodity-specific and evidence-led. Government should assess leakage risk, data and MRV readiness, value-chain and trade effects, administrative cost, interactions with overseas border measures and transition impacts before adding a commodity. Australia should also support interoperable MRV and data standards, including common approaches to default emissions intensities and embedded-emissions measurement, to reduce friction across border measures without pre-committing to broader BCA coverage. [5]

Q27. Should TEBA provisions for a commodity be removed once a BCA is fully implemented for it?

Not automatically. TEBA should be reduced or removed only to the extent an operating BCA demonstrably replaces the leakage protection it provides. Residual support should be retained only for distinct, evidenced export or investment-leakage risks that the BCA does not address. [5][6][12]

Q28. What timing and mechanics should apply to removal of TEBA for a BCA-covered commodity?

Transition should be synchronised with the point at which the BCA is operational and effective, include a review point, and avoid both double assistance and a gap in protection. [5]

3.4.1 Coal mining

Q29. Should post-2030 coal baseline arrangements remain as they are or align with other sectors?

BCSDA does not support adopting a separate absolute coal-decline framework on the present evidence. Government should move toward consistent treatment only where methane and production evidence demonstrate that current settings create a material under-incentive or inequity. Final CCA methane advice remains a relevant dependency. [1][3][8][12]

Q30. Are there specific circumstances where current settings fail to encourage coal facilities to manage and reduce emissions?

Fugitive methane measurement, production-linked baselines and technology feasibility can affect incentives. Government should focus on measured methane opportunity, credible best-practice methods and facility-specific feasibility rather than assume uniform abatement potential across mines. [3][8]

Q31. Are current settings sufficient for shutdowns or extended low-production periods?

BCSDA does not have sufficient primary facility evidence to prescribe a shutdown or low-production rule. No change should proceed until DCCEEW publishes worked options and tests whether current output-based settings create material unintended outcomes during genuine shutdown or extended low-production periods. [1]

Q32. If not, how should this be addressed while preserving the output-based architecture and incentives to manage/reduce all coal-mine emissions?

If that testing identifies a material problem, any adjustment should preserve incentives to reduce fugitive emissions, avoid rewarding avoidable emissions and maintain a transparent output-based architecture. [1][3]

3.4.2 Road and rail transport

Q33. Could removing the state/territory-versus-national reporting choice improve land-transport coverage?

BCSDA supports moving to a national-facility approach only if DCCEEW first demonstrates that it materially improves consistent coverage and competitive neutrality without disproportionate administration or material unintended cross-modal effects. Until that impact test is complete, BCSDA does not support immediate rule change. Current primary road-freight evidence remains limited, so BCSDA does not rely on claims of a quantified road/rail distortion. [1]

Q34. Could a mandatory national facility definition create unintended consequences for land transport, aviation or shipping?

Potentially. Government should test boundary effects explicitly before implementation, including multi-modal corporate structures, aviation/shipping interactions, corridor competition and changes in reporting/compliance scope. [1]

Q35. Are there freight corridors with high road/rail contestability, and what evidence shows overlap or competitive distortions?

BCSDA has insufficient current primary road-freight evidence to nominate specific corridors or quantify distortion. No corridor-specific rule change should proceed until Government publishes comparable road/rail emissions, coverage and compliance-cost data and tests the evidence with operators. [1]

Q36. Are other Safeguard design changes available to address transport distortions consistently with scheme objectives?

BCSDA favours consistent facility definitions, better comparable data and competitive-neutrality testing before broader sector redesign. No wider transport rule change should proceed until the evidence shows that it improves real abatement or competitive neutrality rather than merely shifting compliance treatment between modes. [1]

3.5 Coverage

Q37. Should the Safeguard Mechanism cover a larger share of national emissions?

Coverage expansion should be based on demonstrated net benefit rather than used as a proxy for ambition. Government should expand coverage where the additional emissions, abatement and competitive-neutrality benefits are proportionate to compliance, administration and cumulative value-chain costs and where the measurement architecture can support credible baselines. [1][7][10][14]

Q38. Should the 100,000 tCO_2-e threshold be lowered, and if so when?

BCSDA does not recommend a fixed lower threshold at this stage. DCCEEW should publish option-by-option analysis — including 75,000, 50,000 and 25,000 tCO_2-e where relevant — showing additional emissions captured, facility numbers/sectors, real abatement opportunity, administration cost, expected credit reliance and supply-chain effects before selecting a threshold. [1][10][12]

Q39. How should baselines be set for facilities newly entering due to a lower threshold?

