

18 September 2026

Safeguard Mechanism Review team
Department of Climate Change, Energy, the Environment and Water (DCCEEW)
Submission via 'Have Your Say'

Dear Safeguard Mechanism Review Team,

RE. SUBMISSION: Safeguard Mechanism Review 2026

1. Introduction & Executive Summary

Thank you for the opportunity to respond to the Safeguard Mechanism Review 2026 consultation paper. GreenCollar is one of Australia's most experienced developers of and investors in environmental market projects, including ACCU-generating projects. We have extensive relationships with farmers, traditional owners and environmental organisations across the land sector.

GreenCollar recognises that the Review has two related objectives: first, to assess whether the 2023 Safeguard Mechanism reforms are working as intended and remain appropriately calibrated; and second, to identify the policy settings needed for the Safeguard Mechanism to make its appropriate contribution to Australia's 2035 emissions reduction target and the transition to net zero emissions by 2050.

This approach aligns with the Government's position that "the review is not intended to make fundamental reforms to the Safeguard Mechanism's design." Within that framework, GreenCollar supports targeted changes that increase the ambition of the Safeguard Mechanism and drive deeper on-site emissions reductions, while maintaining investment in land-based carbon removals and biodiversity repair through a strong and stable ACCU market.

The land sector, and the potential for it to contribute material carbon sequestration and landscape restoration to our national climate and nature goals, is directly affected by Safeguard Mechanism settings. This is, to a large degree, due to the integrated nature of the ACCU Scheme and the Safeguard Mechanism.

GreenCollar's key recommendations are:

1. **Offsetting ratio:** Introduce ACCU discounting targeted at high-reliance facilities that have greater capacity to implement facility-level decarbonisation measures - this should be phased in over time to strengthen incentives for on-site abatement. **(see section 3)**
2. **Safeguard Mechanism linkage with ACCU Scheme:** Maintain the eligibility of nature-based ACCUs for Safeguard compliance, recognising their contribution to emissions reduction and removals, and their associated environmental, land-sector and regional co-benefits. Any eligibility restriction should have a clear policy rationale and be supported by evidence that existing scheme integrity settings are inadequate. **(see section 3)**

3. **Safeguard Mechanism Credits:** Review Safeguard Mechanism Credit (SMC) settings to ensure credits consistently reward genuine emissions reduction, rather than structural baseline advantages unrelated to abatement effort. **(see section 4)**
4. **Cost Containment Measure:** Phase out the Cost Containment measure in stages tied to ACCU supply milestones - this should take place once the market can respond efficiently to compliance demand without administrative price intervention. **(see section 6)**
5. **Facility Coverage Threshold:** Lower the facility coverage threshold in stages to 25,000 tCO₂-e, extending the participation of responsible emitters to a broader section of the economy within already-covered sectors. **(see section 7)**
6. **Sectoral Coverage Expansion:** Broaden the sectoral coverage of the Safeguard Mechanism over time, where emissions can be robustly measured and credible abatement opportunities exist, thereby extending the carbon price signal to a greater share of the economy and supporting increased demand for ACCUs. **(see section 7)**
7. **Baseline decline rates for post-2030 period:** Increase post-2030 decline rates, phasing in a rate set to comfortably meet the upper end of the 2035 emissions reduction target. **(see section 9)**
8. **ACCU Method planning and development:** Supplement automatic method sunseting in the ACCU Scheme with a system of regular review and continuous improvement. Given there is no compliance mechanism currently proposed beyond 2050 to drive atmospheric drawdown, the ACCU Scheme should be supported by prioritising development and early adoption of high-value carbon ¹methodologies in order to preserve long-term removal capacity. **(see section 11)**
9. **Permanence:** Maintain the eligibility of ACCUs from existing 25-year permanence projects for use within the Safeguard Mechanism. If any future changes are made to this they should apply prospectively with appropriate grandfathering arrangements. **(see section 12)**

The remainder of this submission responds to the consultation questions GreenCollar considers most material to these outcomes. This submission also responds to the Climate Change Authority's recent recommendation that the Review examine whether ACCUs from 25-year permanence projects remain appropriate for Safeguard Mechanism compliance.

