Chamber of Commerce and Industry WA

T: (08) 9365 7555
E: membership@cciwa.com
W: www.cciwa.com

7 August 2026

Mr Matthew Kean
Chair
Climate Change Authority
GPO Box 3090
Canberra ACT 2601

Via email: consultation@cca.gov.au

CC: Kath.Rowley@cca.gov.au

Dear Chair,

2026 Annual Progress Advice Consultation

Thank you for the opportunity to provide a submission into the Climate Change Authority's Annual Progress Advice consultation process.

The Chamber of Commerce and Industry of Western Australia (CCIWA) is the peak body advancing trade and commerce in Western Australia (WA). We are fundamentally committed to using our insights to develop and advocate for public policies that help realise our vision to make WA the best place to live and do business.

Overarching Comments

CCIWA's members, across a wide range of industries, have a significant stake in any potential reforms to Australia's climate policies. While Western Australian industry is generally supportive of Australia's international climate commitments, climate policy reform can have a material impact on the viability of Australian operations. CCIWA has heard that the cumulative effects of Australia's policy settings, including those to reduce emissions, have made Western Australian operations consider moving overseas.

Additional significant imposts on businesses, including in the form of climate policy, would risk severe impacts to Australia's economic growth. This risk is particularly salient in WA; a state which is home to companies that are responsible for a large share of both Australia's export value and Australia's industrial emissions. In 2024-25, WA accounted for around 45% of national exports, worth $231.8 billion, and around 35% of emissions covered by the Safeguard Mechanism.[1,2]

CCIWA recognises Australia's commitment to the Safeguard Mechanism, but the Government must acknowledge its impacts on the competitiveness of Australian businesses in international markets and the resultant repercussions for the economy.

---

[1] Western Australian Treasury Corporation. WA's Economic Strengths. 2025.

[2] CCIWA analysis of 2024-25 Baselines and Emissions Data published by the Clean Energy Regulator.

As CCIWA advocated in our *Powering WA's Future* report, Australia's climate policy should be underpinned by the following principles:

- *Competitiveness is key* – without the right mix of policy settings, economic attractiveness and technological access, Australia will not be able to capitalise on economic opportunities and maintain the competitiveness of existing industries.
- *A technology-agnostic approach* – a diverse set of energy technologies will be required to transition at least-cost, so Australia cannot afford to chase specific technologies over others.
- *Messaging matters* – alignment in messaging, across all levels of government, is essential to provide policy certainty to industry and the broader community.

The reformed Safeguard has been operational for three years.[3] Onsite abatement projects tend to be capital intensive, with long timelines to reach Final Investment Decision, so it will be challenging to make definitive, economy-wide claims about the efficacy of the reforms in driving onsite activities at this stage.

Assessing Progress and Driving Abatement

Reference pathways should allow climate policy to respond to various market and environmental conditions across Australia's economy. To ensure intragovernmental consistency, it should be clear how these pathways align with other indicators used across Government, including to determine Australia's updated Nationally Determined Contribution (NDC).

Reference pathways should be used as a mechanism to determine where additional decarbonisation supports are best placed. Consistent deviation from reference pathways should indicate that further stakeholder engagement is required, to identify root causes and implement targeted supports. This should include consultation with industry, who face climate policy incentives every day.

Decarbonisation offers significant economic opportunities across WA. In 2022, the total generation capacity of WA's South West Interconnected System (SWIS) was 5.9 gigawatts (GW).[4] According to modelling performed for CCIWA, the least-cost pathway to Net Zero by 2050 will result in 90.2GW of capacity across WA, including 49GW of solar and 36GW of wind.[5] This is a massive amount of work that will need to be completed for and by Western Australian businesses over the next 25 years. Government stewardship, at all levels, will be required to provide policy certainty, which includes an environment conducive to attracting the significant investment the transition requires.

Offtake agreements should play a role in providing the confidence that industry needs to commit to capital intensive projects with relatively long lead times. A recent example saw two of WA's Government Trading Enterprises, Synergy and Water Corporation, committing to buy renewable energy from specific wind projects once commissioned.[6]

---

[3] Department of Climate Change, Energy, the Environment and Water. Safeguard Mechanism - DCCEEW. 18 June 2026.

[4] WA Government SWIS Demand Assessment 2023-42.

[5] CCIWA. CCIWA-Report_Powering-WAs-Future.pdf. June 2026.

[6] WA Government. Key agreements to power WA's renewable energy future | Western Australian Government. 22 March 2026.

To support regional decarbonisation and bolster long-term certainty-building commitments, the Government should also consider linked carbon markets and cooperation arrangements with key trading partners under Article 6 of the Paris Agreement.[7]

In addition, other policy settings remain barriers to additional onsite abatement and should be reformed to facilitate further progress. For example, to support electrification, the Authority should recommend that the Federal Government support behind-the-meter options for industry, reducing transmission requirements and improving energy affordability.

The Authority should also recommend that the Government ensure that approvals frameworks for emissions abatement activities are streamlined.

Growing a skilled workforce will be critical as well to deliver the abatement projects that will be required.

