

Government Partner Status Prospectus

January 2023



Australian
Carbon Industry
Code of Conduct



Background

Australian governments and corporations are supporting substantial investments in carbon sequestration offsets projects and emissions avoidance offsets projects¹ (carbon farming projects) in Australia. There are hundreds of carbon farming projects in Australia and over \$2.6 billion of public and private funds already invested in them to date. These carbon farming projects produce carbon credits under regulatory (the Australian Government's Emissions Reduction Fund (ERF)) and voluntary carbon markets (including the Gold Standard or Verified Carbon Standard (Verra) schemes), which cut across different Australian government jurisdictions. It is crucial for governments to ensure these projects are carried out with minimal social, economic and environmental impacts and that the project developers who are carrying the projects out have adopted and implement best practise.

On the 1st of July 2018, the Carbon Market Institute (CMI) stewarded one of the world's first voluntary domestic Codes of Conduct for Australia's carbon industry (the Code), designed to promote market integrity and consumer protection. This was a result of market participants, consumers, regulators and policymakers calling for an independent framework to drive industry best practice, build integrity, ensure consumer protection and the building of trust.

Since 2018, Signatories under the Code have more than doubled, now representing 70% of total land-based ERF projects². This prospectus seeks your government's support to sustainably resource the Code. Hosted by CMI and developed with input from a wide range of industry, community and other government stakeholders, the Code:

- promotes best practice within Australia's carbon farming 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 farming projects including under the Australian Government's 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, Western Australian Carbon Farming and Land Restoration Program, and Tasmanian Carbon Farming Advice Rebate Pilot Program;
- its contribution has frequently been recognised by the Clean Energy Regulator and can play a role in assuring integrity in other states and territories; and
- is linked with Commonwealth Government considerations regarding a market duty of utmost good faith and application of fit and proper person assessments under the *Carbon Farming initiative Act 2011*.

The Code's current Government Partners include the Queensland Government, Western Australian Government and the New South Wales Government.

¹ We use the terminology under the Carbon Farming Initiative Act 2011 (Cth) - an 'eligible offsets project' can be a sequestration offsets project (defined in section 54 of the CFI Act 2011) or an emissions avoidance offsets project (defined in section 53 of the CFI Act 2011) that has been declared by the Clean Energy Regulator to be an eligible offsets project.

² When we refer to total land-based ERF projects we do not include landfill and waste, energy efficiency, transport, industrial fugitives or facilities ERF projects. There were 1,137 land-based ERF projects as at 16 November 2022 and Code signatories' projects comprised 70% of these.



Code Administration

The Code is managed by the Code Administrator, which is hosted by the Carbon Market Institute (CMI). The Administrator 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 Administrator 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 and alleged breaches;
- preparing an annual report on the Code's operations;
- overseeing the administration of the Independent Code Review Panel;
- undertaking compliance audits;
- initiating enquiries into compliance;
- investigating complaints and breaches; and
- enforcing sanctions.

Implementation

The Code commenced with a “Foundation Stage” for a period of two years (mid 2018 - mid 2020). The Code underwent an independent review in 2020, that through detailed stakeholder engagement provided recommendations for a transition to the “Operational Stage”, which officially commenced in July 2021. The launch of the Operational Stage included the establishment of an independent Code Review Panel, the introduction of annual compliance audits, the investigation of complaints and breaches, and enforcement of sanctions.

Benefits to Commonwealth, State & Territory Governments

It is of particular importance to government to manage risks associated with government funding of domestic carbon farming projects. 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 results in increased transparency and accountability, improved environmental and social integrity of projects, fair treatment of project stakeholders, including landowners and Native Title holders and claimants, and enhanced regulatory and legislative compliance.

Landowners (including of Crown land) 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 voluntary 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:

- Assurance and confidence that risk in the carbon market is being mitigated and best practice is being implemented.
- Provision of an independent consumer protection framework for national/State/Territory-based stakeholders (including Native Title holders and claimants, 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.
- Participation in minimising and recognising instances of inappropriate behaviour and therefore protect the reputation of the carbon industry, government and corporate investors.
- Reduce political risk through enabling continuous improvement of the integrity of carbon markets.
- Deeper and more sophisticated engagement with Code Signatories.

Government Partner Status Benefits:

- Membership of the Code Administrator's Advisory Committee, providing input into:
 - Appointment of the Code's Independent Review Panel (which is refreshed every 4 years); and
 - High-level advice to the Administrator on:
 - i. Interaction with relevant Commonwealth, State and Territory legislative frameworks;
 - ii. What should be part of the Code to reflect best practise for protecting consumers; 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
 - Acknowledgment and support of 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 Compliance 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 Code Partnership rate.....\$30,000 + GST



Current Government Partners

The Code's current formal Government Partners include the Queensland Government (via the Queensland Department of Environment and Science), and the New South Wales Government (via the NSW Department of Planning and Environment).



**Queensland
Government**



The Queensland Government has been a proud Government Partner of the Code of Conduct since its inception, and has played a critical role in supporting its early stage development through Code's initial Foundation Stage.

The New South Wales Government is committed to developing a high quality state carbon farming industry, that holds integrity, transparency and accountability at its core.



**GOVERNMENT OF
WESTERN AUSTRALIA**

To be announced soon.

for more information please contact

Code Administrator

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