This submission draws on GreenCollar's earlier submissions to the Climate Change Authority: its 8 August 2026 submission to the CCA's 2026 Annual Progress Advice consultation, and its 15 December 2025 submission responding to the CCA's Issues Paper, Enhancing the ACCU Scheme to Support Australia's 2035 Emissions Reduction Target.

GreenCollar is a founding member of Growing Australia's Nature Economy (GANE). GreenCollar has had input into and supports GANE's submission to the Review.

Please treat this submission as **private and confidential** due to inclusion of commercial information.

2. Tracking Progress to 2030

¹ high-value carbon methodologies (methods capable of delivering additional, measurable and sufficiently durable mitigation or removals at material scale, with robust MRV and conservative uncertainty treatment)

Question to be answered: Q1 — Feedback on any perceived risks for the Safeguard Mechanism and whether it's on track to deliver its legislated outcomes.

GreenCollar position: GreenCollar considers the Safeguard Mechanism and the ACCU Scheme to be complementary and interdependent components of Australia's climate architecture that do not compete with one another. This interdependency should be acknowledged and reinforced rather than restructured.

Supporting information: The Safeguard Mechanism is well-established and broadly accepted by compliance entities as a commercially pragmatic form of emissions regulation. The ACCU Scheme allows emissions reductions to occur wherever they can be achieved most cost effectively and efficiently, while industry continues to assess and invest in longer-term decarbonisation technologies.

Based on the data available from the first two years of operation since the 2023 reforms, the Safeguard Mechanism appears broadly to be working as intended. The existing framework provides a sound foundation, but there remains scope to refine its settings as further evidence emerges and to increase its ambition in line with Australia's 2035 emissions reduction target.

The Mechanism has also helped drive investment in nature-based carbon projects through demand for ACCUs. The resulting investment in carbon sequestration and nature repair provides broader environmental and regional benefits and can contribute to the broader public value and social licence of both the Safeguard Mechanism and the ACCU Scheme.

The primary test of the Safeguard Mechanism is whether it is delivering genuine emissions reductions consistent with Australia's legislated climate targets. However, assessment of the Mechanism's performance should extend beyond aggregate emissions reductions. It should also consider whether the framework is supporting investment confidence, new project origination and an adequate supply of ACCUs from eligible methods. These indicators are important to assessing whether the Safeguard Mechanism and the ACCU Scheme are operating effectively as an integrated framework.

There is also scope to review the operation of Safeguard Mechanism Credits. SMCs should clearly represent genuine emissions reductions and reward abatement effort. Their issuance should not be materially driven by advantageous baseline settings or facility-specific circumstances unrelated to emissions reduction.

Sustainable investment in both ACCU supply and on-site abatement relies on policy durability and regulatory stability.

GreenCollar acknowledges the risk, raised by some critics, that reliance on ACCUs may delay investment in industrial decarbonisation if policy settings do not maintain strong incentives for on-site emissions reduction. GreenCollar's view is that this risk is best managed through the design of the discounting ratio, coverage and Cost Containment Measure settings addressed later in this submission, rather than by weakening the link between the two schemes.

There is also a real risk of falling short of the Safeguard Mechanism's legislative objectives — contributing to the achievement of Australia's greenhouse gas emissions reduction targets — if ACCU supply is significantly constrained by reduced participation in land-sector projects. GreenCollar's recommendation to maintain the eligibility of ACCUs from existing 25-year permanence projects (see section 12) responds directly to this risk, given that 25-year permanence projects currently account for 80% of registered sequestration projects.

Role of the Land Sector in decarbonisation

The land sector will also play an increasingly important role in Australia's decarbonisation pathway. Australia's Net Zero Plan for Agriculture and the Land Sector recognised that land-based sequestration is expected to be an important source of carbon removals towards 2050. Land-based sequestration projects are currently among the most scalable and cost-effective opportunities to deliver material emissions removals across the Australian economy.

Against this backdrop, proposals that could materially affect participation in land sector carbon projects, future ACCU supply or investment in sequestration should be assessed carefully against their implications for Australia's broader decarbonisation pathway. This includes the CCA's recommendation to review the treatment of 25-year permanence projects, which currently account for the majority of registered sequestration projects.

3. Domestic Offsets and ACCU Use

Questions to be answered: Q4 & Q5 — Are new policy measures for ACCU use needed to accelerate industrial decarbonisation, and if so, what is the best way to reduce reliance on ACCUs without disrupting the carbon market, and when should they start?

