18 September 2026

Safeguard Mechanism Taskforce
King Edward Terrace
PARKES ACT 2600
Via online portal

To whom it may concern,

Re: 2026-27 Safeguard Mechanism Review

GrainGrowers welcomes the opportunity to comment on the 2026-27 Safeguard Mechanism Review consultation paper.

GrainGrowers is a national organisation, driven by its vision: "Thriving Australian growers in vibrant communities." Australian growers are at the heart of all that GrainGrowers does. Guided by grower insights and on-farm experience, GrainGrowers is delivering best practice, future-focused advocacy and development initiatives for the benefit of the grain industry and regional communities.

As Australia continues its transition to a lower-emissions economy, it is essential that emissions reduction policies promote genuine abatement across all sectors while maintaining the productivity and competitiveness of Australian agriculture. GrainGrowers supports the role of Australian Carbon Credit Units (ACCUs) in supporting emissions reduction, innovation and additional income opportunities for growers, particularly where ACCU activities can coexist with productive agricultural land use. However, the design of the Safeguard Mechanism must ensure that incentives remain focused on driving direct emissions reductions and insetting within covered industries, rather than relying on agricultural land-based carbon removals to offset emissions generated elsewhere in the economy.

In this submission, GrainGrowers outlines opportunities to strengthen industrial decarbonisation while maintaining confidence in carbon markets and preserving investment certainty for agricultural carbon projects. GrainGrowers also comments on proposed Border Carbon Adjustment (BCA) arrangements, noting the importance of avoiding unintended costs and regulatory burdens on Australian agriculture, maintaining the competitiveness of grain production and supply chains, and ensuring any future expansion of a BCA appropriately considers impacts on critical agricultural inputs and downstream users.

GrainGrowers looks forward to working with the Safeguard Mechanism Taskforce on this topic. Should we be able to provide further assistance or if there are any enquiries relating to this submission please contact Rebecca Hurst – Policy Manager, Sustainability and Natural Resource Management at rebecca.hurst@graingrowers.com.au.

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Yours sincerely,

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General Manager, Policy and Advocacy

Are new policy measures for ACCU use needed to accelerate industrial decarbonisation? If policy measures are needed, what would be the best way to reduce reliance on ACCU use without unduly disrupting the carbon market and when should any such measures start?

GrainGrowers supports national carbon abatement strategies that prioritise direct emissions reduction before relying on land-based carbon offsets. Consistent with GrainGrowers' Climate Change Policy, emissions reduction frameworks should ensure that growers are not required to offset the emissions of other sectors and that industrial decarbonisation occurs primarily within emitting industries.

GrainGrowers supports an industrial decarbonisation policy framework that prioritises direct emissions reduction and emissions avoidance within industrial sectors before reliance on carbon offsets. While Australian Carbon Credit Units (ACCUs) have an important role in supporting least-cost abatement and creating new income opportunities for grain growers, offsets should complement, rather than substitute for, genuine emissions reductions by major emitters.

GrainGrowers supports the continued use of ACCUs within the Safeguard Mechanism and recognises the role carbon markets can play in driving innovation, investment and emissions reduction opportunities across the agricultural sector. However, consistent with GrainGrowers' Agricultural Land Use Policy, carbon abatement strategies for large emitters should prioritise insetting approaches before relying on agricultural land-based carbon removals. This ensures emissions reductions are pursued within companies' operations and value chains wherever possible, rather than increasing reliance on finite agricultural land resources to offset emissions generated elsewhere.

GrainGrowers is also concerned that some carbon abatement approaches have the potential to compound broader land use pressures facing agricultural production. Grain growing regions are already experiencing increasing competition for land from a range of uses, including renewable energy infrastructure, transmission corridors, urban expansion and critical minerals.

GrainGrowers supports carbon market opportunities that can coexist with agricultural production and provide additional income streams for growers, including methods such as soil carbon that do not require productive land to be permanently removed from agriculture. These approaches can contribute to emissions reduction while maintaining food and fibre production.

However, policies that rely heavily on permanent land use change on productive agricultural land to meet industrial emissions reduction obligations risk placing additional pressure on finite agricultural land resources and may contribute to cumulative impacts on food and fibre production.

These concerns are consistent with growing international evidence. The 2025 Land Gap Report found that global reliance on land-based carbon removals within Nationally Determined Contributions far exceeds what is likely to be feasible or sustainable, highlighting the need for emissions reduction to occur at source wherever possible[1].

Accordingly, GrainGrowers supports strengthening the mitigation hierarchy within the Safeguard Mechanism to provide clearer incentives for on-site abatement and insetting before the use of

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[1] Land Gap (2025) The Land Gap report: Transforming global economic governance to meet climate and biodiversity goals, University of Melbourne, https://landgap.org/2025/report accessed 2 September 2026.

offsets. Where offsets are used, policy settings should support methods that are compatible with ongoing agricultural production and avoid creating incentives for permanent conversion of productive agricultural land to meet industrial emissions obligations.

Quantitative limits versus discounting

GrainGrowers does not support either a quantitative limit on ACCU use or offset discounting arrangements. A quantitative limit could reduce demand for ACCUs and undermine confidence in the carbon market. Conversely, offset discounting or multiplier arrangements could increase overall ACCU demand, while the ultimate impact on ACCU prices remains uncertain, potentially placing additional pressure on the land sector at a time of increasing competition for agricultural land.