CCIWA continues to hear from industry that positive incentives should play the primary role in driving onsite abatement. For example, targeted tax incentives, support for feasibility studies and early-stage project development could help bring emerging abatement technologies to commercial scale, while maintaining a technology-agnostic and least-cost approach. Energy infrastructure is also key, and governments should continue to prioritise policy that underpins investment in delivery of firmed, competitively priced, renewable energy sources at scale, to support electrification of industry.

The Safeguard Mechanism

Around 35% of Australia's largest emitters were in WA at the end of 2024-25, with the vast majority (75%) of these in the resources sector.[8] The resources sector makes up 46% of WA's Gross Value Add, so substantial reforms to the settings of the Safeguard Mechanism will have material impacts on WA's economy.[9]

Updates to the default decline rate must be evidence-based and transparent

CCIWA appreciates that in September 2025, Australia's NDC was updated to set an emissions reduction target of 62-70% below 2005 levels by 2035.[10] The Safeguard Mechanism's default decline rate beyond 2030 may need to be revised accordingly. Recommendations to address this refreshed commitment must be evidence-based, supported by clear and published modelling, and consider all impacts, including to competitiveness.

CCIWA members have highlighted that the current default decline rate is already challenging. Thus, maintaining the default decline rate at no more than 4.9%, or lowering it, would both align with the range that the Authority has modelled to meet the NDC[11] and provide certainty for industry, supporting long-term capital planning and encouraging progress on the existing pipeline of projects.

---

[7] United Nations Climate Change. Article 6 of the Paris Agreement | UNFCCC.

[8] CCIWA analysis of 2024-25 Baselines and Emissions Data published by the Clean Energy Regulator.

[9] CCIWA analysis of Australian Bureau of Statistics data.

[10] Department of Climate Change, Energy, the Environment and Water. International climate action - DCCEEW. 17 March 2026.

[11] Climate Change Authority. 2026 Annual Progress Advice - Consultation Paper.pdf. July 2026.

CCIWA has heard that comparatively higher imposts on industry, including through climate policy, risks the ability of Australian businesses to compete in global markets.

The Oil and Gas Extraction industry makes up a large share of the facilities covered by the Safeguard Mechanism.[12] Australia is a significant global exporter of natural gas, but our emissions policies add costs to production that our competitors' policies do not. For example, Qatar and the United States are also both major exporters of natural gas and neither impose a national carbon pricing system on their facilities.[13]

Raising the Scheme's default decline rate will only further diverge our climate policies from those of our competitors, increasing production costs with direct impacts to the viability and competitiveness of Australian operations and, thus, the attractiveness of Australia as an investment destination.

In addition, opportunities for abatement are not distributed evenly across industry, with different facilities facing differences in technological readiness, infrastructure access, operational reliability and cost pressures. Given this, establishing consistent and evidence-based sector-wide differentiated decline rates would be extremely difficult and challenges the foundational principles of efficiency and equity which underpin the market-based Safeguard Mechanism.

Ultimately, recommendations for the default decline rate must be transparent, backed by published data and communicated well in advance so that industry has reliable assumptions to inform their investments in long-term capital-intensive projects.

Unrestricted offsets are critical for economically efficient decarbonisation

The current design of the Safeguard Mechanism supports economically efficient emissions reduction in line with Australia's international commitments. Facilities can use Australian Carbon Credit Units (ACCUs) or Safeguard Mechanism Credits (SMCs) to meet their compliance obligations while pursuing least-cost emissions reduction.[14]

As such, CCIWA does not support further restrictions on the generation and trade of ACCUs. Limitations would undermine the Safeguard's ability to support an economy-wide, least-cost pathway to decarbonisation. Offsets allow economy-wide emissions reduction in the near-term by enabling facilities with limited options to contribute to national emissions reduction targets while working towards onsite abatement.

Through member feedback, CCIWA understands that some parts of industry have limited operational levers available to reduce emissions onsite. Specifically, some electrification solutions are not yet commercially viable or available at scale.

This is a particular issue for smaller operations, including in the mining sector, whose capacity to act as foundational customers for decarbonisations technologies is limited, as their smaller emissions profiles means that they are unable to provide a large amount of offtake of green electricity and it is not commercially feasible to be early adopters of electric fleet at scale.

Access to offsets in near-term enable facilities to contribute to economy-wide emissions reduction now, while technologies become cheaper and more readily accessible.

---

[12] CCIWA analysis of Clean Energy Regulator data.

[13] World Bank Group. Price | Carbon Pricing Dashboard. 2025

[14] Department of Climate Change, Energy, the Environment and Water. Safeguard Mechanism - DCCEEW. 18 June 2026.

Furthermore, as a result of the 2023 reforms, we expect offset markets to tighten significantly over the next few years, naturally strengthening the incentives for onsite abatement. Additional restrictions on offset markets now would merely increase compliance costs by penalising facilities who may not have onsite abatement options currently available.

Access to ACCUs, SMCs, and other flexibility measures, such as trade-exposed baseline-adjusted determinations, multi-year monitoring periods, and borrowing, should be maintained beyond 2030. This would enable economically efficient and timely abatement across the economy, while supporting Safeguard compliance.