GreenCollar position: The option to surrender ACCUs is a key source of flexibility for Safeguard facilities.

Supporting information: Offsets give Safeguard facilities access to an additional source of abatement. At the same time, they channel finance from the private sector to land-based sequestration and nature repair. This may lower compliance costs for Safeguard facilities and provide an alternative pathway for businesses with limited or costly/commercially unviable abatement options.

GreenCollar supports carefully targeted measures to accelerate industrial decarbonisation through more targeted use of ACCUs. ACCUs should complement rather than substitute for feasible on-site emissions reduction, while maintaining flexibility for facilities with limited near-term abatement options. The design of any intervention is therefore as important as the decision to intervene.

Discounting: GreenCollar supports the proposal for targeted discounting of ACCUs surrendered by facilities with high levels of ACCU reliance that have greater capacity to implement facility-level decarbonisation measures.

Under this approach, ACCUs surrendered above a threshold (such as a fixed proportion of a facility's baseline – for example, 20%), varied where appropriate by sector, would have a discounted compliance value. This would effectively increase the number of ACCUs required to offset each additional tonne of emissions above that threshold. It would target the facilities most reliant on ACCUs and the sectors that are most likely to have access to existing and viable abatement technology. However, it would require an additional financial incentive to invest, rather than applying additional surrender requirements uniformly across all covered facilities. This approach is consistent with option 3 in Table 4 of the CCA's 2026 consultation paper.

Clean Energy Regulator data shows that 23 facilities surrendered ACCUs equivalent to 30% or more of their baseline in 2024–25, with most citing a lack of financially viable abatement technology rather than reluctance to act. Properly targeted and phased in over time, discounting could strengthen the economic incentives for investment in on-site abatement while recognising that some facilities face genuine near-term technology constraints.

Any discounting policy should be calibrated carefully against its effect on ACCU demand and pricing. The objective should be to strengthen the effective carbon price faced by facilities with high ACCU reliance, while at the same time incentivising investment in new ACCU supply. A sufficiently strong ACCU price signal is important to support investment in higher-cost carbon removal and restoration projects, including projects capable of delivering significant nature and regional co-benefits. If implemented successfully, this measure would drive more abatement at the facility-level and more abatement in the land sector, delivering higher gross emissions reductions overall.

Quantitative limits: GreenCollar cautions strongly against hard quantitative limits on ACCU surrender. For facilities without currently available or commercially viable abatement options, a hard cap could create significant compliance difficulties without necessarily delivering corresponding additional emissions reductions. It would also be likely to have a direct impact on the abatement outcomes that can be achieved in the ACCU Scheme. A targeted discounting mechanism provides a more flexible approach by strengthening the incentive for on-site abatement while retaining access to ACCUs where they remain necessary for compliance.

Method-type restrictions: GreenCollar does not support restrictions on the use of nature-based ACCUs for Safeguard compliance solely on the basis of method type. ACCUs issued under the Scheme are subject to the same statutory integrity framework, and nature-based methods can make a material contribution to emissions reduction and removals while also delivering environmental, land-sector and regional co-benefits. Safeguard eligibility settings should therefore remain method-neutral unless there is clear evidence and a compelling policy rationale for differential treatment. Please refer to section 12 of this submission for GreenCollar's response to the CCA's proposal regarding the suitability of ACCUs from 25-year permanence projects for use in the Safeguard Mechanism.

Vintage settings: GreenCollar does not support the imposition of vintage restrictions. Vintage alone is an imperfect proxy for integrity, and restrictions could strand legitimate units and create market volatility. Integrity should instead be assessed against the method,

project and quantification rules that determine whether credited mitigation is additional, conservatively measured and durable.

There are no vintage restrictions in place across emissions trading schemes in NZ, California, China and Europe (limited restrictions across phases).

If they were to be introduced, any new vintage requirements should only apply prospectively and include appropriate transitional arrangements. ACCUs already issued, along with existing contractual and investment arrangements entered into under current scheme settings, should retain their existing compliance value.

Question to be answered: Q6 — Are carbon abatement plan requirements needed? How would these complement/duplicate climate disclosure requirements?

