

Climate Change Authority:  
Enhancing the ACCU Scheme to  
support Australia's 2035 emissions  
reduction target  
**submission**

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**Carbon  
Market  
Institute**



# Climate Change Authority: Enhancing the ACCU Scheme to support Australia's 2035 emissions reduction target submission

The Carbon Market Institute (CMI) welcomes the opportunity to respond to the Climate Change Authority (CCA) consultation Issues Paper, 'Enhancing the ACCU Scheme to support Australia's 2035 emissions reduction target' (Issues Paper),<sup>1</sup> and to contribute to the CCA's fifth statutory review of the ACCU Scheme, to be delivered in 2026.

CMI is an independent member-based institute. CMI's 2025 Strategy, 'Accelerating Climate Action',<sup>2</sup> sets forth our vision towards a prosperous, negative emissions, nature positive world and organisational mission to accelerate the best practice use of market-based solutions to support decarbonisation and limit global warming to 1.5°C. Well-designed carbon markets complemented by ambitious targets and adequate regulation will play a crucial role in directing and leveraging investment to better align with the Paris Agreement goals and international cooperation.

CMI's more than 140 members include organisations from across the carbon value chain, including Indigenous organisations, primary producers, carbon service providers, legal and financial institutions, technology and advisory firms and emissions intensive companies. Our members have considerable expertise across the ACCU Scheme, working, since its inception, on project and credit generation, method development, technical/MRV and legal capacity, compliance and audit, financing, purchasing, trading and exchanges. CMI consults with our members to support consultation responses such as this, drawing on the collective knowledge and expertise. The recommendations put forward in this submission are CMI's view, formed with member input, however they do not represent any CMI individual, member company or industry sector.

## Strategic outlook

CMI welcomes the Australian Government's recognition of the ACCU Scheme's ongoing contribution to Australia's net zero transition in its Net Zero Plan and Sector emissions reduction plans,<sup>3</sup> alongside a broader suite of climate measures. The ACCU Scheme is a robust, government-backed framework that has supported Australia's net zero transition for over 10 years through the origination of regulated carbon credits across a broad range of land-based and industrial activities. Since 2011, it has delivered over 169 million tonnes of abatement across Australia.<sup>4</sup>

As Australia seeks to achieve its ratcheted 2035 emissions reduction target range of 62–70% reduction (based on 2005 levels), the existing climate policy suite will need to be scaled across all sectors of the economy.

<sup>1</sup> CCA 2025, 'Enhancing the ACCU Scheme to support Australia's 2035 emissions reduction target', <https://consult.climatechangeauthority.gov.au/2026-accu-scheme-review>.

<sup>2</sup> See CMI 2025 Strategy Accelerating Climate Action, Available at <https://carbonmarketinstitute.org/app/uploads/2022/12/CMI-2025-Strategic-Plan.pdf>.

<sup>3</sup> Department of Climate Change, Energy, the Environment and Water (DCCEEW), 'Net Zero,' <https://www.dcceew.gov.au/climate-change/emissions-reduction/net-zero>.

<sup>4</sup> See CER ACCU Project Register, Government of Australia, September 2025, Available at <https://cer.gov.au/markets/reports-and-data/accu-project-and-contract-register/>.



Carbon and environmental markets can play a vital role. The contribution of carbon and environmental markets can be maximised where they are strengthened to support investment confidence and are reinforced by complementary government policies and programs to guide and stimulate an investment pipeline of high-quality carbon and nature credits.

Ensuring the integrity of carbon markets, both internationally and in Australia, is a continuous, iterative process. While the ACCU Review ultimately found Australia's carbon crediting framework is 'essentially sound,' CMI strongly supports its recommendations to improve governance, increase transparency, broaden opportunities for participation, and ultimately ensure the integrity of the ACCU Scheme.<sup>5</sup>

We support the government's commitments towards continuous improvement in the ACCU Scheme articulated in the Net Zero Plan and urge the timely implementation of the ACCU Review recommendations to enable the scheme to facilitate scaled investment.

A range of improvements could be made to method development to facilitate a more strategic and efficient process. This includes targeting market gaps and better recognising projects' nature, biodiversity and community outcomes.

