



WHAT DID WE WIN ON THE SAFEGUARD MECHANISM?

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WHY DID WE FIGHT HARD FOR A STRONG SAFEGUARD MECHANISM?

Direct significance

- Regulates emissions from ~215 of Australia's biggest industrial emitters, who together are responsible for 28 percent of national emissions each year - big opportunity to drive deep cuts this decade.
- Designed well, can incentivise high emitting businesses to get on a rapid transformation pathway to lower and zero carbon ways of operating.
- One of the only current federal climate policies based on regulatory 'sticks' rather than 'carrots' - potential to be more effective than other existing national policies on this basis.

Macro significance

- If the Federal Parliament could not reach agreement on a significant climate policy this early in the new term, would significantly reduce the likelihood of further strong climate action being delivered between now and 2025.
- To deliver the deep emissions reduction needed this decade, policies will need to be ratcheted up. The Safeguard Mechanism has a range of settings which can be ratcheted up significantly in future years as part of delivering stronger action.

WHAT WE ADVOCATED FOR VS WHAT WE GOT

ASK	OUTCOME
See SGM facilities achieve a 43% cut to emissions by 2030	✗ Govt pre-election commitment was a hard obstacle, but political point made about them pulling their weight
Cap the total scheme emissions budget to ensure it doesn't blow out	✓ Hard <i>absolute</i> cap introduced for yearly emissions (declining over time) and hard <i>net</i> cap introduced for total emissions budget to 2030
Establish an emissions reduction hierarchy prioritising genuine emissions reduction	✓ Companies now required to report on how they are meeting their baselines - what combination of genuine abatement, SMCs and ACCUs they are using. Companies using more than 30 percent offsets will have to provide an explanation
Limit the use of offsets to incentivise genuine emissions reduction	✗ No limits currently included in scheme settings; CCA will assess and advise on this at first review

WHAT WE ADVOCATED FOR VS WHAT WE GOT

ASK	OUTCOME
Prioritise future-focused industries with support via the Powering the Regions Fund; no support for fossil fuels	✓ PRF not to be used for new coal and gas projects; further legislation changed to prevent federal government making grants to fund coal and gas extraction
Place tighter restrictions on new entrants - particularly coal and gas - when setting their baselines and terms of participation in the SGM	✓ New gas fields will be required to be net zero for in scope SGM emissions from Day 1 of operation; Beetaloo gas project required to fully offset all Scope 1 emissions and further consideration underway via EMC on Scope 2 and 3
Refer an project that meets the SGM threshold to be reviewed under EPBC Act	/ Any new project which may lead to the hard emissions caps being exceeded must be assessed by the Minster; any project assessed under the EPBC Act must also be subject to this process

WHAT HAPPENS NOW?

- Detailed regulations still to be finalised - some chance of further argy-bargy over these
- New scheme scheduled to take effect on 1 July this year - expect grumbling in the press from affected companies between now and then
- Need for climate organisations (big and small) to continually emphasise why Australia's biggest polluters must pull their weight in cutting emissions - keep the focus on the role they play in driving harmful climate change
- Will be some time (12-18 months min) before there is good government data publicly available on how companies are responding under the new scheme. Some insights available earlier e.g. company annual reports but will not be comprehensive.

WHAT'S NEXT ON THE POLICY AND ADVOCACY AGENDA?

The International Energy Agency is clear that we must stop expanding, and rapidly phase down, use of fossil fuels to have any chance of holding warming as close as possible to 1.5 degrees.

Ending new fossil fuel projects in Australia - stop making the problem worse

- Reform of the Environment Protection and Biodiversity Conservation Act
- Tackling fossil fuel financing
- Banning greenwashing

Growing alternative green exports - lay the foundations for a phase down of existing fossil fuels

- Expanding the domestic renewable hydrogen industry
- Growing advanced and green manufacturing
- Redirecting investment to clean projects and industries

WE FIGHT ON!

ABOUT THE SPEAKER

Dr Jennifer Rayner is Climate Council's Head of Advocacy, leading policy and political engagement across all levels of Australian Government. She has worked as a Chief of Staff and senior policy adviser to leaders across the Australian and ACT parliaments, with a focus on advancing a positive climate agenda across the spectrum of government activity.

Jennifer completed her PhD in Political Science at the Australian National University and holds further degrees from Macquarie University, the University of Canberra and the University of New England. She is the author of two books focused on intergenerational inequality and the economic prospects of workers in transitioning industries - both considerations which are central to designing equitable and inclusive actions to tackle the climate crisis.



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