GreenCollar understands that the 'carbon abatement plan' is a reference to the CCA's earlier recommendation that Safeguard facilities be required to report rolling five-year compliance strategies showing the expected annual "weight of effort" between on-site emissions reductions and carbon credit use. The CCA contemplated these strategies, including planned abatement measures over the next five years and the expected contribution from on-site reductions compared to carbon credits.

GreenCollar position: GreenCollar supports measures that would improve forward visibility of the on-site abatement that individual Safeguard facilities expect to undertake and the consequential impact that will have on future ACCU demand and SMC supply.

Supporting information: However, care should be taken to avoid duplication of the existing mandatory climate-related financial disclosure regime, which already requires in-scope entities to provide extensive information. If a Safeguard carbon abatement plan were to require facilities to repeat matters such as Scope 1 emissions, emissions targets, Safeguard/regulatory targets, general strategies for achieving those targets, corporate transition/decarbonisation plans, planned operational changes, capital/resource allocation and progress against climate targets, the degree of duplication with AASB S2 would be high.

However, AASB S2 is primarily a consolidated corporate-level financial disclosure regime, whereas the Safeguard Mechanism operates at the facility level. A corporate group could, for example, disclose its overall decarbonisation strategy, targets and capital expenditure under AASB S2 without having to provide a five-year forecast showing, for each individual Safeguard facility, the tonnes of physical abatement expected from particular measures and the resulting expected reliance on ACCUs or generation of SMCs.

GreenCollar therefore supports the policy objective underpinning carbon abatement plans. However, we consider that the content of those plans should be limited to information that is genuinely facility-specific and is not ordinarily required at that level of granularity under AASB S2.

We submit that the preferable approach would be a short, standardised rolling forward forecast focused on facility-level physical abatement and the expected balance between on-site emissions reductions, ACCU use and SMC generation/use.

To minimise the reporting burden, we also consider that Safeguard entities should be able to cross-reference or incorporate information already disclosed under AASB S2 or provided under existing Safeguard requirements. The CCA itself recognised that some of the information sought through the proposed five-year compliance strategies may already be contained in mandatory sustainability reports and suggested that facilities should be able to use those reports where they contain the relevant information.

4. Safeguard Mechanism Credit Integrity

This section is not directly raised by a specific consultation question, but responds to the Review's broader interest in Safeguard Mechanism Credit settings as a compliance-flexibility mechanism alongside ACCUs (see also response to Q4–6 above).

GreenCollar position: GreenCollar considers that Safeguard Mechanism Credit (SMC) creation should reward genuine emissions reduction, rather than outcomes arising from historical baseline settings or structural or facility-specific advantages that are unrelated to any genuine reduction effort.

Supporting information: As the scheme transitions to higher weightings for industry-average, production-adjusted baselines, facilities that already perform better than the industry average — for reasons unrelated to abatement investment, such as legacy site characteristics rather than intended emissions improvements — stand to receive SMCs without needing to invest further in decarbonisation. This risk was identified prior to the 2023 reforms: independent analysis by RepuTex² warned that such crediting would reward early action but undermine the integrity of the scheme, with below-average facilities able to receive SMCs at no cost to create a financial benefit akin to a subsidy. Given SMC prices are closely related to ACCU prices, an increase in this kind of structurally-driven SMC supply could place downward pressure on ACCU prices and, consequently, the de facto carbon price under the Safeguard Mechanism.

GreenCollar recommends the current SMC rules be reviewed to ensure they consistently reward genuine emissions reduction. At the same time, it should be recognised that industry requires stability in the rules to support investment certainty and that below-baseline performance should remain capable of generating SMCs.

5. International Units

Question to be answered: Q7 & Q8 — Is there ongoing interest in international offsets for Safeguard compliance, and how would the international market need to develop before inclusion could be considered?

GreenCollar position: GreenCollar supports the Government's current position against including international units in Safeguard compliance in the short-to-medium term.

² RepuTex, Safeguard Mechanism 2.0: Key Risks and Design Options to Reform the Safeguard Mechanism (September 2022), pp.8, 12–13.

Australia's domestic ACCU market should be built out further before international units are introduced.

Supporting information: This domestic-first approach also reflects the land sector's critical role in Australia's Net Zero Plan. Enabling the land sector to make the national emissions reduction contribution contemplated by that Plan requires stronger incentives for nature-based sequestration activities to occur within Australia. Granting Safeguard facilities access to international units would detract from that objective. GreenCollar also notes that Safeguard Mechanism Credits, alongside ACCUs, are proving to be a material source of compliance supply for Safeguard facilities.