The Government should also carefully consider ACCU market dynamics and the role of government purchasing and complementary policies and programs to drive strategic outcomes, including:

- scaling investment in co-benefits and removal-based carbon credits;
- stimulating additional voluntary market engagement;
- facilitating cooperative approaches enabled through carbon markets; and
- ensuring market participation and access through enhanced capacity building, and alignment with regional NRM plans

CMI's 10 key recommendations are summarised below and have been grouped under the headings of the Authority's Issues Paper. Where relevant, we have also cross referenced to the Government's Net Zero Plan (NZIP), and the sections under 9: *The role of carbon markets in Australia's transition*.

## Focus area 1: Methodologies – new and existing

1. Review the current Department-led and interim proponent-led method development processes, and consider improvements and a co-development model that engages targeted industry and academic knowledge. – **NZIP 9.3.1.3: Bringing forward high-integrity supply**

We note the need for timely, well-resourced and equitable method development processes that address existing delays (or challenges in timely delivery) and enable scaling up ACCU projects that deliver on Australia's strategic requirements. We have outlined three options for the CCA to consider as potential alternatives that build on existing method development processes.

2. Undertake a systematic ACCU methods gap analysis and create a pipeline of future priority methods, in the short and medium term, that support the achievement of Australia's goals and pledges under international frameworks. – **NZIP 9.3.1.3: Bringing forward high-integrity supply**

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<sup>5</sup> I Chubb, A Bennett, A Gorrington & S Hatfield-Dods 2022, 'Final Report: Independent Review of Australian Carbon Credit Units', December, <https://www.dcccew.gov.au/sites/default/files/documents/independent-review-accu-final-report.pdf>.



CMI supports the use of a gap analysis to determine strategic priorities for future ACCU methods. We highlight the potential role that the ACCU Scheme could play in helping Australia achieve its goals under multiple international initiatives.

3. **Develop a national biodiversity co-benefit standard or framework to create an enabling environment for projects with robust co-benefit outcomes – particularly for nature, biodiversity community and culture. – NZP 9.3.1: Continuous improvement in the ACCU Scheme**

We outline the importance of a standardised way for industry to measure biodiversity co-benefit outcomes from ACCU Scheme projects. A unified standard or framework would support transparency of project outcomes, increasing investor and consumer confidence that stacked nature-focused ACCU projects are delivering the outcomes they claim. Importantly, any standard or framework should be aligned with the Nature Repair Market to facilitate uptake of projects and cross-scheme interoperability.

4. **Facilitate interoperability across the ACCU and Nature Repair Market Schemes through streamlining method, regulatory and administrative requirements. – NZP 9.3.1.3: Facilitating interoperability with the Nature Repair Market**

To facilitate greater uptake of land-based ACCU projects with strong biodiversity outcomes, we advocate the alignment with the Nature Repair Market in terms of registry interoperability, method consistency, permanence periods, taxonomy and credit fungibility.

## Focus area 2: ACCU market dynamics

5. **Advise the Government to develop an ACCU purchasing strategy which supports targeted investment in ACCU methods which provide multiple co-benefits and/or long-term removals. – NZP 9.3.1: Continuous improvement in the ACCU Scheme**

Government purchasing could be strategically reframed to move away from a least-cost purchasing strategy, towards one which underwrites investment in new and emerging methods offering significant environmental and social benefits and/or long-term removals. The purchasing strategy and funding could be extended to emerging technologies which are further up the cost curve, like engineered removals or novel carbon dioxide removal (CDR).

6. **Promote the continuation of a government-backed scheme which promotes high-ambition corporate action and a robust voluntary carbon market. – NZP 9.2.2: Voluntary carbon market reforms**

Although the compliance market is now the primary demand driver for the ACCUs, the voluntary carbon market provides a significant demand source for ACCUs with co-benefits. CMI highlights the benefits of a government-backed scheme to promote high-ambition corporate action and resultant engagement in the voluntary market, as well as provide guidance on how businesses can use and claim credits beyond regulatory requirements.

7. **Explore the potential merits of international cooperative approaches enabled through carbon markets. – NZP 9.3.3: International carbon trading**

CMI notes that the international carbon market has matured substantially since the CCA's last review, with the Paris Agreement Crediting Mechanism enabled by Article 6 now operative, CORSIA in its first compliance phase, and the Integrity Council on the Voluntary Carbon Market's Core Carbon Principles completed. The international compliance and voluntary carbon markets may present an additional demand source for ACCUs, so we suggest that the Authority review amendments that may be required to make the CFI Act export ready.