Access to offsets and other flexibility measures enable Australian facilities to remain in Australia, maintaining Australian jobs and generating national economic growth. More stringent climate policies risk carbon leakage, of facilities moving offshore to jurisdictions with less demanding emissions reduction obligations. Not only does this represent impacts to Australian jobs and economies, but it is detrimental to the task of reducing global emissions. An effective balance in climate policy would retain these activities in Australia so that they remain subject to Australia's effective climate policies.

Concluding Remarks

Maintaining a technology-agnostic emissions reduction framework allows facilities to manage technical feasibility, cost and operational risk while meeting their obligations.

While industry is supportive of net zero and Australia's international emissions reduction commitments, there are a number of considerations that the Authority should be mindful of when recommending reforms, as any changes can have material impacts on the commercial viability of Australian operations or may offshore emissions to where climate policies are not as robust.

Refer to **Appendix 1** for CCIWA's specific recommendations.

Should you wish to discuss the content of this letter further, please do not hesitate to contact Dr Daniel Kiely, CCIWA Chief Economist, via email at [redacted]

Yours sincerely,

Will Golsby
Chief Executive Officer

Appendix 1: CCIWA Recommendations

Assessing Progress and Driving Abatement

RECOMMENDATION: REFERENCE PATHWAYS

The Authority should recommend that:

- Reference pathways align with other indicators used across Government, including to those used to determine Australia's updated NDC.
- Consistent deviation from reference pathways should trigger further stakeholder engagement and development of risk-based action plans.
- Specific thresholds for each reference pathway indicator should be clearly defined and communicated to all stakeholders.

RECOMMENDATION: MARKET SIGNALS

The Federal Government should provide effective signals to industry to drive investment in renewables and abatement technologies.

This should include developing offtake agreements where appropriate, implementing binding international agreements and funding technology-agnostic policy settings to help Australia reach net zero ambitions, such as removing existing bans on specific energy sources and investing in research for abatement and storage.

RECOMMENDATION: REMOVING BARRIERS TO LEAST-COST ONSITE ABATEMENT

The Federal Government should address barriers to onsite abatement by:

- Facilitating commercial behind-the-meter options for industrial facilities, including supporting the acceleration of connections.
- Ensuring streamlined approvals processes for abatement projects and securing bilateral agreements for environmental assessment and approvals with State Governments.
- Facilitating an appropriately skilled and sufficiently large workforce to deliver the decarbonisation industry across the economy.
- Developing broad incentives to support mature and maturing abatement technologies, including targeted tax incentives, support for feasibility studies and early-stage project development. Support should extend to research into and scaling of biochar, direct air capture and hydrogen technologies.
- Prioritise policy, including partnership or co-investment models, to underpin investment in delivery of competitively priced, reliable, renewable energy at scale, to support electrification of industry.
- Implementing policies that support Carbon Capture, Utilisation and Storage (CCUS) investment, including funding to accelerate deployment.
- Directing further funding from the Rewiring the Nation Fund to projects that secure energy supply and decarbonise energy systems.

The Safeguard Mechanism

RECOMMENDATION: ACCOUNTING FOR ECONOMIC IMPACTS

The Authority should prioritise impacts to commerciality and competitiveness of Australian businesses when evaluating Australia's climate policies, to maintain jobs and economic growth potential in Australia, while minimising incentives to offshore emitting activities and supporting true emissions reduction.

RECOMMENDATION: DEFAULT DECLINE RATE

Recommendations to reform climate policy, including adjusting the default baseline decline rate, should be evidence-based and informed by specific consultation with key stakeholders.

Reforms should be effectively justified through clear, published reasoning and modelling. Changes should not be made in isolation. They should be accompanied by supports to manage the transition to a further-reformed system.

Maintaining the default decline rate at no more than 4.9%, or lowering it, would align with the range that the Authority has modelled for the updated NDC and would provide certainty for industry.

RECOMMENDATION: DIFFERENTIATED DECLINE RATES

CCIWA does not advocate for differentiated decline rates between sectors. The Authority should not recommend implementing differentiated decline rates.

RECOMMENDATION: OFFSETS

To mitigate carbon leakage risks, while progressively decarbonising, the Authority should not recommend restrictions to the generation or trade of ACCUs or SMCs.

Both ACCU and SMC frameworks, as well as existing flexibility measures, should be maintained beyond 2030 to enable facilities to manage compliance and invest in longer-term abatement projects.

RECOMMENDATION: REGIONAL COLLABORATION

The Federal Government should explore opportunities to support regional decarbonisation and bolster long-term certainty-building commitments through linked carbon markets and cooperation arrangements with key trading partners under Article 6 of the Paris Agreement.

RECOMMENDATION: ENSURING A SKILLED WORKFORCE

The Federal Government should ensure the right mix of incentives are available to attract apprentices and trainees to support future decarbonisation workforces, as well as effective migration settings. Skills should be transferable across domains and duplication in licensing requirements should be addressed.