

CCA 2026 Annual Progress Advice: Consultation Paper

19 August 2026

About ACOSS

The Australian Council of Social Service (ACOSS) is a national voice in support of people affected by poverty, disadvantage and inequality and the peak body for the community services and civil society sector.

ACOSS consists of a network of approximately 4000 organisations and individuals across Australia in metro, regional and remote areas.

Our vision is an end to poverty in all its forms; economies that are fair, sustainable and resilient; and communities that are just, peaceful and inclusive.

Summary

ACOSS welcomes the opportunity to make a submission to the Climate Change Authority (CCA) 2026 Annual Progress Advice: Consultation Paper.

In responding to the CCA's question, ACOSS recommends the CCA:

- Include a 1.5-degree science-based pathway in their 'reference pathways' to enable the CCA to monitor, evaluate and explore deeper and faster emissions reductions
- In determining and recommending policy priorities to government, the CAA should recommend the Government:
 - Put people and communities at the centre of the transition.
 - Implement frameworks and policies to ensure the transition is fair, equitable and inclusive and that those experiencing poverty and disadvantage are prioritised and benefit.
 - Scale up the focus on demand-side, energy efficiency, electrification and renewable energy at large and small scale, across all sectors, particularly at residential level, prioritising people and communities who are locked out.
 - Reject solutions that extend the life of fossil fuels, delay action on climate and/or add unnecessary costs to people, communities and the

- economy, such as hydrogen in residential gas, fossil carbon capture and storage.
- Eliminate fossil fuel subsidies and taxes that disincentivise decarbonisation, including the Diesel Fuel Tax Credit, and stop expanding fossil fuel production.
 - In making recommendations on the Safeguards mechanisms the CCA should recommend:
 - The Safeguard Mechanism be aligned with the top-end of Australia's 2035 climate target (a 70% cut).
 - Onsite abatement be prioritised with offsets (ACCUs) phased out.
 - A stronger decline rate be set for coal mining, oil and gas extraction, LNG export and metals mining industries.
 - Distributional modelling to identify the potential impact of reforms on living costs of different households.
 - Complementary social protections to manage any adverse impacts of the transition on lower income households, including via adequate social security payments.

Response to CCA Questions

CCA proposed approach to tracking progress – reference pathways

Question 1: What are your views on the proposed approach for setting reference pathways to assess progress, including strengths, limitations and any alternative approaches that should be considered?

The CCA proposes to create sector reference pathways derived from the 2035 target i.e. emissions abatement (CO₂-e) aligned with the 2035 emissions target range of 62-70% emission reductions.

We support the approach of reference pathways to monitor where sectors may be exceeding pathways or falling behind, to track and consider policy interventions.

In addition, ACOSS recommends the CCA also include a 1.5-degree Celsius science-based pathway (net zero by 2035), to monitor the progress of different sectors, identify policies to accelerate the shift, and/or drive a step change where necessary.

Given how vulnerable Australia is to climate change¹ and the co-benefits of accelerating the transition to a net zero economy sooner, it is in Australia's national interest to continue to explore how to achieve deeper and faster emissions reductions.

¹ Australian Academy of Science (2021) The risks to Australia of a 3°C warmer world
<https://science.org.au/our-work/resources-reports/reports-publications/risks-australia-3degc-warmer-world>

Keeping an eye to a science-based 1.5-degree Celsius pathway is also critical if science, technology and/or international negotiations require Australia to implement greater ambition.

ACOSS recommends including a 1.5-degree science-based pathway in the reference pathways to enable the CCA to monitor, evaluate and explore deeper and faster emissions reductions.

Major drivers of this year's progress – preliminary analysis

Question 2: What signs are you seeing of emissions reductions across industries, businesses, households or investors? What barriers or delays to abatement are you observing?

The observations made in CCA's consultation paper regarding progress and barriers with respect to Australia's emissions reductions are reasonable.

