

# Perth Safeguard Mechanism Roundtable

Summary Report

November 2025

# Perth Safeguard Mechanism Roundtable

The Carbon Market Institute (CMI) is an independent, member-based institute that promotes the use of market-based solutions and supports best practice in decarbonisation to limit warming to 1.5°C. Our membership includes 140+ primary producers, carbon service providers, First Nations organisations, legal and financial institutions, technology firms and emissions-intensive companies in Australia and Asia Pacific.

CMI develops independent, non-partisan, evidence-based, pragmatic policy positions through engagement with its members and broader industry. CMI works constructively with governments to encourage clear, longer-term priorities and enabling policies that support businesses to deliver climate action at scale.

This work is a product of the staff of the Carbon Market Institute (CMI) with external contributions. The findings, interpretations, and conclusions expressed in this work do not necessarily reflect the views of CMI member organisations.

The development of this summary was led by Kurt Winter and Kelly Smith, with external contributions provided by organisations who participated in the October, Perth Roundtable.

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## Key Insights

The roundtable produced a rich and nuanced discussion regarding organisations' experience of the existing Safeguard Mechanism and how they would like to see the 2026-2027 review progress. At a high level, similar themes emerged from both discussions. These can be summarised as:

- Policy continuity is key. Continual change, or the spectre of change, makes business decision making and action challenging.
- ACCUs will be part of most companies' compliance with the Safeguard Mechanism into the future.
- Adequate ACCU supply into the future was a concern for many participants. It was suggested ACCU supply should be added to the scope of the Government's 2026-2027 Review with a view to ensuring there are adequate methods and investment to support a liquid market.
- Flexibility measures, which acknowledge companies are on different decarbonisation journeys and subject to different technology and market pressures need to be retained. Flexibility measures include TEBA and MYMP.
- Views on allowing carbon credits purchased under article 6 to be used for Safeguard Mechanism compliance were mixed. Some participants expressed a view that including article 6 was a priority for investigation while others felt investigation of article 6 was not needed for the review to be successful.
- Grant schemes offered by Government could be more impactful if guidelines were clear, they were technology neutral and did not require capital matching.

## Background

The reformed [Safeguard Mechanism](#) is a key part of Australia's climate policy suite which, along with the ACCU scheme, provides a clear long-term signal regarding emissions reductions and removals. Australia's [Net Zero Plan](#), released in September to support the Australian Government's newly announced 62-70% NDC for 2035, relies on emissions reductions attributable to the Safeguard Mechanism. The [Industry Sector Plan](#) also highlights that the Safeguard Mechanism will continue to be the main framework for heavy industrial facilities to adopt decarbonisation technologies.

The parameters of the Safeguard Mechanism are currently calibrated to achieve Australia's 2030 NDC and net zero in 2050. The 2026-2027 Review (the Review) will consider a range of design elements that go to the effectiveness of the Safeguard Mechanism in supporting Australia's national climate targets. Changes to the Safeguard Mechanism will have implications for a range of sectors considered in the Australian Government's sectoral plans, notably Energy and Electricity, Transport, Resources and Industry.

CMI recognises the importance of the Review in opening dialogue with industry on the opportunities that the Safeguard Mechanism could deliver with further reform towards achieving Australia's 2035 target. CMI is standing up a Safeguard Mechanism Taskforce within its membership with a view to developing evidence-based reform recommendations that seek to maximise the Safeguard Mechanism's potential to facilitate emissions reductions both in the industrial sector and across the broader economy.

The Review presents a unique opportunity to broaden and deepen the Safeguard Mechanism to realise ambition beyond the Australian Government's existing plans. Broadening and deepening the Mechanism

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could facilitate further reductions, faster, because the policy's architecture is largely in place and has a degree of acceptance and understanding from industry. A broad ranging but considered review of the policy settings could increase the amount of covered emissions, rather than just requiring deeper cuts, if the changes result in the inclusions of sectors and facilities not currently covered.

## Roundtable

The Roundtable provided an opportunity for organisations in Western Australia with Safeguard facilities, or who may have covered facilities in the near term to engage with CMI's policy thinking on the Safeguard Mechanism and early research into changes to policy design that could be considered as part of the 2026-27 Review as well as offer their view on the Safeguard Mechanism. The roundtable was an in-person event, attended by 17 people from 13 organisations, comprised of three presentations and two workshop sessions.

