

Government Partner Status Prospectus

January 2020



Australian
Carbon Industry
Code of Conduct



Background

Australian governments and corporations are supporting substantial investments in emission avoidance and carbon reduction activities. There are hundreds of projects and over \$2 billion already invested in compliance and voluntary carbon markets. As these evolve and mature, market participants, consumers, regulators and policymakers have called for an independent framework to drive industry best practice, build integrity, ensure consumer protection and build trust with stakeholders, including Native Title holders, NRM bodies, land managers and project owners.

On the 1st of July 2018, the Carbon Market Institute (CMI) began implementation of one of the world's first voluntary domestic carbon Codes of Conduct, designed to promote market integrity and consumer protection. Since then Signatories have grown by 67 per cent, now representing a significant portion of land based ACCU issuance. This prospectus seeks your government's support to sustainably resource the Code. Led by CMI and developed with input from a wide range of industry, community and government stakeholders, the Code:

- promotes best practice within Australia's carbon reduction and carbon sequestration industry and has been developed in accordance with [ACCC voluntary industry codes of conduct guidelines](#);
- provides guidance and accountability for industry practitioners and service providers undertaking carbon offset projects including under the Australian Government's Emissions Reduction Fund (ERF) and other Voluntary Offset Schemes, such as the Gold Standard and Verified Carbon Standard;
- commits Signatories to developing and conducting their business in line with industry best practice and interacting with clients and other stakeholders in a professional and ethical manner;
- is already a core eligibility requirement for access to the Queensland Government's [Land Restoration Fund](#), and its contribution has frequently been recognised by the Clean Energy Regulator and can play a role in assuring integrity in other states; and
- will be linked with Commonwealth Government considerations regarding a market duty of utmost good faith and application of fit and proper person assessments.

Implementation

The Code commenced with a **"Foundation Stage"** for a period of two years. The Code and CMI as Administrator, has recently undergone an independent review, that through detailed stakeholder engagement provided recommendations for a transition to the **"Operational Stage"**. With governance reviews in the wake of the King Review, 2020/21 will be a Transitional Year which will include the establishment of an independent Code Review Panel. Various elements of the Code will only come into effect at the commencement of the Operational Stage, including carrying out compliance audits, the investigation of complaints and breaches, and enforcement of sanctions.



Code Administration

The Code is administered by CMI who provides guidance to all Signatories about the operation and requirements of the Code, and covers activities (projects) that have started from 1st July, 2018. The CMI is also responsible for:

- managing the administration process relating to Signatories;
- reviewing compliance against the Code;
- overseeing promotion of the Code;
- developing training and supporting material on the Code to assist Signatories to comply with the Code;
- handling complaints in accordance with the process for handling complaints/alleged breaches;
- preparing an annual report on the Code's operations;

During the Operational Stage, the Administrator's responsibility will extend to establishing and funding an Independent Panel, undertaking compliance audits, initiating enquiries into compliance, investigating complaints and breaches, and enforcing sanctions.

Benefits to Commonwealth, State & Territory Governments

It is of particular importance to government to manage risks associated with government funding of domestic carbon abatement. There is overwhelming sentiment from market and government stakeholders that the existence of the Code is making an important contribution to a well-functioning carbon industry and result in increased transparency and accountability, improved environmental and social integrity of projects, fair treatment of project stakeholders, and enhanced regulatory and legislative compliance.

Land owners and other stakeholders in the carbon industry engaging with a Signatory to the Code know that they are engaging with a business that has made a voluntarily commitment to operate at best practice, with compliance to the Code ensured by the Code Administrator. As the carbon industry continues to grow in Australia, and expands to support Australia's ongoing commitments under the Paris Agreement, it will be critical for governments and government entities at various levels to ensure the Code and the Code Administrator receive the necessary financial support to efficiently and effectively implement the Code.

Government Partner Status

The Government Partner Status framework below enables Commonwealth, State and Territory Governments to formally endorse the Code and support market development as a *Government Partner*.

Government Partner Market Benefits:

- Outsourcing of a market assurance credibility process to mitigate risk and provide confidence to the market that best practice is being recognised as a part of the market's foundation and development.
- Provision of an independent consumer protection framework for national/State/Territory-based stakeholders (including Native Title holders, natural resource management bodies, land managers and project owners) that participate in national and state-based carbon markets.
- Improved reputation for the State/Territory as a carbon farming marketplace with high integrity, transparency and accountability.
- International and national exposure for the State/Territory as a best-practice market and destination for scaled carbon investment.
- An independent industry partner to minimise and recognise instances of inappropriate behaviour and therefore protect the reputation of the carbon industry and government and corporate investors.
- Reduce political risk through enabling continuous improvement of the integrity of carbon markets.
- Deeper and more sophisticated engagement with demand-side market stakeholders.



Government Partner Status Benefits:

- Membership of the Code Administrator's Government Advisory Committee, providing input into:
 - Appointment of the Code's Independent Review Panel; and
 - High-level advice to the Administrator on:
 - i. Interaction with relevant Commonwealth, State and Territory legislative frameworks;
 - ii. Consumer protection needs of both demand-side and supply-side markets; and
 - iii. Stakeholder education, outreach and training needs.
- Promotion of the State's/Territory's role as a Code Partner, including activities across digital/online channels:
 - Recognition of Government Partner status and commitment to carbon market integrity and consumer protection; and
 - Code channel links to national, State and Territory governments' related policy and market operation frameworks (legislative and national/State/Territory-specific market information).
- Use of Government Partner brandmarks and support materials;
- Option to contribute State/Territory-specific information to the Code Annual Report;
- Engagement with the Code Administrator regarding specific use and formal application of the Code to national/State/Territory-specific jurisdiction and policies; and
- National/State/Territory-specific education and outreach materials (specific outputs to be determined in consultation with Government entity).

Annual (FY) Code Partnership rate.....\$30,000 + GST

for more information please contact

Code Administrator

code.administrator@carbonmarketinstitute.org



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