ACOSS makes the following additional observations with respect to barriers to abatement:

- High energy bills, increasing costs of living and rising inequality are reducing social license to accelerate emissions reductions. More needs to be done to address:
 - Costs of energy - While electricity wholesale costs are reducing, costs are high or rising elsewhere, including wholesale gas prices, network, transmission, retail, gas prices, and subsidies on bills.
 - Size of the energy bill – while more energy efficient housing, access to solar, batteries, EVs and electrification are helping millions of people reduce their energy bills, millions more especially people in social housing, private rental, remote First Nations communities, and low-income homeowners are missing out.
 - Ability to afford energy – people relying on income support payments, in particular people receiving Jobseeker and Youth Allowance, struggle to put food on their table, afford essential medicines or pay housing costs let alone afford their energy bill.
- Inequitable emissions reduction policies that disproportionately benefit people on high incomes or with high wealth, are also reducing social license to accelerate emissions reduction, as well as driving inequality in Australia.
- ACOSS notes that there are many examples of tax settings that act as barriers by perversely disincentivising emissions reduction, not aligning with the Government's climate change policy goals, and costing the government tens of billions of dollars annually.
- Investment in solutions that extend the life of fossil fuels, delay action and/or add unnecessary costs to people, communities and the economy, are major barriers to emissions reduction. For example:

- Fossil carbon capture and storage (CCS) associated with electricity infrastructure and/or where other zero emissions technology exists.
- Technologies such as brown hydrogen (hydrogen derived from coal or gas).
- Hydrogen or biofuels in residential settings.

Priority policy opportunities

Question 3: What do you see as the top priorities for climate policy reform and why?

ACOSS believes the following are top priorities for climate policy and reform.

1. Aim to deliver emissions targets consistent with the science and Australia's fair share to limit global warming of 1.5 degrees Celsius

Australia needs to accelerate emissions reductions this decade and pursue a pathway consistent with limiting global warming to 1.5°C. ACOSS's 2024 submission to the Climate Change Authority argued that targets should be science-based, rather than simply science-aligned, and should reflect Australia's fair share of the global effort. ACOSS therefore supported a pathway to net zero emissions by 2035, alongside a 75% reduction in emissions by 2030.

While the Government has subsequently adopted a 62–70% 2035 target, ACOSS continues to advocate for the highest possible ambition and for Australia to accelerate emissions reductions wherever feasible. The Climate Change Authority should be pursuing and recommending policies that put us on a pathway to keep more ambitious and science-based emissions reduction targets in reach.

ACOSS recommends the Climate Change Authority should pursue and recommend policies that put Australia on a pathway to keep more ambitious and science-based emissions reduction targets aligned with the science and Australia's fair share of limiting global warming to 1.5 degrees Celsius in reach.

See [ACOSS submission on 2024 Issues Paper: Targets Pathways and Progress](#) for further information.

2. Put fairness, equity and inclusion at the heart of the Climate Change Act and climate policy

We need a fast transition to a clean economy to limit impacts and avoid worsening inequality. However, people and communities with the least will be worse off if the transition is not fair, equitable and inclusive.

To date, action on climate change has not been fair, fast or inclusive enough. This threatens our ability to build the social licence to accelerate emissions reduction, end poverty and create fair, sustainable and resilient economies and peaceful and inclusive communities.

Currently, there is no federal policy framework in place to justly plan and manage the impact of this transition including on people and communities experiencing

poverty and disadvantage. Those with the most to lose are the least heard and opportunities to address climate change, poverty and inequality are being missed.

If we get the policy settings right, we have the opportunity to make people's lives better. We can reduce the impacts of climate change. We can cut emissions and relieve the suffering of millions of people living in inefficient housing; help close the gap by making First Nations communities front and centre of a transition plan; give fossil fuel workers and communities certainty; create new and sustainable jobs and cut cost of living pressures.

If we don't get it right, climate action will either come too late or come at the expense of people experiencing disadvantage, leaving behind millions of people in the transition and further entrenching poverty and inequality in Australia.

ACOSS recommends the following occur:

- Develop a vision to guide climate change action in Australia that is equitable, inclusive, sustainable and resilient.
- Amend the Climate Change Act 2022 to include objectives, principles and processes to guide a rights-based, equitable and inclusive transition to net zero emissions, and adapt to the climate change impacts already locked in.
- Establish dedicated and place-based engagement mechanisms for affected people, communities and their advocates to support their participation in planning and decision-making. These should prioritise people experiencing disadvantage.
- Ensure policy reform fairly distributes the costs and benefits of action on climate change, so people experiencing disadvantage can benefit and are protected from negative impacts.
- Amend the National Energy Agreement and the National Energy Objectives (NEO) to include equity and affordability.
- Ensure First Nations people are empowered to play a leading role in the development and implementation of climate change policies and actions, including by:
 - Upholding First Nations people and communities' rights to sovereignty and self-determination, and recognizing their deep knowledge and expertise in caring for country, culture and community;
 - Consult and cooperate in good faith with First Nations through their own organisations and advocates;
 - Obtain First Nations peoples free, prior and informed consent before adopting and implementing legislative or administrative measures that may affect them;
 - Require First Nations representation on decision making bodies;
 - Ensure equitable benefit sharing;
 - Promote employment and investment opportunities for First Nations people and enterprises (including employment quotas); and
 - Align with Closing the Gaps targets.
- Include a fair, fast and inclusive climate change mitigation, adaptation and resilience lens in other major social, health, employment reform and policy design process, including for example:

