



## Overview

The Carbon Market Institute's (CMI) [2025 Strategy](#) sets out our vision towards a prosperous negative emissions, nature positive world and our mission to accelerate the use of market-based solutions and support best practice in decarbonisation to limit warming to 1.5C.

In pursuit of CMI's vision and mission, our policy advocacy positions focus on six policy pillars:

1. Strengthen national climate ambition

2. Develop high integrity market-based approaches

3. Accelerate corporate and industrial transition

4. Facilitate positive community outcomes

5. Support shift towards nature positive outcomes

6. Increase international capacity and cooperation

## 1. Strengthen national climate ambition

- A. Lodge with the UNFCCC and legislate a 2035 Nationally Determined Contributions (NDC) target to reduce emissions by well over 70 per cent based on 2005 levels, with corresponding targets for adaptation informed by the National Climate Risk Assessment and National Adaptation Plan
- B. Within the economy-wide Net Zero Plan, apportion national carbon budgets to support Australia's 2050 Net Zero Target and interim ratcheting NDC targets, supported by indicative sectoral carbon budgets for each sector
- C. Outline a strategic approach to the use of market-based frameworks, ideally in a national carbon market strategy, to reinforce long-term signals for investment in whole-of-economy emissions reductions and removals and accelerate cross-sectoral decarbonisation
- D. Leverage existing technologies and market mechanisms to realise strong interim emissions reductions, reflecting the criticality of climate action this decade and the tightening carbon budget.

## 2. Develop high integrity market-based approaches

- A. Support ongoing integrity in Australia's carbon crediting framework
  - i. Accelerate implementation of the 2022 ACCU Scheme Review recommendations, expediting those that will optimise the scheme- and project-level transparency and address market integrity concerns



- ii. Ensure new method development process prioritises equitable participation, collaboration and support measures for all interested parties, including government participation and resourcing
  - iii. Support development of standards for forward estimates of carbon supply
  - iv. Ensure ACCU Scheme is designed to holistically manage additionality and physical climate risk to projects
  - v. Ensure Australia's carbon crediting framework has regard to emerging international best practice frameworks such as the IC-VCM Core Carbon Principles to support integrity and fungibility of ACCUs, and facilitate potential international market linkages
- B. Enhance Australia's data capabilities and capacity to support investment confidence in climate solutions and support credible and transparent corporate climate-related financial disclosures
- i. Maximise transparency, ACCU data access and data sharing through interoperability of the National Data Platform (ACCU Review recommendation 4.2) with Environment Information Australia and other aspects of the Nature Positive Plan
  - ii. Guide reform to Australia's measurement and validation frameworks and fund a national plan to support digitally enabled emissions data capture and management capabilities across government and industry, to improve accuracy and support efficient capital allocation
- C. Ensure Australia's carbon market infrastructure supports transparency, liquidity and price discovery, including through the development of the Australian Carbon Exchange and updated unit and certificate register
- D. Clarify the Government's purchasing role in carbon and nature markets, to guide strategic investment priorities and the purchasing entity(s)
- E. Accelerate industrial decarbonisation by strengthening the reformed Safeguard Mechanism to support Australia's 2035 national targets
- i. Broaden and deepen the Safeguard Mechanism by progressively dropping the coverage threshold to 25,000 tCO<sub>2</sub>-e scope 1 emissions and extending its application to other sectors of the economy
  - ii. Restrict Safeguard-covered facilities use of ACCUs and Safeguard Mechanism Credits to a rolling five-year vintage window that better aligns with Paris Agreement reporting cycles
- F. Drawing on EU lessons, develop a carbon border adjustment mechanism as a durable solution to address carbon leakage, considering early commencement for high-exposure sectors
- G. Harmonise signalling across the economy on the cost of carbon by progressively implementing and scaling complementary market-based mechanisms for sectors adjacent to the industrial sector and appropriate standardised guidance
- i. Establish complementary market-based frameworks to drive transformational investments in the energy and electricity and transport sectors
  - ii. Ensure the Agriculture and Land Sector Plan supports the sector's transition as well as opportunities to support the broader economy transition through sequestration, alongside nature positive outcomes



- H. Guide carbon market investment towards sequestration and removal of ACCU projects, while continuing to support avoidance ACCU projects that are key in accelerating short to medium term transition, including by:
  - i. Setting targets and incentives to scale investment in carbon removal projects with durable storage, while balancing competition risks with clean energy development and land space for food and fibre production
  - ii. Ensuring ACCU methods for nature-based carbon storage support Australia's international biodiversity and deforestation commitments
  - iii. Continuing to support investment in nature-based solutions and carbon removals while strengthening regulations to prevent deforestation<sup>1</sup>
- I. Guide Australia's engagement with international carbon markets, ensuring high integrity outcomes that support Australia's net zero transition and contribute to global climate action.