Rather than imposing additional restrictions or penalties on ACCU use, policy settings should focus on strengthening incentives for direct emissions reduction and insetting within covered industries. Any reforms should be gradual, transparent and implemented over an appropriate transition period to maintain confidence in carbon markets and provide certainty for agricultural participants who have invested in carbon projects under existing policy settings.

Vintages

GrainGrowers is concerned that any restriction on ACCU vintages may have unintended consequences for agricultural carbon projects, many of which involve long-term investment horizons and permanence obligations. Agricultural methods such as soil carbon projects often require significant upfront investment and are subject to obligations that extend for decades, while ACCUs are issued progressively over the life of the project.

Any policy that limits the future eligibility of ACCUs for Safeguard Mechanism compliance risks creating a mismatch between the long-term obligations carried by project proponents and the markets available to monetise the ACCUs generated from those projects. This could reduce project viability, undermine investor confidence and weaken participation in agricultural carbon projects.

Any vintage restrictions must therefore appropriately recognise the crediting profiles and permanence obligations associated with agricultural ACCU methods. At a minimum, projects established under existing policy settings should be grandfathered to preserve investment certainty and avoid retrospectively changing commercial assumptions relied upon by project proponents.

Should vintage restrictions proceed, any transition period should be sufficiently long to allow existing agricultural projects to realise value from ACCUs generated under current arrangements and to minimise disruption to participants who have made long-term commitments under the ACCU scheme.

Is there any ongoing interest in using international offsets for Safeguard Mechanism compliance in the future and what is the rationale for this?

GrainGrowers does not support the introduction of international offsets for Safeguard Mechanism compliance. Allowing international offsets may weaken incentives for domestic emissions reduction, reduce demand for Australian-generated ACCUs and undermine confidence in Australia’s domestic carbon market. It could also diminish the economic opportunities currently available to Australian growers participating in carbon projects.

Should a border carbon adjustment be introduced for cement and clinker?

GrainGrowers recognises that the government's initial focus for the development of a border carbon adjustment (BCA) is cement and clinker. However, any BCA mechanism established for one sector will provide a framework for future expansion to additional commodities and industries over time. As such, the design principles adopted from the outset are important.

The Carbon Leakage Review found that ammonia and derivates are also candidates for a BCA. GrainGrowers notes advice provided through previous direct engagement with the Carbon Leakage Review team that ammonia and its derivatives are not currently being considered within the initial scope for a BCA. Given the critical role of ammonia in fertiliser production, GrainGrowers strongly encourages government to carefully assess any future proposals to expand a BCA to products that may affect agricultural input costs.

Australian grain growers are highly exposed to fertiliser costs and remain price takers in global commodity markets. As a result, any policy that increases the cost of fertiliser or disrupts access to affordable supply has the potential to adversely affect the international competitiveness of Australian grain production. While GrainGrowers recognises the importance of domestic manufacturing capability and supply chain resilience, growers should not bear disproportionate costs associated with pursuing those objectives through higher fertiliser prices.

Government policies should promote the least-cost pathway for essential agricultural inputs to reach Australian grain growers, whether through domestic production or importation, while maintaining appropriate standards for safety, quality, biosecurity and other regulatory requirements. GrainGrowers therefore supports ensuring that no additional regulatory mechanisms or cost imposts are introduced on essential agricultural inputs, including fertiliser.

If a BCA is implemented, GrainGrowers considers that any future process for expanding coverage to additional commodities should include publication of detailed impact assessments, including flow-through cost impacts on downstream industries, mandatory consultation with users of the commodity in question, rather than only the producers, and assessment of impacts on trade-exposed sectors that operate as price takers in international markets.

Could removing optionality about state and territory versus national reporting for transport facilities help to improve land transport sector coverage?

Any changes to transport emissions reporting arrangements should be carefully assessed to ensure they do not result in increased freight costs for grain growers. The Australian grains industry is heavily reliant on long-distance freight networks to move grain from production areas to domestic processors and export terminals. The sector is already operating in an environment characterised by sustained pressure from rising fuel prices, increasing input prices and ongoing pressure on business margins. As such, GrainGrowers would be concerned by any compliance changes that indirectly increase the cost of road services.

Should the Safeguard Mechanism threshold be lowered and, if so, when?

GrainGrowers notes the consultation paper's consideration of lowering the Safeguard Mechanism coverage threshold from 100,000 tonnes of covered emissions to as low as 25,000 tonnes.

While the potential impacts of these options on the agricultural supply chain are unclear, lower thresholds could capture a broader range of facilities involved in grain storage, handling, processing, fertiliser production and distribution, and port operations.

GrainGrowers encourages the government to publish detailed analysis identifying which sectors and facility types would be captured under each threshold option, including any implications for agricultural supply chains and regional industries. This information is necessary to allow stakeholders to properly assess the costs, benefits and potential unintended consequences of expanded coverage.

GrainGrowers recognises that broader Safeguard Mechanism coverage may have both positive and negative implications for Australian grain growers. Increased participation in the mechanism could strengthen demand for ACCUs and support opportunities for growers participating in carbon markets. However, it may also increase regulatory and compliance costs across agricultural supply chains, including for grain storage, processing and fertiliser-related businesses, with costs ultimately flowing back to growers. Any expansion should therefore be informed by a robust assessment of impacts on agricultural value chains.