



Department of Energy, Environment
and Climate Action

Victoria's 2026-30 Climate Change
Strategy

submission

April 2025





Department of Energy, Environment and Climate Action: Victoria's 2026-30 Climate Change Strategy consultation **submission**

The Carbon Market Institute (**CMI**) is an independent, member-based institute that promotes the use of market-based solutions and supports best practice in decarbonisation to limit warming to 1.5°C.

CMI's membership includes over 140 primary producers, carbon service providers, First Nations organisations, legal and financial institutions, technology firms and emissions-intensive companies in Australia and the Asia Pacific. The CMI Board updates CMI's Policy Positions annually, which draw on practical insights from—but are ultimately independent of—members.¹ CMI also administers the Australian Carbon Industry Code of Conduct (**ACI Code**), which was established in 2018 to steward consumer protection and market integrity.²

Strategic outlook

CMI welcomes the opportunity to respond to the Department of Energy, Environment and Climate Action's (**DEECA**) consultation to support the development of Victoria's 2026-30 Climate Change Strategy (**Climate Change Strategy**).

The Victorian Government has long been at the forefront of Australian jurisdictional action on climate change. CMI endorses the state's high-ambition 2030 and 2035 targets to reduce emissions by 45-50% and 75-80% respectively, in pursuit of net zero by 2045.

We also support Victoria's consideration of adaptation, recognising the Intergovernmental Panel on Climate Change's emphasis on the dual necessity of an integrated, equitable approach to adaptation and mitigation.³

Victoria's next Climate Change Strategy is an opportunity to continue to lead by example, positioning Victoria to meet and exceed the upper threshold of its 2030 and 2035 targets. Through nationally harmonised frameworks and complementary state policy initiatives, Victoria can strengthen longer-term investment signals to accelerate decarbonisation towards net zero by, or before, 2045.

CMI's four recommendations outlined below highlight opportunities for Victoria to collaborate with the federal government and states and territories, and leverage national market-based frameworks to unlock agriculture and land sector abatement, support integrity, and accelerate electricity sector decarbonisation.

¹ CMI 2024, 'CMI Policy Advocacy Positions', <https://carbonmarketinstitute.org/app/uploads/2024/10/CMI-Policy-Advocacy-Positions-October-2024.pdf>.

² More information on the ACI Code webpage: CMI 2024, 'Australian Carbon Industry Code of Conduct', <https://carbonmarketinstitute.org/code/>.

³ See, for example: IPCC 2022, 'AR6 Climate Change Impacts, Adaptation and Vulnerability', <https://www.ipcc.ch/report/sixth-assessment-report-working-group-ii/>



CMI Recommendations

CMI recommends that DEECA's next Climate Change Strategy builds on the foundational actions identified in Victoria's earlier 2021–25 Climate Change Strategy by considering the following actions and initiatives:

1. **Work with the Australian Government and other states and territories to ensure a holistic approach to state policymaking that builds on, aligns with, and supports higher-ambition efforts at the national level and in adjacent states and territories**

Victoria's policy planning under the next Climate Change Strategy should take a systems-level planning approach that considers adjacent and overarching federal policy efforts.

A nationally harmonised approach to climate policy can better facilitate economic efficiency in the transition towards net zero, mitigating the cost impacts of divergent policy frameworks and ensuring consistent economic signals to support scaled capital investment in climate solutions.

CMI encourages Victoria to support nationally coordinated policy approaches to climate change through the Energy and Climate Change Ministerial Council, including the following:

- a national carbon market strategy—as recommended by the Climate Change Authority and supported by CMI⁴—to provide national guidance on the best practice use of carbon markets and market-based mechanisms to drive the net zero, nature positive transition in line with Australia's national commitments under the Paris Agreement,
- a Trusted Data Plan,⁵ coordinated by federal, state and territory governments, to uplift Australia's data capabilities to support investment confidence in the net zero and nature positive transformation, and
- a nationally harmonised distance-based road user pricing framework to replace fuel excise revenue in the long-term, without stunting the uptake of low and zero emissions vehicles (LZEVs) in the short-to-medium term.⁶
- policies that support and leverage the incoming voluntary Renewable Electricity Guarantee of Origin (REGO) Scheme⁷ to support state-based electricity sector decarbonisation. CMI has suggested that a mandatory REGO target could be introduced at the national level post-2030 to drive continued renewable electrification of the grid following the conclusion of the Renewable Energy Target (RET) Scheme.⁸ Complementary state-based initiatives could also be established to accelerate the development of a pipeline of projects eligible for REGO certificates. More

⁴ More information on CMI's call for a national carbon market strategy available in: CMI 2024, 'A National Carbon Market Strategy for Australia: CMI policy brief', https://carbonmarketinstitute.org/app/uploads/2024/06/2024.06_FINAL_National-carbon-market-strategy_CMI-policy-brief.pdf.

