

# *Government Partner Status* **Prospectus**

*February 2024*



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 \$2.8 billion<sup>1</sup> already invested in compliance and voluntary carbon markets. As these markets matured, participants, consumers, regulators, and policymakers 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, farmers, 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, the Code has expanded rapidly with 40 Signatories to the Code. This signatory base represents the majority of land based ACCU issuance across Australia.

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](#), 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
- will be linked with Commonwealth Government considerations regarding a market duty of utmost good faith and application of fit and proper person assessments.

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

## 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**”. Now, the Code is undergoing its second independent review. 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 **ACCU Review** and the **Safeguard Mechanism** reforms have placed a strong spotlight on the carbon industry and the ACCU Scheme.

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<sup>1</sup> Source: The world needs carbon markets. Here's how to make them work better. (n.d.). Deloitte Insights. Published on Oct 18, 2023. Retrieved February 2, 2024, from <https://www2.deloitte.com/us/en/insights/industry/financial-services/future-of-carbon-market.html#>



## 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;*

Now fully operational, the Administrator's responsibility extends to establishing and funding an independent Panel, supporting a three yearly Independent Review, undertaking compliance audits, and initiating enquiries into compliance, investigating complaints and breaches, and enforcing sanctions.

## Benefits to Commonwealth, State & Territory Governments

*It is important for governments to manage risks associated with the 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. This market and government sentiment has been confirmed through the ACCU Review*

*Landowners 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 implement the Code efficiently and effectively.*



## 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).



## Current Government Partners

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



for more information please contact

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