If coverage expands, facilities newly entering because of a lower threshold should receive transparent baselines using contemporary production variables and best-practice data, with proportionate transition treatment that avoids both windfalls and retrospective penalties. The post-2030 framework should also test how baseline settings apply to genuinely new best-practice facilities and major expansions, so it neither creates windfalls nor discourages lower-emissions new production in Australia. [1][6]

Q40. What new production variables would be needed below the current threshold?

New variables should be developed only where necessary and supported by robust data and consultation. Coverage should not expand faster than the measurement architecture needed to set credible, comparable baselines. [1][10]

3.6 Technical and administrative matters

Q41 — Technical and administrative matters: BCSDA response

Priority improvements are clearer facility and production-variable guidance, timely decisions, transparent regulator data, interoperable emissions information, and reuse of existing climate-disclosure/assurance data

where suitable. DCCEEW/CER should coordinate with the corporate-reporting architecture rather than duplicate it. Administrative changes should reduce ambiguity and duplication without weakening integrity or making substantive policy changes through technical drafting. [1][13][15]

4.1 Safeguard share of the 2035 target

Q42. Should the proportional-share reference be updated from 28.1% to 29.8%, or is there another method that preserves a proportional-share approach?

If Government retains the proportional-share architecture, BCSDA supports updating the reference using a transparent current calculation, with further adjustment where coverage changes alter the appropriate share. The calculation and assumptions should be published. [1]

Q43. What factors should determine where the Safeguard target sits within Australia's 62–70% 2035 range?

BCSDA does not recommend the top or bottom of the range as a standalone position. Government should publish modelling showing emissions, investment, production, competitiveness, unit-market and reserve consequences across the range, test the result against credible bottom-up delivery pathways, and then select the strongest Safeguard setting that can credibly deliver the agreed national contribution without avoidable leakage or substitution of credits for feasible domestic abatement. [1][6][8][9][12]

Q44. How should the 2035 reserve account for production variation and new entrants?

The reserve should be transparent, scenario-tested and periodically reconciled against actual production, new entrants, exits and other material sensitivities. It should not operate as hidden headroom or an unexplained buffer that obscures the effective decline task. [1][9]

4.2 Decline rates after 2030

Q45. What factors should determine the baseline decline rate for 2030-31 to 2034-35, given that it must be calibrated to the agreed target?

The decline rate should be set only after integrating the agreed Safeguard contribution to the national target, coverage, production/new entrants/exits, feasible abatement, ACCU/SMC settings, investment lead times, methane measurement and competitiveness. BCSDA does not prescribe a 7% rate or another numeric rate without the complete modelling and assumptions needed to test delivery consequences. Once that evidence is available, Government should choose the strongest rate that credibly delivers the agreed contribution without avoidable leakage, market instability or substitution of credits for feasible domestic abatement. [1][8][9][12]

Implementation, responsibilities, timing and cost

Responsibility should follow institutional authority. DCCEEW and the CER should own Safeguard rule, administration and data changes; CCA should provide statutory advice where required; cross-government infrastructure, finance, procurement and trade actions should be referred to the relevant Australian Government institutions; and ACCU integrity/land-project safeguards should remain in the ACCU architecture rather than be duplicated through Safeguard rules.

BCSDA recommends sequencing the post-2030 calibration so affected facilities and investors can understand the full package before irreversible investment decisions are made.

Action	Lead	Timing	Cost / burden control	Accountability
Publish integrated post-2030 modelling: target share, decline rate, coverage, reserve, credit settings, cumulative flexibility and sensitivities.	DCCEEW, with CCA/CER input	Before Government settles post-2030 settings; publish early enough for affected parties to assess the package	Use existing modelling/governance processes; publish assumptions, package interactions and sensitivity tests.	Public modelling, assumptions, cumulative-flexibility analysis and sensitivity results.
Define proportionate abatement/transition evidence requirements and data reuse.	DCCEEW / CER, coordinating with Treasury/AASB/ASIC where relevant	Designed before post-2030 rule changes	Reuse AASB/NGER/Safeguard information where fit for purpose; request only incremental data.	Clear information purpose, data map and review of duplication.
Progress cement/clinker BCA and TEBA transition design.	Australian Government, led by DCCEEW with relevant trade-policy agencies	Detailed design and consultation before any implementation decision; TEBA changes only when BCA is operational/effective	Avoid double assistance and protection gaps; quantify trade and administrative burden.	Commodity-level leakage assessment, MRV/trade-law test and transition review point.
Test coverage and transport boundary options.	DCCEEW / CER	Before threshold or facility-definition changes	Publish added-facility counts, abatement potential, systems/compliance cost and cross-modal effects.	Option-by-option impact assessment and sector consultation.

