

Independent Review: Consultation Paper

December 2023



Australian
Carbon Industry
Code of Conduct



Introduction

The Australian Carbon Industry Code of Conduct (Code) was introduced on 1 July 2018 by the Carbon Market Institute (CMI). The Code is one of the world's earliest voluntary, national codes for the carbon industry. It is designed to promote and support market integrity, consumer protection and accountability for industry practitioners and service providers across Australia.

The Code currently has 38 signatories, one Industry Supporter (the Clean Energy Finance Corporation) and three Government Partners – being the NSW, Queensland and Western Australian Governments.

The Code requires that it is updated from time to time to reflect legislative or policy changes, evolving industry concerns, and that it is subject to an independent review every three years.

The Independent Review

This is the second Independent Review ('Review') of the Code¹. This Review is commencing at a vital time for the carbon industry in Australia. Major policy developments, including the federal Government's response to the recommendations of the Independent Review of Australian Carbon Credit Units (the 'Chubb Review') and the Safeguard Mechanism reforms have placed a strong spotlight on the carbon industry and the ACCU Scheme.

The Review will be undertaken by Finity Consulting (Finity) over the next six months. The Independent Review will be led by Vicki Mullen, a Senior Consultant with Finity's Climate and Sustainability Practice. Ms Mullen is a lawyer with 30 years of experience in public policy and regulatory affairs, including prior experience with industry and professional codes. Ms Mullen will be supported by leading climate actuary, Rade Musulin, and environmental scientist, Olivia Brodhurst.

The Independent Review will be conducted in accordance with the Terms of Reference provided (please find it in the following [link](#)), and the relevant governance provisions of the Code.

The Terms of Reference for the Review

Individuals or parties considering engaging with the Review are strongly encouraged to consider the [Terms of Reference for the Review](#).

¹ The first Independent Review was undertaken in 2020 by Virginia Malley. 2020 Independent Review can be found in the following [link](#).



The Reviewer will be pleased to receive submissions in relation to any specific matter under the Terms of Reference.

The Terms of Reference cover a wide range of matters, namely:

- The current scope of the Code and specific Code requirements
- The administration of the Code, including the Code's auditing, breach, governance and operational procedures
- The operation and effectiveness of the Code Review Panel
- The operation and effectiveness of the Code Administrator
- Strategic issues for the Code, including the role of the Code considering Recommendation 12 of the Chubb Review, the provisions of the Code concerning engagement with indigenous stakeholders, Code facilitation of co-benefits, the interaction of the Code with other standards for carbon markets, and regulatory requirements.

Guiding questions for the Review are provided at the end of this paper.

Submissions for the Review

The Review will receive submissions until **5pm on Friday, 23 February 2024**.

Parties making a submission are asked to include a short introduction about themselves or their organisation, and to provide concise commentary on any matter(s) in the Terms of Reference.

Written submissions can be uploaded via the [Independent Review Page 2023](#)..

Written, video or audio submissions can be sent as well via email to code.administrator@carbonmarketinstitute.org with a cover sheet ([PDF version](#)) below.

In general, it is preferable that written submissions can be made available to the public. Submissions will be placed on the Review website shortly after receipt. The Review secretariat will seek the submitter's consent before publishing the submission and confirm that the submission does not contain any confidential information. Submissions will remain on the website as public documents indefinitely.

For published submissions, all personal details other than the submitter's name and the state or territory in which you reside will be removed.

The Reviewer will review all submissions prior to publication and may decide not to publish a submission if it contains inappropriate content or commentary.



Copyright in submissions resides with the author(s).

Stakeholder engagement during the Review

The Reviewer will consult with a wide range of stakeholders including Code Signatories, CMI members, regulators, industry and government stakeholders, and a range of community stakeholders - including indigenous, landholder and farming representatives.

The Reviewer will be hosting a consultation session for Code Signatories on 30 January 2024, and for other stakeholders on 6 February 2024. Please register your interest in attending either of these sessions via the Review website (link [here](#)). Further details of these sessions will be provided on the Review website in due course.

Guiding questions for the Review

The Reviewer have developed the following set of questions to be used as a guidance for stakeholders to prepare submissions and engage with the Review.

1. Code requirements and current scope

- 1.1 What is the role of the Code in the context of current and forthcoming regulatory requirements that apply to carbon industry participants?
- 1.2 Is the current scope of the Code suitable to support the integrity and development of the Australian carbon industry?
- 1.3 Should the distinction under the Code between project services and advisory services to clients be retained?
- 1.4 Should the distinction between pre-project activities and project activities be retained?
- 1.5 Is the level of detail in the Code appropriate? Should the Code be revised to be more based on principles, rather than outlining detailed obligations?
- 1.6 Are there specific issues or carbon industry matters that could benefit from (non-mandatory) guidance under the Code?

2. Administration of the Code

- 2.1 Are amendments necessary for the more efficient and effective operation of the Code's compliance, auditing, breach, governance and operational procedures set out in sections 2, 3 and 4?
- 2.2 Should the administration of the Code be the responsibility of an entity that is legally separate from the CMI?



2.3 Is the administration of the Code appropriately resourced?

3. Strategic matters for the Code

3.1 Recommendation 12 of the Chubb Review provides that carbon service providers and carbon market advisors, including agents, should be accredited and regulated. In the context of this Recommendation and the federal Government's response to the Chubb Review, what role should the Code play in supporting the carbon industry as a form of industry self-regulation?

3.2 Should the Code be developed to take account of and/or incorporate international industry standards for voluntary carbon markets?

3.3 Should the Code be developed to provide clearer standards and obligations for the supply and demand sides of the carbon market in Australia?

3.4 How can the Code better support carbon industry participants to engage appropriately with Indigenous communities seeking to participate in and benefit from the carbon market?

3.5 How can the Code better support carbon industry participants to engage appropriately with rural and remote communities seeking to participate in and benefit from the carbon market?

3.6 How can the Code better support the integrity of the Australian carbon industry? Should it set standards in relation to claims made about the quality, integrity (or any other aspect) of carbon credits?