⁵ CMI, the Internet of Things Alliance, Australian Industry Group, Climeatworks and the Tech Council are calling on Australian governments to coordinate support and funding for the Trusted Data Plan; more details: CMI 2024, 'Australia needs a Trusted Data Plan to grow digital capability for a net zero, nature positive future', <https://carbonmarketinstitute.org/2024/11/13/australia-needs-a-trusted-data-plan-to-grow-digital-capability-for-a-net-zero-nature-positive-future/>.

⁶ See CMI's commentary on the need for a distance-based road user pricing framework under 'Recommendation 6' in: CMI 2024, 'Australian New Vehicle Efficiency Standard Consultation Impact Analysis submission', https://carbonmarketinstitute.org/app/uploads/2024/03/2024.03_CMI-submission_NVES-Consultation-Impact-Analysis-consultation.pdf, p. 7.

⁷ Clean Energy Regulator, 'Renewable Electricity Guarantee of Origin', <https://cer.gov.au/schemes/guarantee-of-origin-scheme/renewable-electricity-guarantee-of-origin>.

⁸ See further CMI 2025, 'Department of Climate Change, Energy, the Environment and Water National Electricity Market Review initial consultation submission', https://carbonmarketinstitute.org/app/uploads/2025/02/FINAL_NEM-Review-initial-consult_CMI-submission_February-2025.pdf.



information on CMI's proposals regarding the electricity and energy sector at a national level are available in our recent submission to the National Electricity Market Review initial consultation.⁹

2. Commission independent analysis to map Victoria's land and agriculture sector abatement potential in the state's highest output agribusiness industries as well as the quantum of opportunity to incentivise practice change through markets, including by leveraging the federal ACCU Scheme

CMI recognises that the Victorian Government's 2021–25 Climate Change Strategy has undertaken significant steps to unlock emissions reduction opportunities in the state's agriculture and land sector(s), including through its agriculture and land use, land use change and forestry pledges and associated actions. This next Climate Change Strategy provides a chance to build on these actions.

To identify further targeted actions to unlock and accelerate emissions reductions in Victoria's agriculture and land sector(s), CMI suggests that DEECA commission mapping of abatement opportunities in the state's high output agribusiness industries, such as horticulture and viniculture, and dairy.¹⁰

Funding for R&D into related abatement activities to support proof of concept, commercialisation and adoption of practice change would support this further, as would mapping market-based opportunities to drive practice changes—including by leveraging incentives provided by the federal ACCU Scheme.

In pursuing targeted R&D, DEECA should consider existing opportunities and projects under federal CRCs, as well as future opportunities through development of bespoke carbon project methods under the collaborative co-design, or 'proponent-led', method development process¹¹ being introduced to the ACCU Scheme as part of the Australian Government's response to the 2022 Independent Review of ACCUs.¹²

CMI provides further information on initiatives and programs that could harness the federal ACCU Scheme to deliver agriculture and land sector abatement in Victoria in Recommendation 3, below.

3. Establish a public fund for strategic ACCU purchases to grow Victoria's carbon farming industry, accelerate land-based sequestration, and support related biodiversity and climate adaptation objectives

As identified above (see Recommendation 2), the federal ACCU Scheme provides a framework that the next Climate Change Strategy can leverage to drive public and private investment into abatement to support Victoria's 2030 and 2035 targets.

As highlighted by CMI's latest Carbon Farming Scorecard in 2024,¹³ the Victorian Government has made some progress to grow and support carbon farming in the state—for example, through Agriculture

¹⁰ CMI made a similar recommendation in our response to Victoria's 2019 Emissions Reduction Targets consultation; see: CMI 2019, 'Victorian Government – Interim Emissions Reduction Targets submission', https://carbonmarketinstitute.org/app/uploads/2021/06/CMI-Submission_Vic-Gov-Interim-Emissions-Reduction-Targets.pdf.

¹¹ More information on the 'proponent-led' method development process is available at: Department of Climate Change, Energy, the Environment and Water, 'Developing new ACCU Scheme methods', <https://www.dcceew.gov.au/climate-change/emissions-reduction/accu-scheme/developing-new-methods>.

¹² The 2022 Independent Review of ACCUs led by Professor Ian Chubb found the ACCU Scheme was "essentially sound", and made 16 recommendations to further bolster governance, transparency and overall integrity arrangements that the Australian Government is implementing. Recommendation 5 is to "Establish a transparent proponent-led process for developing and modifying methods..."; see: I Chubb et al. 2022, 'Independent Review of Australian Carbon Credit Units Final Report', <https://www.dcceew.gov.au/sites/default/files/documents/independent-review-accu-final-report.pdf>, p. viii.

¹³ CMI and KPMG 2024, '2024 Carbon Farming Scorecard Report', <https://carbonmarketinstitute.org/app/uploads/2024/05/2024-Carbon-Farming-Scorecard.pdf>, p. 22.



