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[By Consultation Portal](#)

SAFEGUARD MECHANISM REVIEW

The Mining and Energy Union (**MEU**) welcomes the opportunity to contribute to the review of the Safeguard Mechanism.

The MEU represents 27,000 members nationally working predominantly in underground and open cut coal mines and coal-fired power stations. Our members' livelihoods and the communities they live in are very substantially impacted by industry decarbonisation.

The principles which have been set by the Government to guide the review are supported. Particularly, maintaining stable policy settings capable of delivering incremental emissions reductions across the economy. This is critical to ensuring the resilience of industry, and the regions and communities that host industrial facilities. It is equally important that climate policy recognises the operational realities and abatement challenges faced by emissions-intensive, trade-exposed sectors such as mining.

The review should not make fundamental reforms to the Safeguard Mechanism's design and the obligation to reduce net emissions must include ongoing access to Australian Carbon Credit Units (**ACCUs**) and Safeguard Mechanism Credits (**SMCs**).

Emissions reduction must be coupled with legislative reform that ensures a just transition

Commitments to meet emissions-reduction targets must be accompanied by parallel reforms to the Net Zero Economy Act, 2024 (**NZEEA**) which ensure a just transition for impacted workers, their families and communities.

Whilst the Safeguard Mechanism is primarily concerned with building industry resilience in exposed sectors rather than contributing to facility closure, the reality is that the Safeguard Mechanism will increasingly bring forward the closure of some carbon intensive industries. This is particularly the case for export coal mining where the Safeguard Mechanism, in the context of a structural decline in global demand, will bring forward the closure of higher emission mines. This is already true of mines like Ashton Colliery which recently announced it will close in early 2028 partly because of the relatively high emissions profile of its coal measures beyond 2028.

While the NZEAA does not apply to export coal (but should), it is also noted that the Energy Industry Jobs Plan (**EIJP**) process under Part 5 of the NZEAA is not working. The Collie Power Station COI declaration application, for example, has not yet commenced in the Fair Work Commission and the Eraring and Yallourn power station applications in the Fair Work Commission are tracking towards decisions in late 2027 for the specification of actual supports—not long before the respective closures of the power stations. This means that supports for workers will only be in place, and enforceable, for between three and six months prior to closure and for the six months following. In Collie’s case, it is conceivable that the specification of supports will not occur until after closure. This falls well short of what the Government promised and will not ensure a just transition for workers, their families and communities. The EIJP process has already failed approximately 150 workers at Premier Coal—the captured coal mine for Collie Power Station—where workers are being made redundant in the lead up to Collie Power Station’s ultimate closure but before the making of a COI declaration by the Fair Work Commission. Workers made redundant prior to the making of a declaration slip through the NZEAA processes. Myuna Colliery’s 300 mine workers would have been in a similar position had a short-term resolution not been negotiated. These failures will become widespread unless the legislation is swiftly amended.

Coal regions are already under considerable short to medium term economic pressure associated with the energy transition. The slow and inconsistent deployment of worker and community supports by the Commonwealth and state governments has not provided confidence that workers and communities in coal regions are front and centre of policy considerations; and the pace of new industry development in coal regions has fallen well short of the scale and speed required to provide confidence about future employment opportunities. The reality on the ground in coal regions is that workers, families and communities are being left behind.

Workers, their families and communities must have confidence that the full suite of the Government’s legislative and policy framework is working to ensure a just energy transition. The review of the Safeguard Mechanism should not sit in isolation of that larger issue.

Recommendation 1: Measures which improve the effectiveness of the Safeguard Mechanism must be accompanied by essential parallel reforms of the Net Zero Economy Act, 2024 to support workers, their families and communities in closing industries.

The balance of this submission responds to specific questions of particular relevance to the MEU.

3.1.1 Emissions reduction technologies

The MEU is concerned about the potential for emissions-reduction technologies to be implemented ahead of a thorough assessment of their safety implications for mineworkers. The interaction between Ventilation Air Methane (VAM) abatement systems and underground coal mine safety requires careful consideration by regulators, operators, workers and technical experts. VAM abatement systems involve introducing a thermal oxidation process into a mine

ventilation environment, creating questions that require careful consideration by safety regulators before widespread deployment.

In our experience, it would be unsafe to unduly hurry, and unwise to be perceived as hurrying, the deployment of such technology until its safety and effectiveness have been demonstrated to the satisfaction of workers and regulators. Worker safety must remain the overriding consideration in any methane abatement strategy in the sector.

Recommendation 2: Government strategic intervention in relation to mining should continue to focus on safety, innovation, the piloting of new technology through to commercial-scale and, if proven, broad industry take-up.

3.1.2 Domestic offsets

The consultation paper, correctly in our view, notes concerns about the cost and availability of abatement technologies and highlights the importance of having flexible compliance options. The Safeguard Mechanism must remain non-prescriptive and include ongoing access to ACCUs and SMCs. Any move away from this flexibility would undermine policy certainty, weaken confidence in the existing framework and risk triggering or accelerating closures of facilities covered by the scheme.