GreenCollar acknowledges the counter-argument: considering growing compliance demand and an ACCU supply shortage forecast by some market analysts, international units could provide additional supply, potentially as an alternative to the Cost Containment Measure. GreenCollar's view remains that the priority should be to accelerate domestic ACCU supply, including through timely implementation of new methods, before any such step is considered.

Should international units be considered in future, their inclusion should be conditional on demonstrated integrity equivalence, robust corresponding adjustments, and interoperability with Australia's MRV and registry systems. Until these conditions are met, GreenCollar does not support their introduction.

6. Cost Containment Measure

Questions to be answered: Q15 & Q16 — Is the current design sufficient to allow businesses to manage upside price risks, and could the current price deter investment in emissions reduction activities?

GreenCollar position: GreenCollar recommends that the Cost Containment Measure (CCM) be reviewed with a view to its phased removal once ACCU supply has matured and the market is able to respond efficiently to compliance demand without administrative price intervention.

Supporting information: The CCM was introduced in 2023 as a transitional concession, rather than a permanent design feature of the scheme. The case for retaining it should diminish as the ACCU market matures.

As a price ceiling, the CCM dampens investment signals on both sides of the market. It reduces the incentive for ACCU supply growth and the incentive for on-site abatement investment, working against the Safeguard Mechanism's own decarbonisation objective. The scheme's existing civil penalty regime already provides a cost ceiling in principle. Where enforcement mechanics currently make that ceiling impractical, given its reliance on court proceedings and the continuing daily penalty exposure this creates for non-compliant facilities, the reform priority should be to streamline those enforcement pathways, rather than retain a blanket price cap that distorts the wider market to solve a narrower administrative problem.

GreenCollar also notes that the CCM currently allows the Commonwealth the opportunity to sell ACCUs it acquires at a fixed legacy price under pre-Safeguard Carbon Abatement Contracts that sits well below prevailing market value. This creates a price distortion: an administratively supplied source of units priced below prevailing marginal cost can weaken both the on-site abatement signal and the incentive for new ACCU supply.

The Safeguard Mechanism Review Consultation paper confirms that current holdings within the Cost Containment Measure are around 6.0 million ACCUs (as at 30 June 2026). Market analysts suggest this could accumulate to up to 26 million by 2030, compared with projected compliance demand of 26 million ACCUs in 2030 and 35 million in 2035. This means CCM holdings may cover less than a year of ACCU demand.

Predictable, rules-based market pricing, rather than periodic administrative intervention, best supports long-term investment confidence. A pre-announced, phased removal pathway tied to ACCU supply milestones would allow industry to adjust investment plans accordingly, rather than an abrupt withdrawal.

GreenCollar recognises the risks associated with reform in this area. Industry has planned around a known maximum compliance cost. Removing that ceiling, even on a phased basis, introduces price uncertainty that some compliance entities will factor into investment decisions until the new pathway is proven. Enforcement streamlining is also not guaranteed. The proposed alternative of treating the statutory penalty as the effective ceiling depends on the government first simplifying the enforcement pathway. Without that reform, facilities would face a materially less certain and more punitive backstop than the CCM currently provides.

Government also retains a legitimate interest in ensuring sufficient ACCU supply is available to compliance buyers. Removing the CCM without an alternative backstop mechanism could leave a gap if supply falls short of demand in any given compliance period. GreenCollar's recommendation is accordingly for a phased, supply-milestone-linked removal pathway, rather than immediate abolition.

7. Coverage and Threshold

Questions to be answered: Q33, Q34 & Q35 — Should the Safeguard cover a larger portion of national emissions, should the threshold be lowered, and how should baselines be set for facilities newly captured by a lower threshold?

GreenCollar position: Where emissions can be robustly measured and there are credible opportunities for emissions reduction, GreenCollar supports a pathway towards broader coverage of the Safeguard Mechanism.

Supporting information: Expanding coverage over time could extend the carbon price signal to a greater share of the economy, deepen the pool of compliance participants and strengthen long-term investment signals for both emissions reduction and ACCU supply.