**8. Assess the impact of proposed alterations to the ACCU Scheme with respect to Safeguard facilities compliance obligations before recommendations are implemented. – NZP 9.2.1: Safeguard and ACCU market operation**

We suggest the CCA assess the potential impact of recommendations arising from this review on Safeguard facilities. Specifically, recommendations which affect the amount and/or timing of ACCU supply should be reviewed in terms of their potential to impact Safeguard facilities' surrender obligations and market dynamics.

**9. Ensure market participation and access through enhanced capacity building, and alignment with regional NRM plans. – NZP 9.3.1.4: Strengthening synergies between carbon removals and other land uses**

We urge the timely completion of ACCU Review reforms – particularly those pertaining to capacity building for rural and Indigenous communities. To support capacity building and market outreach, we suggest that the CCA consider how the CFI Act can better deliver on its mandate to support projects that are aligned with regional NRM plans, and explore funding for NRM bodies to be trusted independent advisors.

**10. Develop a strategic approach to the role of markets in facilitating Australia's transition towards net zero and negative emissions, alongside meeting Global Biodiversity Framework targets. – NZP 9.3.1: Continuous improvement in the ACCU Scheme**

To tie our recommendations together, and support achievement of the Government's Net Zero Plan, we suggest the development of a long-term plan for the functioning and evolution of carbon and nature markets in achieving Australia's net zero, biodiversity and adaptation commitments and requirements. Our conclusion provides greater detail on how this plan can provide a framework to support the scale up of novel methods and technologies that deliver high-quality abatement and drive greater investment through providing longer-term clarity to market participants. Importantly, strategic guidance could scale up ambition and facilitate interoperability across the environmental market schemes within Australia's climate policy suite.

Our recommendations are elaborated in greater detail over the page. Where applicable, the relevant Issues Paper questions are [\[tagged in blue\]](#) at the end of each recommendation.

Should you have questions or wish to discuss CMI's submission in further detail, please contact Janet Hallows, Director Climate Programs and Nature-based Solutions [janet.hallows@carbonmarketinstitute.org](mailto:janet.hallows@carbonmarketinstitute.org) or Kurt Winter, Director – Corporate Transition [kurt.winter@carbonmarketinstitute.org](mailto:kurt.winter@carbonmarketinstitute.org).

Yours sincerely

*Janet Hallows*



## The role of the ACCU Scheme in meeting the 2035 target

The CCA's statutory reviews of the CFI Act are an important integrity measure providing ongoing oversight of the ACCU Scheme effectiveness in achieving its objectives. As the fifth statutory review into the Scheme, the CCA's 2026 review should build on previous reviews already undertaken – including the 2022 Independent Review of the ACCU Scheme, the recommendations of which are still being implemented or under development. While reviews are an important component of an iterative cycle of improvement, there is a need for timely implementation of their recommendations to ensure that the ACCU Scheme continues to align with best practice and drive robust outcomes.

As Australia's climate and environmental policy suite expands, these reviews perform an important function in ensuring that Australia's domestic carbon market, underpinned by the ACCU Scheme, continues to deliver high-quality abatement, but that it is interlinked with the broader policy suite. Noting this, CMI calls for the CCA to undertake a holistic consideration of the ACCU Scheme's interaction with other market and non-market mechanisms in Australia's environmental and climate policy framework, including the Safeguard Mechanism, any future government-led voluntary carbon market program, the Nature Repair Market, the *Environmental Protection and Biodiversity Conservation Act 1999's (EPBC Act)* restoration contributions mechanism, and the national climate risk register and national climate adaptation plan.

We urge that adequate consideration is given to how inter-scheme transparency can be supported through the outcomes of the CCA's review. Particularly with mandatory climate reporting for large corporates being implemented through the Australian Accounting Standards Board's Australian Sustainability Reporting Standard S2, it is integral for there to be transparency regarding any interactions between the CFI Act and other schemes in Australia's environmental and climate policy suite. A well-functioning, liquid ACCU Scheme can support the orderly transition of emissions intensive industry, through establishing a price signal to drive investment into abatement and ultimately, on-site decarbonisation. The use of ACCUs provide a flexibility mechanism and a bridge for hard-to-abate sectors. Importantly, the ACCU Scheme provides an opportunity to channel climate finance into rural and Indigenous communities, delivering climate, land and history repair. However, transparency is key to supporting public confidence in the robustness of outcomes being delivered under all schemes, to enable further investment to flow into high-quality nature and engineered carbon projects through the ACCU Scheme.

