



Business Council of Australia

25 January 2023

Committee Secretary
Senate Standing Committees on Environment and Communications
PO Box 6100
Parliament House
Canberra ACT 2600

Email: ec.sen@aph.gov.au

RE: Safeguard Mechanism (Crediting) Amendment Bill 2022

The Business Council of Australia (BCA) welcomes the opportunity to respond to the Senate Standing Committees on Environment and Communications' inquiry into the Safeguard Mechanism (Crediting) Amendment Bill 2022 (the bill).

The passing of enabling climate legislation¹ into law recently was a 'water shed' moment for Australia and hopefully the beginning of a new era of durable and stable climate policy that will see us through to achieving a net zero economy by 2050.

As argued in the BCA report, *Achieving a net zero economy*², better coordination of existing climate policies and agencies is the best way to move forward and make progress towards decarbonisation — including reforming the Safeguard Mechanism to reduce emissions in the industrial sector.

As stated in the explanatory memorandum to this bill, reforming of the Safeguard Mechanism is designed to "support industry to reduce emissions efficiently, helping them maintain competitiveness as the global economy decarbonises". It provides a much needed plan for the reduction of Australia's industrial emissions to 2030 and the policy foundation for further reductions to 2050.

The emissions decline rates required for industrial facilities to achieve a proportional share of Australia's 2030 nationally determined contribution will be challenging for many safeguard facilities. The gaps and costs associated with investing in decarbonisation technologies can vary significantly between entities and industrial sectors, and over time.

The inclusion of flexible compliance arrangements — such as the use of Safeguard Mechanism Credits, Australia Carbon Credit Units, Multi Year Monitoring Periods and Banking and Borrowing — is absolutely crucial to providing flexibility and driving least cost abatement across businesses covered by the Safeguard Mechanism (as a group).

¹ Climate Change Bill 2022 and the Climate Change (Consequential Amendments) Bill 2022.

² <https://www.bca.com.au/achieving-a-net-zero-economy>

The BCA looks forward to the passage of this bill through the Senate and into law. If you wish to discuss this submission please contact Steven Wright (Director of Energy and Climate Change) at

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Yours sincerely

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Jennifer Westacott AO

Chief Executive

Business Council of Australia