- Closing the Gap targets and First Nations Clean Energy Strategy;
- Gender Equality and the Women's Economic Equality Taskforce's 10-year plan;
- Australia's Disability Strategy 2021-2031 and reforms of the NDIS,
- Social and Affordable Housing reforms and policies;
- National Healthy and Climate Strategy;
- Urban renewal strategy; and
- Wellbeing framework.

See [ACOSS submission on 2024 Issues Paper: Targets Pathways and Progress; Fair, fast and inclusive Action on Climate Change Blueprint Framework](#); and [ACOSS submission to First Nations Clean Energy Strategy](#) for further information.

3. Scale up focus on demand side action and energy efficiency.

Energy efficiency and demand management are considered the 'first fuel', and the first step in the decarbonisation pathway to reduce the need for energy replacement. Study after study has highlighted energy efficiency measures and demand management as some of the cheapest forms of abatement available, leading to cheaper energy bills.

ACOSS recommends energy efficiency and demand management action should be elevated to make them equal partners to new infrastructure in the transition, embracing the 'efficiency first' principle. Policies should priorities people and communities experiencing disadvantage.

See [ACOSS submission to the Electricity and Energy Net Zero Sector Plan](#) and [ACOSS Submission to National Energy Performance Strategy 2022](#) for further information.

4. Scale up electrification.

Like energy efficiency and demand side management, electrification is a "no regrets" measure. This means it is an action that is worth taking because it is likely to be beneficial no matter what happens in the future. Research shows electrification can deliver 26 per cent of Australia's emissions reductions at low cost.

When it comes to residential energy, there are no plausible alternatives to efficient household electrification. Potential 'alternatives' like hydrogen (green or otherwise) or biofuels fail to reduce emissions quickly and in line with limiting warming to 1.5 degrees, are still harmful to health, and involve unnecessary cost and risk to households.

There should be a timeline for phasing out gas with support available, especially for people on low incomes.

ACOSS recommends prioritising electrification, putting in place planning, timelines, education and supports to efficiently and effectively transition away from

gas and electrify in order to support our decarbonisation goals, and ensure no-one is left behind.

For further recommendations see [ACOSS submission to the Electricity and Energy Net Zero Sector Plan](#); [ACOSS Submission on Senate Inquiry on Electrification 2024](#); and [ACOSS Submission on Future Gas Strategy 2023](#).

5. Scale up investment in distributed energy and home energy upgrades, prioritising people and communities experiencing disadvantage.

Homes account for 14% of emissions and therefore can make an important contribution to rapid decarbonisation. However, we are also seeing social licence for faster action dwindling because households have faced significant increases in energy bills and are not necessarily seeing the direct benefits of the transition.

Scaling up access to household thermal efficiency, electrification, rooftop solar, batteries and low emissions vehicles and access to other clean technologies – prioritising people and communities experiencing disadvantage – will be critical in achieving faster emissions reductions. This will also be important to ensure that households see the direct benefits of the transition.

ACOSS recommendations include:

- Direct government investment to fund home energy upgrades (energy efficiency, electrification and rooftop solar) for low-income housing, prioritising Aboriginal and Torres Strait Islander housing, public and social housing.
- Federal Government targeted and conditional support to States and territories to mandate minimum energy efficiency performance standards for rental properties by 2025.
- Introducing mandatory disclosure of building energy performance upon sale or lease by 2025.
- Phasing out use of gas and supporting electrification in existing homes, with support for people on low-incomes and standards for rental properties to make this transition.
- Providing targeted support to low-income households to access EVs via subsidies, no-interest loans, targeted subsidies and social leasing schemes.
- The National Construction Code (NCC) 2029 must include climate resilience measures and achieve zero carbon-ready homes (best practice thermal efficiency, all-electric, powered by renewables).