CMI recognises that carbon markets are part of a broader portfolio of measures for addressing climate change or the biodiversity crisis and meeting Australia's 2035 target. They must be accompanied by strategic public funding and regulations that reinforce decarbonisation outcomes and support nature repair. They also require clear guardrails to ensure integrity and prevent perverse outcomes, thus the importance of the timely completion of existing ACCU Review recommendations, particularly those that seek to strengthen consent arrangements. Embedding a clear free, prior and informed consent process into the CFI Act will strengthen Scheme governance, while providing essential guidance for market participants to make informed future investment decisions.

## Focus area 1: Methodologies – new and existing

The ACCU Scheme is underpinned by methodologies that are nationally applicable, scalable, science-backed and help deliver the government's broader commitments to integrity and transparency, as well as stimulate private investment in climate and nature repair.



The methodology challenges and opportunities overview outlined in the Issues Paper correctly identifies integrity and transparency as paramount, alongside method scalability and innovation. It also outlines the importance of regular reviews and updates – and CMI is supportive of the cadence of sunseting and periodic reviews being undertaken by the reformed Emissions Reduction Assurance Committee (ERAC).

However, the biggest challenges centre around method development processes (outlined below), timing and resourcing. Timely and efficient priority method development will underwrite market certainty and investment confidence and, in the medium-to-longer term, assure the pipeline of new projects impacting broader ACCU supply. CMI stresses that ACCU project investment is increasingly vital—not least in the context of declining baselines under the interlinked Safeguard Mechanism and must be supported by long-term certainty. By way of example the proposed Integrated Farm and Land Management (IFLM) Method development process must be urgently completed. IFLM is an important method innovation in that it enables land managers to undertake multiple carbon management activities through a single method, while its modular framework allows for expansion to include other science-ready modules for land sector activities that are under development as part of the proponent-led method process, or ERAC-led method reviews that are planned or underway.

Method development delays have been exacerbated by resourcing constraints, such as capacity within the Department and a lack of legislative drafters. Issues with underlying method tools have compounded these delays with the FullCAM Public Release 2024 not yet finalised and SavCAM technical development issues.

Timely, well-resourced (both human and financial) and equitable method development must be a focus of the ACCU Scheme if it is to achieve its objectives and deliver methods that underpin integrity whilst building scale, enabling innovation and underwriting investment

## **1. Review the current Department-led and interim proponent-led method development processes and consider a co-development model that engages targeted industry and academic knowledge to improve the method development process. [Issues Paper questions: 1, 3]**

Following the Government's acceptance of recommendations from the ACCU Review, CMI supported the shift to a proponent-led approach to method development, but advised that the framework should be tested with industry prior to implementation. Consultation with key stakeholders, including Indigenous groups, agricultural representatives, and conservation organisations was limited. The ACCU Scheme method development process must ensure inclusive participation with funding and technical resources required to support proponents and a standing, technical panel(s) to assist development.

To date, CMI has observed that neither the DCCEE-led co-design, nor the interim proponent-led method development processes have improved timeliness of method development for the ACCU Scheme. CMI has called for greater consistencies in taxonomy, method terms and structure, and consultation for the proponent-led methods, with a focus on prioritising inclusion of diverse stakeholder groups. We acknowledge the recent work undertaken by the ERAC Secretariat to develop method EOI guidelines but recommend that a standardised taxonomy document would support consistency between any future EOIs and the CFI Act, while also enhancing scheme interoperability if also applied to Nature Repair Market methods

To strengthen the method development process, CMI proposes the CCA recommend a review of the current processes and consider the following, alternate options:





- **Method development sandbox** – A collaborative forum where stakeholders develop method concepts before expression of interest (EOI) submission, guided by DCCEEW's priority list of method gaps. This could operate in a manner similar to the development of the first Savanna Fire Management method, where West Arnhem Land Fire Abatement conducted the pilot project that informed the method. CMI, or a similar organisation, could help facilitate based on criteria of integrity, scale, and co-benefits.
- **Independent method development authority** – A publicly funded body (with potential for private partnerships and co-investment) to develop methods up to approval and drafting. This authority could establish a pathway for methods to progress from the EOI stage through to drafting and approval, including through the delivery of a sandbox function. This mirrors international voluntary standards and could be supported by CMI or a comparable organisation.
- **EOI and co-development model** – EOIs would be triaged by the **ERAC**, who then lead the co-development process for methods. ERAC would draw upon expertise housed within other relevant government agencies and departments such as the Clean Energy Regulator and DCCEEW, to support co-development. By leveraging resources across government, industry and academia, and establishing an information sharing agreement, co-development can address critical skills gaps to enhance the method development process.