Victoria's Victorian Carbon Farming Program pilot and with DEECA's ongoing BushBank program. However, there is significant room to build on this progress, with the state remaining underrepresented in ACCU Scheme participation. As of May 2024, just 0.4% of total ACCUs issued were generated in Victoria—the lowest contribution of all states and territories, excluding the Australian Capital Territory.¹⁴

One action DEECA should consider is a strategic fund for land-based sequestration ACCU projects. This should be informed by the independent analysis of state abatement opportunities (see Recommendation 2, above) and could be designed to fund ACCU projects and methods that support additional strategic objectives, such as climate change adaptation, or targeted agricultural sector emissions reductions and sequestration. For example, environmental planting projects that improve biodiversity, habitat connectivity and landscape resilience, or soil carbon projects that improve on-farm productivity and create additional income streams for farmers, supporting drought resilience. Such a fund could be designed alongside or as part of the BushBank program and should build on learnings from the 2023–24 Victorian Carbon Farming Program Pilot.¹⁵

As a fund design blueprint, DEECA could look to the Queensland Government's \$500 million Land Restoration Fund, which has expanded carbon farming, reduced emissions and supported identified strategic outcomes for the state since 2018.¹⁶ Other funding examples DEECA could consider include the New South Wales Primary Industries Productivity and Abatement Program (PIPAP) that is part of the NSW Net Zero Plan Stage 1 (2020–2030),¹⁷ and the \$15 million Western Australian Carbon Farming and Land Restoration Program.¹⁸

4. Partner with the ACI Code to support integrity among carbon service providers in Victoria, protect consumer and community rights, and de-risk state investments in carbon farming

The Australian Carbon Industry Code of Conduct (ACI Code)¹⁹ is a voluntary code that promotes market integrity and consumer protection and supports appropriate interaction between carbon farming developers and project stakeholders in the Australian carbon market.

The Code provides guidance to, and accountability for, signatories on best practice engagement with their clients and other stakeholders, including Native Title Holders, representative bodies, land managers, and project owners. The 2022 Independent Review of ACCUs found that the ACI Code contributes to the integrity of the ACCU Scheme.

To de-risk the Victorian Government's investments in the ACCU Scheme and ensure public funds are supporting projects with best practice community engagement and high-integrity outcomes, DEECA could make funding available only to applicants that have signed the ACI Code. As well as incorporating this ACI Code signatory status as a prerequisite for candidates under a new strategic fund (as suggested in recommendation 1, above), going forward DEECA could also consider leveraging the ACI Code as a prerequisite for BushBank program partners undertaking carbon farming projects.

¹⁴ Ibid, pp. 5–6.

¹⁵ Agriculture Victoria 2024, 'Victorian Carbon Farming Program', <https://agriculture.vic.gov.au/climate-and-weather/policy-programs-action/victorian-carbon-farming-program>.

¹⁶ Queensland Government, 'About the Land Restoration Fund: Overview, vision and objectives', <https://www.qld.gov.au/environment/climate/climate-change/land-restoration-fund/about/overview>.

¹⁷ NSW Government 2020, 'Net Zero Plan Stage 1: 2020–2030', <https://www.energy.nsw.gov.au/sites/default/files/2022-08/2020-03-NSW-Net-Zero-Plan-2020-2030.pdf>, pp. 19–21.

¹⁸ Department of Primary Industries and Regional Development 2024, 'Western Australian Carbon Farming and Land Restoration Program', <https://www.agric.wa.gov.au/carbon-farming/western-australian-carbon-farming-and-land-restoration-program>.

¹⁹ More information about the ACI Code and its role in carbon market integrity is available here: ACI Code, 'ACI Code of Conduct Role in the Market', <https://carbonmarketinstitute.org/app/uploads/2023/01/ACI-Code-of-Conduct-Fact-Sheet-New-version.pdf>.



More broadly, the Victorian Government should consider joining Queensland, New South Wales and Western Australia as a ACI Code government partner.²⁰

ACI Code partnership would go a step beyond de-risking Victorian public investments in the ACCU Scheme and demonstrate Victoria's commitment to transparency, accountability and integrity in carbon markets. Signing up as an ACI Code government partner would also build stakeholder confidence and trust with First Nations groups, landholders and communities engaged in carbon farming, and contribute to a harmonised national approach to regulation and compliance in Australia's carbon market.²¹

Should you wish to discuss CMI's submission in more detail, please contact Gabriella Warden (gabriella.warden@carbonmarketinstitute.org).

Yours sincerely

Kurt Winter

Director, Corporate Transition

²⁰ Australian Carbon Industry Code of Conduct, 'Government Partners',
<https://carbonmarketinstitute.org/code/stakeholders/government-partners/>.

²¹ For more information about the role of the ACI Code, see the ACI Code Fact Sheet: 'ACI Code of Conduct Role in the Market',
<https://carbonmarketinstitute.org/app/uploads/2023/01/ACI-Code-of-Conduct-Fact-Sheet-New-version.pdf>.



for more information please contact

Gabriella Warden

Manager, Government Relations and Policy Research

gabriella.warden@carbonmarketinstitute.org

+61 (0) 418 263 296

The Carbon Market Institute is at the centre of climate change policy and business in Australia. Independent and non-partisan, we bring business, policy makers and thought leaders together to drive the evolution of carbon markets towards a significant and positive impact on climate change.

Engaging leaders, shaping policy and driving action, we're helping business to seize opportunities in the transition to a negative emission, nature positive economy.



**Carbon
Market
Institute**