For more detailed recommendations and discussion see [ACOSS Budget Priorities Statement 2026-27](#); [ACOSS Heat in Homes Survey Report 2026](#); [Joint Statement and Accompanying briefing note](#) outlining the proposed Role of the Federal Government to support Renters and Landlords with Home Energy Upgrades; [ACOSS Submission Statutory Review of EV Discounts](#); Joint submission to consultation on [Streamlining and Modernising the National Construction Code \(NCC\)](#), [ACOSS Report on Funding & Finance of Low-income Retrofits](#); and [ACOSS Submission on Senate Inquiry on Electrification 2024](#).

6. Invest in First Nations Clean Energy

Policy should aim to enable and empower First Nations communities to participate in, benefit from, respond to, and shape emissions reduction and renewable energy projects that impact their communities, land, waters and Sea Country.

To this end, ACOSS welcomes the creation of the First Nations Clean Energy Strategy with an initial \$70 million in funding for implementation. We argue that significantly increased funds are needed to help realise the intent of the Federal Government's First Nations Clean Energy Strategy and deliver social and economic benefits for First Nations.

ACOSS recommendations include:

- Invest in First Nations housing energy efficiency, household electrification, and solar and battery systems to reduce costs of living and improve household wellbeing.
- Invest in First Nations-led community energy and diesel reduction.
- Invest in First Nations people, organisations and ideas to improve capacity and capability, and provide access to capital for First Nations clean energy project leadership
- Keep First Nations Communities on prepaid meters connected.

For more detailed recommendations see [ACOSS Budget Priorities Statement 2026-27](#).

7. The Government should phase out fossil fuel subsidies and align tax settings with climate mitigation and adaptation goals.

ACOSS notes that there are many examples of tax settings which perversely disincentivise a reduction of emissions (e.g. fossil fuel subsidies and rebates, certain corporate taxes), which do not align with the Government's climate change policy goals and cost the government tens of billions of dollars annually.

The costs to accelerate emissions reductions, prioritise policies that will also reduce poverty and inequality, and adapt and build resilience to climate change impacts already locked in, will require new sources of revenue.

The public revenue regained could then be repurposed to help people and communities to transition to clean and affordable energy and accelerate climate change action.

ACOSS recommends the Government phase out fossil fuel subsidies, prioritising the Diesel Fuel Tax Credit, and align tax settings with climate mitigation and adaptation goals.

See [ACOSS Budget Priorities Statement 2026-27](#) and [ACOSS Submission to CCA Targets Issues Paper 2023](#) for further details.

8. Reject solutions that extend the life of fossil fuels, delay action and/or add unnecessary costs to people, communities and the economy

As outlined in our previous submission, solutions should not extend the life of fossil fuels, delay action and/or add unnecessary costs to people, communities and the economy, this includes:

- Fossil carbon capture and storage (CCS) associated with electricity infrastructure and/or where other zero emissions technology exists.
- Technologies such as brown hydrogen (hydrogen derived from coal or gas).
- Hydrogen or biofuels in residential settings.

ACOSS recommends the CCA should reject solutions that extend the life of fossil fuels, delay action and/or add unnecessary costs to people, communities and the economy.

See [ACOSS submission to the Electricity and Energy Net Zero Sector Plan](#); [ACOSS Submission on Future Gas Strategy 2023](#); and [ACOSS submission to technology Investment Roadmap](#).

9. End fossil fuel production in line with limiting warming to 1.5 degrees C.

Australia's continued investment in new or expanded fossil fuel projects, makes it harder to meet the emission reduction targets required to keep to the 1.5 degrees Celsius limit.

The International Energy Agency 1.5-degree emission reduction scenario advocates that by 2021 no new oil and gas fields, coal mines or extensions should be approved for development.²

Australia's ongoing support for fossil fuel expansion could leave us with stranded assets and slow the energy transition. This may leave Australia behind in securing supply chains for renewable infrastructure and delay our development of clean economy industries and workforce.

ACOSS recommends halting the expansion of fossil fuel production to achieve the global goal of limiting warming to 1.5 degrees C.

See [ACOSS Submission CCA Targets Issues Paper 2023](#) and [Fair, fast and inclusive Action on Climate Change Blueprint Framework](#).

Question 4: What actions could help households adopt solar, batteries, electric vehicles and home electrification?

The Government has made significant investment to support households access solar, batteries, electric vehicles and home electrification, through for example the Small-Scale Renewable Energy Scheme (SRES), the Homes Battery Scheme and

² <https://www.carbonbrief.org/iea-renewables-should-overtake-coal-within-five-years-to-secure-1-5c-goal/>

the FBT discount for electric vehicles. However, these policies disproportionately benefit people on high incomes or high wealth.