## 2. Undertake a systematic ACCU methods gap analysis and create a pipeline of future priority methods that support the achievement of Australia's goals and pledges under international frameworks. [\[Issues Paper questions: 2, 5\]](#)

CMI notes that with the recommended shift to a proponent-led method development process run via EOI, the ACCU Review suggested that the ERAC should set priorities for endorsement and approval of future methods, and triage proposals accordingly in line with the Offset Integrity Standards.<sup>6</sup> CMI calls for clarity and transparency of process to enact this recommendation.

While the EOI process provides a channel for industry innovation, it is reliant on proponents putting forward proposals and does not systematically address method or strategic gaps. We note that in addition to the Paris Agreement, Australia is a signatory to a number of other voluntary international initiatives including: the Kunming Montreal Global Biodiversity Framework, the Global Methane Reduction Pledge, the Glasgow Leaders Declaration on Forests and Land Use, and the Industrial Decarbonisation Initiative. The ACCU Scheme could have an important role to play in Australia achieving its voluntary targets under these frameworks, further securing Australia's position as a global leader on climate change action and nature positive.

To ensure that future EOI processes prioritise methods that address strategic gaps or are likely to have substantial uptake, DCCEEW should conduct a method gap analysis in consultation with stakeholders to inform a clear prioritisation framework and implementation plan. This would ensure method gaps are identified and addressed through the triage process, and that similar proposals can be consolidated to avoid duplication. The publication of this framework could also support industry innovation for OIS-aligned methods in future EOI rounds.

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<sup>6</sup> Chubb et al. 2022, *Independent Review of ACCUs*, p. 10.





Where EOIs are absent, agreed strategic prioritised method concepts could be advanced through a tender process, commissioning academic institutions, organisations, or consortia to undertake the necessary technical research. This model, consistent with approaches used in the Nature Repair Market, would help direct expertise towards priority areas and support targeted method development for specific fields and sectors.

### 3. **Develop a national biodiversity co-benefit standard or framework to create an enabling environment for projects with robust co-benefit outcomes – particularly for nature, biodiversity community and culture.** [Issues Paper questions: 2, 4, 5]

CMI recalls the third object of the CFI Act, which is to ‘increase carbon abatement in a manner in that: (a) is consistent with the protection of Australia’s natural environment; and (b) improves resilience to the effects of climate change.’<sup>7</sup> CMI suggests that the CCA’s review of the CFI Act should explicitly address this objective to consider how methods and projects can deliver and recognise integrated co-benefits, particularly how strong outcomes for nature and biodiversity can be prioritised, specifically in the context of achieving the Government’s Net Zero Plan.

CMI notes that a consistent barrier to establishing a price premium for ACCUs with co-benefit outcomes is the lack of a formal verification framework for these benefits so that their detail can be transparently accessed by both the general public, and potential investors. In the *Carbon for Nature* report, co-authored by NRM Regions Australia and released in 2025, CMI called for the development of a national biodiversity co-benefit verification standard and framework to support monitoring, reporting and verification of claimed outcomes from ACCU Scheme projects.<sup>8</sup>

The Net Zero Plan states that the Government will ‘examine the carbon, biodiversity and agricultural productivity co-benefits that expanded landscape restoration efforts could deliver, strengthening the climate resilience of regional Australia.’<sup>9</sup> CMI suggests that the CCA’s review form a part of this exercise, noting the capacity of the ACCU Scheme to deliver biodiversity and agricultural productivity co-benefits as well as enhancing Australian climate resilience. To facilitate uptake of ACCU projects with co-benefits, we suggest that the government develop a standard or framework to verify these outcomes in a consistent manner. This should be aligned to the Nature Repair Market, and support interoperability between schemes.