Any expansion should be considered on a sector-by-sector basis, taking account of the ability to measure emissions reliably, the availability and cost of abatement options and the administrative implications of bringing additional facilities into the Mechanism. GreenCollar therefore does not advocate the automatic inclusion of all sectors currently outside the Safeguard Mechanism.

On the coverage threshold, GreenCollar supports a staged reduction in the facility-level threshold from 100,000 tCO₂-e, ultimately reaching 25,000 tCO₂-e by 2035. Facilities at or above 25,000 tCO₂-e are already required to report emissions under the National Greenhouse and Energy Reporting Scheme (NGERS). Additionally, a 25,000 tCO₂-e threshold has support from stakeholders including the Productivity Commission and the NSW Environment Protection Authority. The number of facilities currently covered by the Safeguard Mechanism is also declining as some fall below the existing 100,000 tCO₂-e threshold, reinforcing the case for progressively broadening coverage.

GreenCollar recognises that adding a substantial number of additional facilities creates administrative complexity. The discussion paper's own modelling indicates 291 more facilities, including 18 additional ANZSIC groups. GreenCollar considers that a graduated staging pathway appropriately balances this against the incremental emissions reductions a lower threshold would deliver.

GreenCollar therefore recommends a staged pathway accompanied by proportionate administrative and reporting requirements for newly covered facilities. For example, this could be implemented from 100,000 tCO₂-e to 75,000 tCO₂-e, then 50,000 tCO₂-e, and ultimately to 25,000 tCO₂-e by 2035.

To avoid unnecessary price spikes and support orderly market development, any increase in compliance demand generated by a lower threshold or broader coverage should be matched by parallel progress on ACCU supply. This would include timely development of new methods.

8. Technical and Administrative Settings

Question to be answered: Q37 — General feedback on administrative aspects

GreenCollar position: In order to reduce the cumulative burden on project proponents and investors, GreenCollar recommends the review prioritises a more predictable and streamlined pathway for both Safeguard rule changes and method development.

Supporting information: GreenCollar's experience is that cumulative regulatory change, rather than any single reform, is the primary source of administrative burden for both demand and supply-side participants in the Australian carbon market.

In the ACCU Scheme, a single project has been subject to more than ten overlapping regulatory changes since 2019, and the Integrated Farm and Land Management (IFLM) method took more than five years to develop and finalise.

This cumulative burden is reflected in GreenCollar's own commercial data. Margin per ACCU has fallen sharply as monitoring, reporting and verification (MRV) and other compliance costs have risen, even as demand for ACCUs has grown.

Please refer to our additional comments regarding method development in the ACCU Scheme in section 11 below.

9. 2035 Target and Post-2030 Decline Rates

Question to be answered: Q38 — Should the proportional share be updated from 28.1% to 29.8%?

GreenCollar position: GreenCollar supports increasing the proportional share of the 2035 target from 28.1% to 29.8%, using the average proportional share in the two years prior to the commencement of reforms, that is, 2021-22 and 2022-23.

Q39 & Q41 — What factors should be considered in setting the 2035 Safeguard target, and what should determine the 2030-31 to 2034-35 decline rate?

GreenCollar position: GreenCollar supports a post-2030 decline rate calibrated to be consistent with a credible pathway to the upper end of the national 2035 target, rather than one that is merely capable of meeting the lower bound of the 62–70% cumulative emissions reduction range under consideration.

Supporting information: In setting that rate, government should also consider the contribution expected from sectors outside the Safeguard Mechanism, so that covered sectors are not required to make a disproportionate contribution to Australia's overall emissions reduction task.

GreenCollar also supports the differential decline rate concept raised by the Investor Group on Climate Change (IGCC), under which sectors with greater capacity for on-site abatement face a steeper decline rate, while sectors with fewer near-term abatement options are given a longer transition runway. This approach maintains the pace of overall ambition while recognising genuine differences in sectoral abatement potential.

10. Scheme Structure

This section is not directly raised by a specific consultation question, but sets out GreenCollar's overarching position on the architecture of the Safeguard Mechanism–ACCU Scheme relationship, which frames the recommendations made throughout this submission.