CMI presented on existing Safeguard Mechanism policy design, the output of CMI's recent research conducted with CORE Markets into broadening and deepening the Safeguard<sup>1</sup> and the scope for the 2026-2027 Safeguard Mechanism review. The CMI has consistently advocated for the Safeguard Mechanism reforms with a view to creating a predictable and equitable driver for decarbonisation and a carbon pricing signal. CMI shared high level outcomes from the research is commissioned from CORE Markets. The research investigated the impact on covered emissions, facilities numbers and additional net abatement needed when Safeguard Mechanism design settings are altered. Settings altered included sectors covered by the Safeguard, facility compliance threshold, an organisation wide compliance and decline rate. A summary can be found on the CMI website.

The workshops investigated attendees' current experience of the Safeguard Mechanism and their views on the scope of the Review. Information was collected by CMI moderators as part of a facilitated discussion. Attendees were separated into two groups for each workshop session. CMI moderators asked a series of questions of the group, related to the overarching topics. Questions were used to guide the discussion rather than dictate information collected. Guiding questions for workshop 1: Current Experience were:

- Is the Safeguard Mechanism having an impact on investment decisions?
- What do you think of the government grants for decarbonisation projects?
- How do you view complementary policy such as mandatory climate disclosure?
- How would you view adding in limits on carbon credits for Mechanism compliance?

Guiding questions for workshop Session 2: Current review scope were:

- What would a successful review look like to you?
- Does the scope appear comprehensive?
- What other areas would you like to see included in the review?
- Which areas are the priority?
- What investigations do you think are important to the evidence base?

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<sup>1</sup> See Summary Report: Strengthening the Safeguard Mechanism: Modelling to inform the 2026-2027 review, CMI in partnership with CORE Market (October 2025), Available at <https://carbonmarketinstitute.org/app/uploads/2025/10/strengthening-the-safeguard-mechanism-v2.pdf>

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Summary data presented provides an overview on the diversity of views presented on the day, including where there was consensus and where views diverged.

## Workshop sessions: Industry perspectives

At the start of the session the CMI moderators asked the group what they were hoping to get out of attending the roundtable. Many roundtable participants were keen to understand more about the Review as well as the frustrations experienced by other organisations with the existing Safeguard Mechanism. How to ensure a balanced review that results in workable policy with flexibility measures while still meeting the policy goals was also a focus.

### Current Experience of the Safeguard Mechanism

Attendees current experience of the Safeguard Mechanism was explored by asking questions about **decision making**, the efficacy of **government grants** and **complementary policy** and the use of **carbon credits to meet compliance obligations**.

**Views on the influence of the Safeguard Mechanism or more specifically ACCU price on corporate decision making were mixed.** For some company's the financial incentive ACCU price provides as compliance path for the Safeguard Mechanism was driving operational improvements and business cases for decarbonisation projects or design choices in new facilities. However, for some participants the ACCU price itself was not high enough to drive action. Even in cases where ACCU price was a factor, the availability and commercial viability of technology was still a strong influence. The impact of policy stability and certainty was seen as the most important factor in decision making. Alignment of state and federal requirements, ease of navigation, a predictable ACCU market and presence of other government incentives were other items which contributed to decision making on decarbonisation at an organisational level.

**When looking at government incentives there was strong agreement that these could be more effective.** Reasons cited for the grants being ineffective included they are not technology neutral, not all companies can take advantage of the grants because the technologies are not well developed, the guidelines were not clear, and they required capital matching. The grants not being technology neutral and appearing to actively promote specific technologies was seen as a key barrier to uptake. The exclusion of CCUS and promotion of hydrogen were particular frustrations. Lack of clarity in the guidelines was similarly seen as a barrier to applying. The need for capital matching means grants are largely inaccessible to new builds which is somewhat counterintuitive as the design phase is the most cost-effective time to incorporate decarbonisation measures. The role of grants in creating some liquidity in the SMC market and the removal of financial criteria from grants were also raised.

**Participants saw complementary policies such as mandatory disclosure as a useful way to increase awareness and improve understanding.** While participants provided less input on this topic there was general agreement that Mandatory Climate-related Disclosure helped communication with executives and generated new learnings about climate risks and opportunities as well as encouraging the use of other tools like the Sustainable Finance Taxonomy. The potential for data to be misrepresented data was raised.

**The introduction of limits on the use of carbon credits for Safeguard compliance was unpopular.** When discussing the application of limits, participants raised that the government needed to recognise the

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importance of flexibility for companies to meet their obligations, the impact restricting the use of credits could have on market stability as well as the separate but additional impact of state-based requirements regarding ACCU purchasing. The potential for an organisations behaviour to be influenced by additional disclosures to the Clean Energy Regular, in the case of an organisation needing to surrender more than 30% of their baseline in ACCUs to meet compliance obligations was also questioned.