### 4. **Facilitate interoperability across the ACCU and Nature Repair Market Schemes through streamlining method, regulatory and administrative requirements.** [Issues Paper questions: 5,6]

The ACCU Scheme and the Nature Repair Market align and are designed to work together with shared administration by the CER, common tools, and methodologies in the Nature Repair Market that will permit stacking of projects. Interoperability is essential so that landholders can participate in both without unnecessary duplication or potential integrity risks.

<sup>7</sup> *Carbon Credits (Carbon Farming Initiative) Act*, 2011, s3(3).

<sup>8</sup> Carbon Market Institute and Natural Resource Management Regions Australia, *Carbon for Nature: Leveraging carbon farming investment to deliver additional benefits for nature*, 2025, p. 10, [https://carbonmarketinstitute.org/app/uploads/2025/02/Carbon-For-Nature-Report\\_Final.pdf](https://carbonmarketinstitute.org/app/uploads/2025/02/Carbon-For-Nature-Report_Final.pdf).

<sup>9</sup> Net Zero Plan 2025, p. 11, <https://www.dcceew.gov.au/sites/default/files/documents/net-zero-report.pdf>.



The Net Zero Plan notes that DCCEEW is already exploring how to incentivise ACCU Scheme projects with multiple benefits through formal recognition of co-benefits and enhanced interoperability with the Nature Repair Market.<sup>10</sup> Therefore, CMI suggests that the CCA's review consider how to best support interoperability across Schemes. CMI suggests that the CCA review the alignment between the two markets in terms of registry interoperability, method consistency, permanence periods, taxonomy and credit fungibility.

To facilitate uptake of stacked ACCU and Nature Repair Market (or other voluntary scheme) projects, the CCA should consider how interoperability measures might enable streamlined MRV requirements for stacked ACCU Scheme projects. CMI notes that the rigorous MRV process of both the ACCU Scheme and the Nature Repair Markets are integral to providing confidence in project outcomes and underpinning integrity. However, streamlining MRV requirements across the ACCU Scheme and Nature Repair Market would likely increase uptake due to reduced financial and administrative burden of undertaking the MRV and associated audits. This also may reduce the current resource strain for the reduced number of Category 2 auditors who are able to audit ACCU Scheme and Nature Repair Market projects.

## Focus area 2: ACCU market dynamics

5. Advise the Government to develop an ACCU purchasing strategy which supports targeted investment in ACCU methods which provide multiple co-benefits and/or long-term removals. [Issues Paper questions: 7, 9, 10]

The introduction of the reformed Safeguard mechanism means the government is no longer the primary purchaser of ACCUs. Consistent with priority 5 in Australia's Net Zero Plan 'net carbon removals scaled up,' CMI sees there is a continued role for Government funded ACCU purchase beyond cost containment measure acquisitions. The Government's new purchasing strategy could directly address the CCA's goal to incentivise the right projects at the right time and move away from a least-cost purchasing strategy, towards one which underwrites investment in new and emerging methods offering significant environmental and social benefits and/or long-term removals. Interoperability measures outlined in Recommendation 4 would support credible Government engagement and potentially stimulate demand in the Nature Repair Market. The new purchasing strategy should also clarify the purchasing entity and benefit sharing with project stakeholders including First Nations groups.

As CMI has previously outlined, the Government could provide early capital to projects which meet its strategic purchasing intent to provide certainty for these projects with funds from CAC exit arrangements or other specially designed complementary programs or funds.<sup>11</sup> The purchasing strategy and funding could support early-stage investment in prioritised methods, specific targeted outcomes (e.g. Biodiversity or Indigenous) and/or be extended to emerging technologies which are further up the cost curve, like engineered removals or novel carbon dioxide removal (CDR). Supporting emerging technologies and methods is consistent with the need to increase the available options for addressing residual emissions outlined in DCCEEW's Annual Climate Change Statement.<sup>12</sup> Clearly documenting the purchasing and funding priorities could enable transparent,

<sup>10</sup> DCCEEW 2025, *Net Zero Plan*, p. 106.

<sup>11</sup> CMI 2023, *ACCU Review Discussion Paper*, [https://carbonmarketinstitute.org/app/uploads/2023/10/2023.10\\_CMI\\_ACCU-Review-Discussion-Paper\\_submission.pdf](https://carbonmarketinstitute.org/app/uploads/2023/10/2023.10_CMI_ACCU-Review-Discussion-Paper_submission.pdf).