The interaction between the Safeguard Mechanism and the ACCU Scheme has created an integrated climate policy architecture capable of simultaneously driving industrial decarbonisation and financing land-sector abatement and removals. The practical priority should therefore be to ensure this architecture continues to work effectively and can be expanded in a phased manner to cover a greater proportion of the economy, rather than replace it with a fundamentally different scheme. GreenCollar's position is that incremental

reform of existing settings, of the kind set out in this submission, is what is required to improve the Mechanism's effectiveness, rather than replacing its fundamental design.³

Australia needs both direct industrial decarbonisation and high-integrity land-sector mitigation and removals. The architecture should progressively favour avoiding emissions at source where technically and economically feasible, while maintaining access to credible mitigation — increasingly removals — for genuinely residual emissions.

11. Additional Comments: Method Development

While not directly raised by a specific consultation question, GreenCollar considers method development integral to the success of the Safeguard Mechanism. A credible and sustained pipeline of ACCU supply is necessary for the Safeguard Mechanism to accommodate increasingly ambitious baselines without creating unnecessary compliance-cost volatility.

Automatic sunseting of methods, without having replacement methods, is a serious constraint on offset supply and on Australia's ability to deliver net zero. GreenCollar advocates ensuring regulatory processes are in place to replace methods when they sunset, provided the underlying activities continue to satisfy integrity and additionality requirements. Given method development can take 4–5 years, timely review is critical to avoid supply gaps.

As gross emissions decline, residual emissions will increasingly require high-integrity land-based removals to reach net zero. Because land-sector projects have long development lead times, method development needs to build that removal capacity well before 2050. In order to preserve long-term removal capacity, GreenCollar therefore recommends prioritising the development and early use of high-value carbon methodologies. Given there is currently no compliance mechanism proposed beyond 2050 to drive atmospheric drawdown, this is essential to achieving net zero and to enabling future net-negative emissions.

GreenCollar's own experience illustrates this constraint directly. GreenCollar's ACCU issuances peaked in 2016 and 2020 and have since plateaued, despite rising compliance demand, with a forecast to decline significantly to 2030. For GreenCollar's project pipeline, method availability is increasingly a binding constraint on additional supply: the limited availability of suitable, credited methods for the land types and activities where GreenCollar and its landholder partners are ready to invest. Accelerating method development is therefore the most direct lever available to grow domestic ACCU supply, more so than price-side interventions such as the CCM.

12. Responses to Other Proposals

³Note, GreenCollar supports the concept of an economy-wide cap-and-trade emissions trading scheme and considers it to be an entirely sound and economically rational policy mechanism. However, at the present time GreenCollar acknowledges that the more pragmatic course of action is to retain and refine what is already in place.

GreenCollar position: GreenCollar supports examination of the long-term treatment of sequestration under the ACCU Scheme, but does not support restricting the eligibility of ACCUs from existing 25-year permanence projects for Safeguard Mechanism compliance for the reasons set out below.

In this section we respond to a recommendation made by the Climate Change Authority in its 2026 Review of the ACCU Scheme that raises a material risk to the Safeguard Mechanism's ability to deliver its legislated emissions reduction objectives, as introduced in response to Q1 above.

Supporting information: These projects were established under legislated scheme settings, including a 20% permanence discount specifically designed to account for the shorter permanence period. Any prospective reform should preserve the rights and reasonable expectations of existing projects.

The 25-year permanence option was introduced in 2014 alongside the Emissions Reduction Fund. It was accompanied by a 20% permanence discount designed to account for the shorter permanence obligation.

The intention behind offering the option of 25 year permanence was to remove a recognised barrier to participation in land sector sequestration projects and thereby increase the supply of abatement under the ERF.⁴ The subsequent uptake of the option demonstrates its practical significance to land sector participation.

As of 9 September 2026, the Clean Energy Regulator's records disclose that there are 1742 registered and active (non-revoked) sequestration projects with a 25-year permanence period and 437 sequestration projects with a 100-year permanence period. 80% of the active sequestration projects that are currently registered have a permanence period of 25 years.

This demonstrates that the 25-year framework is not a peripheral feature of the ACCU Scheme; it is the permanence setting relied upon by the majority of registered sequestration projects.