While we welcomed the Federal Government's \$800 million to co-fund \$1.1 billion for energy-efficient, electric and solar upgrades for social housing properties (in partnership with state and territory governments), this will only deliver for roughly 25% of social housing.

People in social housing, private rental, low-income homeowners, people on low-incomes and First Nations communities remain locked out.

People on low incomes and with low wealth are more likely to be experiencing energy hardship and/or deprive themselves of energy, they are also more likely to be experiencing other cost of living pressures including housing costs, fuel costs, and are likely to be going without foods, medicines and other essentials.

It is imperative the Government prioritises funding and policies to target people and communities experiencing poverty and disadvantage.

Please see responses in policy priorities 5 and 6 outlined above in response to Question 3, for indication of what is needed, and see the following reports and submissions for more detailed discussion and policy recommendations [ACOSS Budget Priorities Statement 2026-27](#); [ACOSS Heat in Homes Survey Report 2026](#); [Joint Statement and Accompanying briefing note](#) outlining the proposed Role of the Federal Government to support Renters and Landlords with Home Energy Upgrades; [ACOSS Submission Statutory Review of EV Discounts](#), Joint submission to consultation on [Streamlining and Modernising the National Construction Code \(NCC\)](#); [ACOSS Report on Funding & Finance of Low-income Retrofits](#); and [ACOSS Submission on Senate Inquiry on Electrification 2024](#).

Question 5: What are the key barriers to the growth of low-emissions industries in Australia? What government policies or initiatives could most effectively strengthen demand for Australian low-emissions products and services, including low-carbon liquid fuels? Please provide evidence or analysis to support your views

ACOSS does not have capacity at this time to provide a response to this question.

The Safeguard Mechanism's contribution to national targets

Question 6

6A) The Safeguard Mechanism's current baseline decline rate is calibrated so the scheme delivers a proportional share of Australia's 2030 emissions reduction target.

- What are the advantages and disadvantages of continuing this approach beyond 2030?*
- If the proportional share approach should be maintained, how should it take account of Australia's 2035 target range?*

6B) If a different approach to setting the baseline decline rate should be used (instead of the proportional share approach), what should it be and why?

Question 7 Should decline rates differ across facilities or sectors beyond existing arrangements for trade exposed, baseline adjusted (TEBA) facilities? What evidence would support differentiation, and what principles should guide how any differentiation is applied?

Question 8 How should we assess the extent to which the Safeguard Mechanism is driving onsite abatement? What metrics, data sources or methods should we use, and how should we account for changes in production, operational conditions and emissions variability?

Question 9 What evidence is available on onsite abatement activities at Safeguard facilities, including for activities planned, underway or completed since the reforms commenced? Where possible, please provide information on emissions impacts, timing, costs and barriers.

Question 10 Should the Safeguard Mechanism play a stronger role in encouraging onsite abatement, relative to allowing flexibility through Australian Carbon Credit Unit Scheme (ACCU) use?

- What objectives should guide this assessment?*
- Are additional incentives or constraints warranted?*
- If so, what options should be considered and why?*

ACOSS has previously supported an economy wide carbon price, coupled with legislated income support scheme for households with low and modest incomes to

compensate for increased cost of living driven by the carbon price, as an efficient and effective way to reduce Australia's emissions (alongside complementary measures).

The Safeguard mechanism, which replaced the economy-wide carbon price, is a key policy to achieve Australia's emissions reductions. It requires around 208 of Australia's largest industrial climate polluters (excluding farming, land clearing and grid-connected electricity), which account for around 30% of Australia's total domestic pollution, to reduce their emissions intensity or to buy and surrender carbon offsets.

However, there is no evidence that facilities are reducing their emissions in line with the scheme and are instead relying on buying and surrendering offsets, many using dubious methods to do so.³

Research commissioned by the Investor Group on Climate Change (IGCC)⁴ and the Climate Council,⁵ finds:

- The scheme is not capturing significant existing opportunities for emissions reductions because the carbon signal sits below the cost of most on-site abatement. Facilities therefore offset their emissions.
- The Climate Council's report finds facilities have only reduced pollution by 0.4%, falling far short of the 4.9% cut set out in the Safeguard Mechanism. And fossil fuel corporations have increased their pollution by an average of 0.2%, rather than cut.
- The IGCC report finds that a 5 -7% decline rate from 2031 to 2035 is consistent with the 2035 target range. According to the report, implementing a 7% decline rate would drive around 15 Mt increased average annual abatement, with around 61% of abatement delivered onsite.
- The IGCC report finds the current single decline rate, applied across all industries, transfers value from manufacturing to extractive industries, which have 2.5 times the additional abatement available under \$120/t than manufacturing companies do. The report suggests that providing different emissions decline rates for different industries would more equitably share the compliance burden in the scheme.
- The Climate Council report further notes that coal, gas and mining corporations are the highest polluters and have many proven and affordable options to cut pollution today with the financial means to do so. The Climate Council report argues these corporations should face a stronger decline rate.