Other matters raised included the introduction of **additional incentives or benefits for those who have produced SMCs, ACCU supply**, the need to consider the **lowest cost abatement frame**, as well as the **timing of policy** and how any future **changes to the Safeguard Mechanism would be implemented**. The need to recognise the continuing role of ACCUs in meeting Safeguard obligations and thereby ensure ACCU supply and investment in supply was also a subject of interest for many participants.

## Current scope of the 2026-2027 Review

To explore the roundtable participants' views on the Review scope CMI presented the matters to be considered by the Review, published the May 2023 NGERs explanatory note, and then invited comment from the group. Moderators sought comment on what a **successful review** would look like to them, whether the **scope appeared comprehensive**, what **other areas should be included**, which areas were a **priority** and whether any **investigations were required** to inform the evidence based.

There was general consensus that a successful 2026-2027 review would offer policy certainty for Safeguard facilities, it would ensure only a fair share of emission reductions were required from industry and the role of **technology development in meeting baselines would be recognised**. When discussing certainty participants noted that the Safeguard in its current form was only two years old and any changes from the Review would need to be acceptable should there be a change of government, so as not to invoke wholesale change to the Safeguard Mechanism. In addition, some participants commented a successful review would address ACCU supply concerns, result in bonuses for facilities who generate SMCs, recognise the importance of including electricity in the Safeguard in a meaningful way, identify other gaps in policy, recognise opportunity and result in policy objectives being met. Some considered not allowing the use of international credits though Article 6 for Safeguard Mechanism compliance as a preferable outcome given the supply/demand balance and the need to drive industrial decarbonisation in Australian industry longer-term. Nevertheless, international market linkages and the ability to surrender international units under the Safeguard Mechanism was later described as a priority area for consideration.

Discussion on whether the scope appeared comprehensive was limited to an acknowledgement by participants that items to be considered list was long, with some concern expressed about whether all the items could be adequately reviewed.

ACCU supply, including liquidity, price, integrity and investment was generally regarded as a matter which should be considered in the Review which was absent from the current list. Other items missing from the Review were the possibility of extra benefits for companies producing SMCs and the adequacy of transparency and Ministerial correspondence for facilities who purchased more than 30% of their baselines in ACCUs was also mentioned.

Conversation regarding priority areas was lively but broad agreement was not reached on which areas of the 2026-2027 scope were a priority. Roundtable participants largely held different views on which aspects of the scope were a priority. Items mentioned include form of the cost containment measure, whether a Carbon Border Adjustment Mechanism is needed, retaining TEBA accommodations, SMCs, decline rate,

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allowing the use of international credits, ensuring there are no limits on credit use, and consideration of the extent of market intervention made by government and its potential impact to certainty and investment.

Although not a priority for all, interest in SMCs included whether extra benefits should be awarded for SMCs to help incentivise onsite decarbonisation. Some raised concerns that surrendering all SMCs in 2030 could distort the market by creating a short-term supply surplus. Diversity of views on priority areas may be symptomatic of the different facilities and compliance pathways represented.

**Understanding and resolving linkages between EITE classification and CBAM were seen as an area which required further investigation.** Exploration of areas for further investigation was somewhat limited due to time constraints.

## Next Steps

CMI greatly appreciated early insights provided by industry in this Roundtable. The views offered will be used to inform the forward work program for CMIs Safeguard Taskforce.

CMI plans to further develop an evidence base and test design options to inform and support CMI's policy advocacy through its Safeguard Mechanism Taskforce. The taskforce is comprised of member organisations with Safeguard Mechanism experience and design expertise. It is expected the taskforce will publish material related to the 2026-2027 review on CMI's website alongside our standing [policy positions](#) and [publications](#).

In addition to work of the Safeguard Mechanism Taskforce, CMIs response to formal consultation on the 2026-2027 Safeguard Mechanism review will be supported by:

- leveraging the expertise of Australian Policy Working Group,
- engagement and outreach with Government and Parliamentary stakeholders and
- industry engagement and education including CMI's annual Safeguard Symposium scheduled for mid-2026.

CMI will explore future opportunities to convene industry roundtables in Perth and other major business centres as CMI's work program progresses alongside the Government 2026-27 Review.



## Acknowledgements

CMI would like to thank all those who participated in the roundtable. We appreciate you sharing your time and experience. The sentiments expressed in the roundtable will be used to inform CMI work on the 2026-2027 Review. We hope the discussions and presentations were contributed to your understanding of Safeguard Mechanism history and its future. Organisations represented at the roundtable were:

AGIG  
Arafura Rare Earths  
BHP  
Iluka Resources  
INPEX  
JERA Australia  
Northern Star

Rio Tinto  
South32  
Tronox  
Wesfarmers Chemicals, Energy & Fertilisers  
Woodside Energy Group  
Yara Pilbara Fertilisers Pty Ltd

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