17 September 2025

Barrie Sterland and Martin Stokie, Commissioners
Productivity Commission
4 National Circuit
Barton ACT 2600, Australia

Dear Commissioners

GreenCollar welcomes the opportunity to contribute to the consultation on the Interim Report: *Investing in Cheaper, Cleaner Energy and the Net Zero Transformation*.

While the transition to net zero will involve costs, these can be minimised through well-designed policy, freeing up resources for more productive activities and supporting improvements in both productivity and living standards. There is also the opportunity for a least total cost approach to consider how net zero policies can also deliver other policy outcomes including biodiversity and community outcomes through a more integrated approach.

To achieve net zero at least cost, Australia needs consistent policy frameworks that drive and incentivise reduced emissions. Some of these can be achieved through environmental markets and associated policy settings that enable environmental markets to thrive in Australia.

About GreenCollar

GreenCollar is Australia's leading environmental markets investor and project developer. We partner with landholders, industry and governments to deliver projects that generate high-integrity carbon credits, improve biodiversity, and support regional communities. Our experience across carbon farming, biodiversity and water quality markets positions us to contribute practical insights to the policy design process.

GreenCollar's purpose is to value the environment and drive positive impact at scale. Our mission is to put the environment on the balance sheet by demonstrating that essential environmental outcomes can generate income for landholders while delivering significant benefits for Indigenous and regional communities.

When industries purchase carbon offsets to support their transition to low- or zero-carbon operations, they create strong economic incentives for farmers and Traditional Owners to undertake restoration and regeneration activities. This provides a critical funding stream for ecosystem repair in areas where it would not otherwise occur.

At the same time, ongoing challenges in the voluntary carbon market highlight the need to ensure smaller emitters have access to credible pathways to offset their residual emissions as they move towards net zero.

Responses to relevant recommendations are provided below.

Draft recommendation 1.2 The Safeguard Mechanism should cover more industrial facilities and carbon leakage provisions should be improved

As we move towards net zero

GreenCollar supports Draft Recommendation 1.2 and agrees that the Safeguard Mechanism should cover a broader range of industrial facilities. We support lowering the threshold from 100,000 tonnes to 25,000 tonnes of CO_2-e per year to capture a greater share of emissions and a wider range of emitters (and we note that this aligns with the position being taken by certain state agencies such as the NSW Environment Protection

Agency). This would contribute to a deeper and more liquid carbon market in Australia, whilst also delivering the following additional benefits:

- It would provide smaller emitters with the means to offset their residual emissions as they move towards net zero. In recent years GreenCollar has witnessed a contraction in the voluntary carbon offset market and this has been exacerbated by the prolonged review process for ClimateActive. By lowering the facility threshold to 25,000 tonnes, a greater number of smaller emitters will be able to utilise the statutory framework of the Safeguard Mechanism to participate in Australia's established compliance market.
- It would create greater economic incentives for farmers and Traditional Owners to undertake restoration and regenerational activities in rural and regional areas; when covered facilities purchase ACCUs to support their transition, this channels finance directly to rural and regional communities. Lowering the threshold would therefore expand an important funding stream for ecosystem repair.

The scheduled 2026–27 review of the Safeguard Mechanism should confirm the new threshold and determine whether a phased inclusion of new facilities is appropriate.

In addition we recommend the following:

1. **The sectoral coverage of the Safeguard Mechanism should be expanded**. Currently only 28% of Australia's emissions are covered by the Safeguard Mechanism. Including other sectors would provide a price signal to drive decarbonisation in sectors other than heavy industry and deepen market liquidity.
2. **Consider introducing an offsets ratio of greater than 1:1 for sectors that have the capability to drive faster decarbonisation but need a higher carbon price to make investment decisions**. This would achieve the dual objectives of incentivising greater emissions reduction at the facility level whilst also channelling additional finance to the land sector to support sustainable agriculture and rewarding positive environmental management activities.
3. **Establish a formal floor price for ACCUs, with a non-compliance penalty for Safeguard Mechanism entities set as a multiple of that floor price.** A floor price would not only provide certainty for large-scale decarbonisation investment but also increase confidence for those considering investment in land sector carbon projects.
4. **Introduce a mandatory requirement for facilities offsetting > 30% of baseline** to demonstrate that genuine efforts have been made to apply the avoid, reduce, offset hierarchy. This would build on the existing disclosure requirement in the legislation and reinforce the principle that offsets are intended to complement – and not delay or replace – genuine emissions reduction at the facility level.

Draft recommendation 1.4 Apply frameworks to achieve emissions targets at least cost and improve transparency

GreenCollar supports Draft Recommendation 1.4 and the call to improve transparency by including cost-effectiveness estimates in policy impact analyses and benchmarking them against nationally agreed carbon values.

We further recommend that the Australian Government:

- **finalise implementation the recommendations of the Chubb Review** to ensure ACCUs generated via the ACCU Scheme are robust and high integrity, while progressively integrating them into all national emissions-reduction policies to ensure consistent incentives for hard-to-abate sectors;
- **seek alignment of State, Territory and national emissions reduction targets**.

Draft recommendation 2.1 Reform national environment laws The Australian Government should reform environment laws to expedite approvals for clean energy projects and better protect the environment.

GreenCollar supports Draft Recommendation 2.1 to reform national environment laws in order to expedite approvals for clean energy projects while strengthening environmental protections. We recommend reforms that:

- introduce clear national environmental standards;
- facilitate regional planning that provides improved clarity on conservation priorities and outcomes;
- provide accessible, high-quality environmental information and past assessment decisions;
- establish clear expectations for engagement with local communities and First Nations peoples.

Draft recommendation 2.2 Set up a specialist 'strike team' for priority projects

GreenCollar supports the recommended strike team team approach which should also be used to address blockages in the ACCU Scheme development including the Chubb Review recommendations and the development of new methods, including proponent led methods.

We appreciate the opportunity to contribute to this consultation and look forward to continuing engagement as the Government advances the net zero transformation.

For further details on this submission please contact Hugh Wareham.

Yours sincerely

James Schultz
Chief Executive Officer