³ The Australian Institute (2026) Safeguarding the Fossil Fuel Industry? How Carbon Offsetting Undermines the Safeguard Mechanism [P2030-Safeguarding-the-Fossil-Fuel-Industry.pdf](#)

⁴ IGCC (2026) Futureproofing Industry: Investors priorities for a reformed Safeguard mechanisms [EY-IGCC Safeguard Mechanism Reforms Combined.pdf](#)

⁵ Climate Council (2026) Free Ride: How our Biggest Polluters are dodging their Fair Share [Free Ride: How our biggest polluters are dodging their fair share](#)

- The IGCC report also notes that expanding the mechanisms by lowering the emissions facility threshold over time would provide additional abatement across the economy. The modeling referenced in the report did not model inclusion of the electricity sector, where other policies are driving emissions reduction, however IGCC notes that stalling renewable rollout and uncertainty of coal closure dates may necessitate further action and inclusion in the Safeguard Mechanism. ACOSS notes that inclusion of the electricity sector in the Mechanism would likely lead to an increase in electricity prices which should be underpinned by a robust, legislated income support scheme for households with low and modest incomes. Support should ensure that the living standards of people with modest incomes are at least protected and those of people with the lowest incomes are substantially increased.

In addition, there are a variety of tax settings, particularly the Diesel Fuel Tax credit, that undermine the safeguard mechanism. According to the Climate Council,⁶ diesel use by mining companies for haulage and electricity generation currently represents up to 19 million tonnes of climate pollution under the Safeguard Mechanism and is effectively subsidised by the Government via the Diesel Fuel tax Credit, to the tune of more than \$190 per tonne, which is more than five times greater than the incentive to cut climate pollution provided by the Safeguard Mechanism (i.e. the price of purchasing an offset). Phasing out the Diesel Fuel Credit for mining will be important policy needed to improve the effectiveness of the Safeguard Mechanism.

To achieve Australia's 2030 and 2035 emissions reductions targets and keep the 1.5-degree pathway within reach, it is imperative that the Federal Government configure the Safeguard mechanisms to meet its highest possible ambition and eliminate perversities that are undermining the scheme and Australia's ability to achieve emissions reduction targets. In particular, the scheme must be redesigned to drive significant on-site abatement, reduce reliance on offsets, and set stronger declining rates for fossil fuel and metal mining and extraction, and ensure people on modest and low incomes are protected from any adverse impacts on cost of living.

ACOSS Recommends:

- The Safeguard Mechanism should be aligned with the top-end of Australia's 2035 climate target (a 70% cut), to deliver on our domestic and international commitments, and keep Australians safer from climate harm.
- Onsite abatement should be prioritised. The use of offsets (ACCUs) should be phased out over time to encourage cutting pollution at the source and only used for climate pollution that cannot yet be cut entirely. The prohibition of international offsets should be maintained, consistent with Australia's commitments under the 2035 target and Climate Change Authority advice.

⁶ Climate Council (2026) Free Ride: How our Biggest Polluters are dodging their Fair Share [Free Ride: How our biggest polluters are dodging their fair share](#)

- A stronger decline rate should be set for coal mining, oil and gas extraction, LNG export and metals mining industries, acknowledging their greater financial and technological capacity to cut climate pollution.
- Loopholes that allow new developments, major expansions and extensions to shirk the tighter 'best-practice' pollution limits given to new projects should be closed.
- Modelling should be conducted alongside the stronger reforms to identify whether there would be any potential impact of the changes on living costs of different households, and to the extent that the latter is significant, reforms should be underpinned by a robust, legislated income support scheme for households with low and modest incomes. This would be critical if the electricity sector was brought into the Mechanism.
- Phase out the Diesel Fuel Credits for mining, which is disincentivising electrification and undermining the safeguard mechanism.

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