ACCUs must be of high integrity and we acknowledge concerns around additionality and permanence. These concerns should be addressed as part of the Climate Change Authority's annual review of the ACCU Scheme.

Establishing a 5-year rolling vintage limit so that a facility can only surrender ACCUs issued in the previous 5 years, would build agility into the ACCU Scheme allowing it to respond swiftly to leading practice developments which improve ACCU integrity and incentivise ACCU projects in a 'race to the top'.

The introduction of quantitative limits on the volume of ACCUs surrendered as a proportion of a facility's baseline, gross emissions or exceedance needs further research and modelling to ensure consequences associated with facility closures are properly understood.

Recommendation 3: The Safeguard Mechanism should remain a net scheme, preserving access to ACCUs, SMCs and other flexible mechanisms while practical onsite abatement technologies mature.

Recommendation 4: A 5-year rolling vintage limit on ACCUs surrendered is introduced.

3.1.3 International units

The consultation paper, correctly in our view, notes that Australia's Net Zero Plan prioritises domestic action to ensure the benefits of decarbonisation remain in Australia. Its focus is firmly on enabling our industries to reduce emissions domestically as this places them in the best

position to capture the economic benefits of decoupling emissions and economic growth. The Government's ability to ensure, including by enforcement, high integrity international carbon credit units is limited. For these reasons, the MEU supports the current exclusion of international carbon credit units from the Safeguard Mechanism.

Recommendation 5: International carbon credit units remain ineligible for use under the Safeguard Mechanism.

3.4.1 Coal mining

There is considerable variability in the emissions profiles among coal mines, predominantly arising from geological differences. The Government should proceed cautiously before changing the current approach. The MEU is particularly concerned not to bring forward the closure of those mines already planning to do so in the near to medium term. Stable policy settings and the use of the current hybrid approach allows mines to plan strategically with certainty. That particularly matters for coal mining in the decade to 2040 where unplanned and unmanaged closures would have significant impacts for workers, their families and communities and the potential to entrench disadvantage intergenerationally.

The current settings are operating largely as intended to encourage coal mines to manage and reduce their emissions. The greatest opportunity lies in supporting safe and practical deployment of developing technologies by a continued focus on safety, innovation, the piloting of new technology through to commercial-scale and, if successful, broader industry uptake.

Recommendation 6: Any change to the current hybrid baseline arrangements for coal mining should only be undertaken after detailed modelling and consultation at an operational level including with impacted workforce unions to ensure that changes do not result in planned closures being brought forward.

3.5.1 Coverage threshold

The Safeguard Mechanism was designed to apply consistently across covered facilities through a common framework of obligations and baseline decline rates. Introducing separate emissions targets or differentiated decline rates for individual sub-sectors would add complexity to the scheme, create uncertainty for affected workers and regional communities, and risk shifting the burden of adjustment unevenly across industries and the communities that host them. Consistent with the principle that emissions obligations be shared, the MEU recommends coverage thresholds for the Safeguard Mechanism be reduced by 5,000 tonnes of CO₂-e each year starting in 2030, until reaching 75,000 tonnes of CO₂-e.

Recommendation 7: The Safeguard Mechanism coverage threshold of 100,000 tonnes of CO₂-e be reduced by 5,000 tonnes CO₂-e each year starting in 2030, until reaching 75,000 tonnes CO₂-e.

Conclusion

The broader economic significance of Australia's mining industry reinforces the importance of a carefully managed transition. Mining is a large-scale, capital-intensive sector whose emissions profile is heavily influenced by geology and site-specific operating conditions. Unlike many industries, production methods cannot always be altered without regard to the characteristics of the site and the resource being extracted, as well as considerations including a mine's lifespan and conditions of approval. Climate policy must therefore be sufficiently flexible to recognise these practical constraints while supporting continued emissions reduction efforts.

While progress towards net zero will not occur uniformly across all sectors, substantial emissions-reduction efforts are already underway throughout the mining industry. Continued success will depend on policy settings that balance emissions reduction with the need to protect worker safety, sustain secure employment and maintain confidence in regional communities as the energy transition continues to unfold. As technologies develop and abatement opportunities emerge, governments must ensure that workers and communities are not asked to bear an unfair share of the costs or risks of transition. Achieving Australia's emissions targets will require ongoing engagement between governments, employers, workers, unions, regulators and the research sector to ensure that emissions reductions are practical, safe and durable.

The MEU supports an orderly and manageable transition which puts impacted workers, their families and communities at the front and centre of policy framing. Climate policies should be designed to reduce emissions while providing certainty for industry and jobs, supporting regional communities, and maintaining Australia's position as a reliable supplier of high-quality coal. A stable and predictable regulatory framework will provide the best foundation for achieving emissions reduction goals, social cohesion and long-term economic prosperity.

The MEU remains committed to working constructively with government and industry to identify practical pathways for emissions reduction while maintaining safe operations. Policy efforts should focus on enabling practical abatement, supporting technology development and maintaining regulatory certainty rather than significantly reforming the Safeguard Mechanism's design.

Yours sincerely,

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