<sup>12</sup> DCCEEW 2025, *Annual Climate Change Statement*, <https://www.dcceew.gov.au/sites/default/files/documents/annual-climate-change-statement-2025.pdf>.



timely communication, review and visibility of the Government's market engagement.<sup>13</sup> This in turn allows the Government to support market stability and the predictable outcomes needed by the private sector to stimulate investment without making direct market interventions.

Furthermore, with the reforms to the **EPBC Act** establishing a restoration contributions mechanism for necessary projects with unavoidable environmental impacts, the Government should clarify the interaction of this mechanism with the ACCU Scheme – particularly with stacked Nature Repair Market projects.

## **6. Promote the continuation of a government backed scheme which promotes high-ambition corporate action and a robust voluntary carbon market. [Issues Paper question: 7]**

Well-designed government backed programs that provide best practice guidance and certification support consumer trust and build business confidence to invest in climate solutions beyond what might be achieved through regulation and compliance frameworks alone. These programs, including Climate Active, have driven market demand for high quality ACCUs through the voluntary carbon market. The voluntary carbon market's ability to enable companies to generate emissions reductions outside their own activities is recognised in Australia's Net Zero Plan.

At a time when organisations are seeking clarity and direction around voluntary climate action and related claims,<sup>14</sup> any dilution of Australian Government's support for voluntary climate commitments may dampen demand for high quality ACCUs. This is particularly pertinent for small to medium enterprises who, in the absence of compliance framework and backing of a government endorsed framework, may withdraw from the voluntary market. Accordingly, the CCA should consider opportunities to strengthen and reinvigorate credible voluntary climate action as a mechanism to incentivise private investment in high quality ACCUs purchases and support projects with demonstrable co-benefits.

Any voluntary action would need to align with Australian law, acting as a positive complement to the guidance and regulatory enforcement activities of the ACCC and ASIC in upholding corporate best practice on climate risk management and greenwashing.<sup>15</sup>

Emerging international guidance includes the ISO Net Zero Guidelines published at COP27 in 2022.<sup>16</sup> For corporates engaging with carbon markets as part of their voluntary action, the VCM Claims Code of Practice provides guidance for the high ambition, high integrity use of carbon credits to support 'beyond value chain mitigation' (BVCM) as a complement to net zero aligned interim targets and should also be considered in this review.<sup>17</sup>

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<sup>13</sup> CMI 2024, *Harnessing carbon markets to accelerate to Net Zero*,

[https://carbonmarketinstitute.org/app/uploads/2024/06/2024.06\\_FINAL\\_National-carbon-market-strategy\\_CMI-policy-brief.pdf](https://carbonmarketinstitute.org/app/uploads/2024/06/2024.06_FINAL_National-carbon-market-strategy_CMI-policy-brief.pdf).

<sup>14</sup> VCM 2025, 'What will it take to create a confident carbon market? New research reveals what businesses need to make the case for investment', <https://vcminegrity.org/what-will-it-take-to-create-a-confident-carbon-market-new-research/>.

<sup>15</sup> For example, in May 2023, the Australia Institute referred the Climate Active program to the Australian Competition and Consumer Commission (ACCC), citing concerns that its trademark "provides potentially misleading or deceptive representations about a company's carbon neutral status" (The Australia Institute 2023, 'ACCC Legal Letter', 14 February, <https://australiainstitute.org.au/report/accc-legal-letter/>). The EU has also announced a crackdown on companies making misleading claims about the climate impacts of their products, including around 'carbon neutrality' and 'climate neutrality' (I Kaminski, 'Regulators crack down on corporate carbon neutrality claims', 17 May, Climate Home News, <https://climatechangenews.com/2023/05/17/regulators-crack-down-on-corporate-carbon-neutrality-claims/>).

<sup>16</sup> International Organization for Standardization (ISO), 'Net Zero Guidelines', <https://www.iso.org/netzero>.

<sup>17</sup> VCM 2023, 'VCM Code of Practice', <https://vcminegrity.org/vcmi-claims-code-of-practice/>.



Governments are increasingly recognising carbon markets as a critical tool for driving finance into mitigation. In June, Kenya, Singapore and the UK launched the 'Coalition to Grow Carbon Markets',<sup>18</sup> following on from the UK Government's COP29 announcement of its 'Principles for voluntary carbon and nature market integrity'.<sup>19</sup> The VCM Claims Code of Practice has also received strong support from Ministers in Kenya, the UK, the US, Ghana, Japan, and Finland among others.<sup>20</sup> And at COP30, the Coalition launched its *Shared Principles for Growing High-Integrity Use of Carbon Credits*, that were endorsed by 11 countries. This initiative is a positive signal in countries' efforts to harmonise, integrate and standardise a consistent set of principles and guardrails on carbon market engagement. It provides an important opportunity for the Australian Government to consider in driving high integrity voluntary market engagement and could be used to inform government guidance and standards.