⁴ The April 2014 ERF White Paper identified the 100-year requirement as a "significant barrier" to some sequestration projects, particularly soil carbon and replanting projects. The Government recorded concerns from farmers and foresters that a 100-year obligation restricted future land use and imposed consequences across multiple generations. The National Farmers' Federation noted that 100 years substantially exceeded typical farm-business planning horizons of approximately 15–20 years and created intergenerational issues. Rangelands NRM similarly described 25 years as substantially more realistic and practicable for commercial graziers. The White Paper stated that enabling landholders to choose between 25-year and 100-year permanence would promote uptake of land-sector projects. The 25-year option was therefore an intentional mechanism for unlocking sequestration abatement that might otherwise not have entered the Scheme. The subsequent 2014 legislative amendments implemented that policy choice. It provided for proponents of new sequestration projects to nominate either 25 or 100 years and expressly provided for existing CFI projects to move from 100 years to 25 years. At the time the 20% reduction in crediting for 25-year projects was expressly linked to the potential cost to the Government of replacing carbon stores after those projects end. The fact that existing CFI projects were permitted to elect the shorter period further demonstrates that 25-year permanence was not conceived as an exceptional or non-standard category. Government actively facilitated access to that option as an integral part of the ERF's design.

The 20% discount was deliberately established as the risk treatment for the shorter permanence period and there is currently no completed evidence-based assessment demonstrating that treatment is inadequate. Any eligibility change should follow a formal risk assessment.

GreenCollar is not aware of any modelling of the market impact of restricting 25-year ACCUs' Safeguard eligibility. The current mix of 25- and 100-year permanence projects registered in the scheme permits both to be used for compliance purposes. Changes to this arrangement could simultaneously increase the price of 100-year ACCUs for compliance buyers — potentially testing the Cost Containment Measure — while materially reducing the price of 25-year ACCUs, possibly to levels below the cost of production. Any change of this kind should be preceded by proper market modelling.

Retrospectively restricting Safeguard eligibility would alter the value proposition on which existing landholders, investors and project proponents made long-term investment decisions in good faith. It could create material price segmentation between ACCUs based on permanence period alone. GreenCollar recommends that any change to use of ACCUs for Safeguard compliance purposes apply prospectively only. ACCUs from projects registered with 25-year permanence before commencement of any new requirement should retain full existing eligibility for the life of the project.

For future projects, GreenCollar's experience is that a 100-year permanence obligation is less appealing for landholders and can itself discourage scheme participation. Government could consider an intermediate permanence option — for example 40–50 years. This is consistent with the Queensland Government's proposed minimum permanence obligation of 50 years for avoided re-clearing of forest and sub-forest CEAs under its draft Avoided Clearing and Native Reforestation Method, and with permanence periods used in international voluntary markets such as Verra. Permanence and crediting duration, however, address different risks: extending the crediting period to match a longer permanence obligation should only follow where ongoing additional sequestration can be demonstrated and the method-specific additionality case remains valid.

GreenCollar also notes that the Carbon Credits Amendment (Integrity and Transparency) Bill currently before Parliament would allow existing projects to convert from 25-year to 100-year permanence. Treatment of the 20% discount already applied to ACCUs issued under 25-year settings remains unspecified pending forthcoming changes to the CFI Rule. If the Review were to recommend any changes to Safeguard eligibility for 25-year ACCUs, finalising this detail will be a critical priority so proponents can properly assess the financial consequences of converting.

As stated in our December 2025 submission to the Climate Change Authority, adherence to permanence obligations would be strengthened by recording the existence of the carbon project on the relevant land titles. This is mentioned in the CFI legislation as something that may occur. However, due to challenges with state-based land registries, it has not yet been implemented. GreenCollar submits that registering the carbon project on the land title would strengthen the governance and enforcement architecture supporting permanence —

improving notice, enforceability and continuity of obligations through land transfer — though it does not itself increase the biophysical permanence of the carbon stock.

13. Conclusion

GreenCollar welcomes the opportunity to contribute to the Safeguard Mechanism Review.

Consistent with the Government's stated intention not to pursue fundamental redesign, GreenCollar's recommendations combine increased Safeguard ambition with measures to strengthen ACCU supply, market integrity and long-term investment confidence.

These recommendations would, if implemented, materially increase the ambition and effectiveness of the Mechanism while preserving the stability the market needs to keep investing in both on-site abatement and land-based carbon removals in the ACCU Scheme.

GreenCollar looks forward to continuing to engage with the Department as the review progresses. For any questions in relation to this submission please contact: Hugh Wareham, Policy Lead, hugh.wareham@greencollar.com.au

Yours sincerely

James Schultz
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