## 3. Accelerate corporate and industrial transition

- A. Guide deeper structural transition in Australia's economy to ensure Australian business remains globally competitive in a carbon-constrained economy, leveraging existing technologies and markets to prioritise immediate emission reduction
  - i. Develop investment frameworks that support available decarbonisation solutions while incentivising R&D in new and emerging technologies to ensure Australia remains attractive as an investment destination against the increasingly competitive global investment landscape
  - ii. Pursue a regulated, planned approach to phasing out fossil fuels with key trading partners towards achieving net zero
  - iii. Phase out government fossil fuel subsidies and tax incentives
  - iv. Establish a more rigorous assessment framework under Australia's environmental laws that would require project approval processes to have regard to the climate impacts of upstream and downstream greenhouse gas emissions associated with significant new developments and regional planning processes, as well as significant development extensions and/or expansions
  - v. Establish incentives, regulations, and workforce support programs to ensure a just transition, leveraging the expertise of the national Net Zero Authority
- B. Implement Australia's mandatory climate-related financial disclosure framework
  - i. Deliver guidance on credible net zero transition planning by the end of 2025
  - ii. Establish mandatory digital reporting as part of disclosure to support transparent and accessible data about emissions This should be phased in, following a national plan to support digitally enabled emissions data capture and management (see 2.B.iii above).
- C. Drive high integrity and high ambition approaches to voluntary climate action and capability, including the use of carbon credits, through government programs and regulatory guidance

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<sup>1</sup> [https://www.ipcc.ch/report/ar6/syr/downloads/report/IPCC\\_AR6\\_SYR\\_SPM.pdf](https://www.ipcc.ch/report/ar6/syr/downloads/report/IPCC_AR6_SYR_SPM.pdf).



- D. Guide the development of and investment in Australia's carbon removals industry to support its commercialisation for appropriate uses, while safeguarding against inappropriate use cases and perverse outcomes
- E. Support Australia's commitments and progress under the Global Methane Pledge, recognising the urgency of methane abatement
  - i. Ensure transparent and accurate measurement, reporting and verification of methane emissions
  - ii. Prioritise policies and programs to deliver methane abatement in industrial and agriculture use cases, including incentives, regulation and market-based mechanisms.

## 4. Facilitate positive community outcomes

- A. Ensure high integrity carbon markets are promoting and supporting positive and equitable community outcomes and climate resilience
- B. Support just transition pathways, including through Net Zero Economy Authority in consultation with state and federal governments
- C. Support best practice benefit sharing with Indigenous participants and local communities in Australia's carbon market, including through the ACI Code, and within regional and international cooperation arrangements
- D. Support community-led projects and/or community participation through carbon market literacy development and economic support among farmers, Indigenous landholders and conservation managers.

## 5. Support shift towards nature positive outcomes

- A. Facilitate transparency of nature, biodiversity and indigenous outcomes in Australia's carbon market
  - i. Develop a national framework with criteria to assess and value co-benefits in the ACCU Scheme to support transparency of biophysical, social and economic co-benefits and avoid duplication with adjacent biodiversity and nature markets
  - ii. Enhance transparency of co-benefits associated with Australian Carbon Credit Units through inclusion in the ACCU Project Register and access to information on standards used and verification (if applicable)
- B. Support standardisation of corporate nature-related disclosure, data and target setting approaches and capacity building in accordance with the Taskforce on Nature-related Financial Disclosures (TNFD) framework and alignment with climate-related disclosure
- C. Support harmonised taxonomies and standards to increase nature-positive financial flows
- D. Ensure market frameworks and government investment strategies incentivise corporate investment in nature repair and support nature positive outcomes
  - i. Integrate systemic planning towards a net zero economy that simultaneously addresses the protection and restoration of nature
  - ii. Prioritise progressing national environmental law reforms



- iii. Clarify and support demand drivers for the proposed Nature Repair Market to establish short-to-medium-term incentives while voluntary drivers mature
- E. Support interoperability between nature and biodiversity markets and carbon markets to encourage mutual outcomes, multiple participation points and minimise administrative duplication while ensuring additionality of carbon and nature positive outcomes.

## 6. Increase international capacity and cooperation

- A. Cooperate with and support Asia-Pacific neighbours to develop high integrity carbon markets to meet their NDCs and other nationally-determined outcomes, recognising carbon markets can play a complementary role in climate finance
  - i. Evaluate opportunities and plan strategic pathways for Australia to cooperate with its Indo-Pacific neighbours through Article 6 mechanisms, both market and non-market (Article 6.8)
  - ii. Support government-led and stakeholder-level capacity building -initiatives in the region, including government to government knowledge exchange, pilot funding and community education
- B. Support international voluntary carbon market governance and integrity initiatives to reinforce investment confidence, including the IC-VCM Core Carbon Principles and the VCMI Claims Code
- C. Initiate bilateral and multilateral agreements to support decarbonisation outcomes, facilitate an orderly, just transition and support sustainable development and transform global supply chains
- D. Advance initiatives to support high integrity approaches to corporate net zero transition, including UNFCCC and standards frameworks, and capacity building with regional governments.