Maintain outcome monitoring after implementation.	DCCEEW / CER / CCA	Annual / scheduled review	Use existing compliance and policy-review cycles where possible.	Annual three-part performance indicators plus an SMC/ACCU market-function dashboard.
Apply a public-support additionality test to complementary industrial-decarbonisation support.	Relevant Australian Government funding/policy institution, coordinated through DCCEEW	Before support is committed	Existing institution first; private commercial/technology risk retained; time-limited support; no subsidy for business-as-usual investment.	Published eligibility, delivery milestone, review point and exit trigger.
Quantify implementation and fiscal burden for material rule changes.	DCCEEW / CER	With policy positions and any draft rule amendments	Publish affected-facility counts, administrative/compliance-system change cost and public-support fiscal exposure where relevant.	Option-by-option implementation impact assessment.

First Nations, community, regional, nature and resilience considerations

Safeguard obligations can affect outcomes beyond regulated facilities through carbon-credit demand. Where Safeguard compliance drives demand for land-sector ACCUs, permanence, land-use effects, relevant First Nations rights and governance, benefit integrity and nature outcomes should be addressed through the ACCU method, scheme-integrity and Government-purchasing architecture that governs those units and projects, not duplicated in Safeguard rules. The 2026 ACCU Scheme Review recommendation to prioritise credible public and First Nations benefits in future Government purchasing is relevant to that adjacent architecture. [4]

The transition also creates upstream and local impacts. Major on-site abatement projects, new energy supply and shared transport or storage infrastructure can affect Country, communities, regional economies and nature. Those impacts should be identified early and addressed through the relevant planning, consultation, approvals, rights and benefit-sharing frameworks rather than duplicated inside Safeguard compliance rules. [1]

Regional transition analysis should be triggered where a material Safeguard rule change is expected to alter facility closure timing, production, employment or shared infrastructure in a region. The relevant Australian Government industry or regional-transition process should then assess the impact using DCCEEW modelling and identify targeted implementation responses. This is not a basis for a broad exemption from the emissions constraint.

Conclusion

The 2026–27 Review is an opportunity to improve the Safeguard Mechanism without reopening its core architecture unnecessarily. BCSDA supports a credible post-2030 constraint, but the test of success should be whether it converts obligations into physical emissions reduction and durable investment while preserving integrity, competitiveness and workable implementation. Structural redesign should nevertheless be considered if transparent evidence shows that the existing architecture cannot deliver the agreed Safeguard contribution, materially suppresses feasible physical abatement or investment, creates unmanageable leakage or market-integrity risk, or cannot be corrected through bounded calibration.

The strongest package is one that publishes the full post-2030 modelling and cumulative flexibility effects; targets verified investment barriers through disciplined additionality tests; matches carbon-leakage tools to the risk they address; and reduces duplicated data and administrative burden. Where evidence does not support a numeric or structural recommendation, BCSDA has stated the decision test rather than inventing a setting.

Disclosures

Organisational position. This submission represents BCSDA's organisational position. It does not purport to state the individual position of every BCSDA Member.

BCSDA used AI-enabled tools to assist source review and preliminary analysis. All drafting, substantive positions, evidence selections and draft wording are subject to human intervention, review and approval by BCSDA. BCSDA remains responsible for the evidence, positions and recommendations in this submission.

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[11] Australasian Railway Association, Submission — 2026 ACCU Scheme Review, 12 December 2025: https://ara.net.au/submissions/ara-submission-2026-accu-scheme-review/ — retained as a transport/ACCU comparator only; not relied upon as evidence for Q33–Q36 national-facility, corridor or road/rail distortion propositions.
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[14] BCSDA controlled Safeguard evidence response received before the 15 September 2026 evidence cut; adviser/professional-services perspective; de-identified use only.
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