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Big polluters again allowed to lift emissions without penalty

The 'safeguard mechanism' promised to limit industry's carbon pollution, but in two years has approved more than 7m tonnes of extra emissions

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BHP is one of the companies to gain approval for extra carbon emissions under the 'safeguard mechanism'. Photograph: Bhp Billiton/PR IMAGE

Mining and heavy industry companies, including BHP and Alcoa, have again been allowed to lift their greenhouse gas emissions without penalty under a climate change policy that the Australian government promised would prevent national pollution increasing.

Under changes posted online on Thursday, BHP coal and iron ore mines in Western Australia and Queensland, Alcoa's Portland aluminium smelter in Victoria and a Boggabri coalmine in New South Wales were each given the green light to emit more under the scheme known as the "safeguard mechanism".

Of those made public, the allowed increases ranged between 3% to 33% above previous emissions limits. Not all the increases were published. Two of three BHP mines moved from annual to multi-year emissions limits, which means they promised to emit less over the next two years to make up for excess emissions last year.

The increases were signed off despite the safeguard mechanism's promise to limit emissions from big polluters to ensure they do not just cancel out cuts paid for by taxpayers through the Coalition's main climate policy, the emissions reduction fund.

Under the scheme, every industrial facility across the country that emits more than 100,000 tonnes a year was set a pollution limit, known as a baseline, based on either its historic emissions or an independent forecast of future emissions.

Under changes being introduced this year, all facilities will be moved to limits based not on their total emissions, but on how much they expect to emit per unit of production.

The Australian Conservation Foundation found increases approved over the past two years alone allowed more than 7m tonnes of potential extra emissions each year – about 1.3% of annual national carbon pollution.

The increases allowed under Thursday's changes, including those from a new Jemena gas pipeline between Tennant Creek and Mount Isa, are at least 236,658 tonnes a year.

Bret Harper, director of research with energy and carbon consultants RepuTex, said it showed the safeguard mechanism was a "pretty ineffective policy".

"The bottom line is there is no accountability for any emissions increases that do occur," he said.

Emissions from electricity generation have reduced and the drought has triggered a drop from agriculture, but cuts in those sectors have been effectively cancelled out by increases, mostly from big industry. Emissions have increased from the liquified natural gas (LNG) industry, mining sector and transport, in particular.

Emma Herd, chief executive of the Investor Group on Climate Change, said national climate policies did not send a strong enough market signal to unlock the private investment needed to put Australia on a path to zero emissions. She said it should take the opportunity to strengthen the safeguards mechanism and other emissions reduction policies after a review led by businessman Grant King and through the development of a long-term emissions reduction strategy.

"Unless we provide tighter emissions pathways to net-zero for large emitters it's hard to see how we can reduce pollution in line with our overarching commitments under the Paris agreement," Herd said.

The Coalition has changed how it describes the safeguard mechanism over time. In 2016, the then environment minister, Greg Hunt, said it would ensure emissions cuts contracted through the emissions reduction fund were not offset by significant increases above business-as-usual levels elsewhere in the economy. But a government climate policy document released before last year's election said the mechanism required Australia's largest emitters to "measure, report and manage" their emissions, not that it would limit pollution.

An analysis by RepuTex found the government regulator had approved a 32% increase in how much large industrial facilities were allowed to emit under the scheme. While not every company emitted up to their limit, the most recent data, for 2017-18, showed emissions from large industry were up 12% since 2015.

Some companies that have exceeded their limit have been expected to buy carbon credits to offset the additional emissions, or pay a penalty. Over the first two years of the scheme companies paid for cuts equivalent to 707,625 tonnes of emissions. The government denies the scheme is a form of carbon pricing.

The minister for emissions reduction, Angus Taylor, did not respond to a request for comment before publication.