7. The Government should explore the potential merits of international cooperative approaches enabled through carbon markets, including, but not limited to:
- a. Article 6 of the Paris Agreement
  - b. The International Civil Aviation Organisation's Carbon Offsetting and Reduction Scheme for International Aviation
  - c. The Integrity Council for the Voluntary Carbon Market's Core Carbon Principles [[Issues Paper question: 7](#)]

CMI notes that in its [updated NDC](#), the Australian Government confirms that it has no plans to participate in international carbon markets to meet its 2035 emissions reduction target. The Government has not indicated when it might participate in the Paris Agreement Crediting Mechanism (PACM) enabled by Article 6 of the Paris Agreement. CMI suggests the CCA consider the articulation of a strategy for the integration of carbon markets and international cooperation to consider opportunities and plan strategic pathways for Australia to 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. There are a number of strategic benefits that Australia could realise through deepening its engagement in international carbon markets, including diplomatic and development and trade benefits, sustainable development goals and co-benefit delivery for local communities, and export of Australia's carbon market expertise.

The CCA's review provides an opportunity to consider international cooperation opportunities for the ACCU Scheme and for Article 6-aligned international credits (Internationally Traded Mitigation Outcomes – ITMOs and Carbon Offsetting and Reduction Scheme for International Aviation – CORSIA EEU's). Enabling export opportunities through CORSIA could represent a substantial economic opportunity for the ACCU Scheme, and the broader Australian economy. CORSIA sets a robust standard for which carbon credits are eligible, and links with the PACM through the requirement of host countries submitting a Letter of Authorisation to enable units to be used for CORSIA compliance, and not be double counted towards a host country's own emissions reduction efforts. The International Air Transport Association (IATA) has forecast a shortfall of between 146

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<sup>18</sup> VCM 2025, 'The Coalition to Grow Carbon Markets', <https://vcmintegrity.org/coalition-to-grow-carbon-markets/>.

<sup>19</sup> See further UK Principles for voluntary carbon and nature market integrity (15 November 2024), Available at <https://www.gov.uk/government/publications/voluntary-carbon-and-nature-market-integrity-uk-government-principles/principles-for-voluntary-carbon-and-nature-market-integrity>.

<sup>20</sup> See further VCM (May 2024), 'VCM welcomes U.S. backing of high-integrity voluntary carbon markets', Available at <https://vcmintegrity.org/us-backs-vcms-claims-code/>.



and 236 million CORSIA eligible units during the first compliance phase.<sup>21</sup> This shortfall presents an opportunity for Australia to export high-quality ACCUs, with appropriate parameters in place.

To further support international export opportunities for the ACCU Scheme, the CCA should also consider the ACCU Scheme's alignment with the Integrity Council for the Voluntary Carbon Market's (IC-VCM) Core Carbon Principles (CCPs), which further references the CORSIA credit requirements as a benchmark for quality.<sup>22</sup> CMI suggests that as part of its review, the CCA undertakes an analysis of alignment between the CCPs and the Offset Integrity Standards embedded into the CFI Act. We believe that this analysis could inform strategic amendments to the ACCU Scheme to best prepare it for international opportunities.

## 8. Assess the impact of proposed alterations to the ACCU Scheme with respect to Safeguard facilities compliance obligations before recommendations are implemented.

The reformed Safeguard Mechanism is a key part of Australia's climate policy suite and provides a clear long-term signal regarding emissions reductions and removals. Many safeguard facilities rely on ACCUs to meet their compliance obligations under the Safeguard Mechanism. Recommendations arising from this ACCU Scheme review, which affect the amount and/or continuity of ACCU supply should be reviewed in terms of their potential to impact Safeguard facilities' surrender obligations and market dynamics. Amendments to the Scheme which slow or concentrate ACCU delivery to be after the surrender date for safeguard facilities could create market distortion due to a lack of supply at a critical time. Recommendations which reduce the amount of ACCUs coming to market could similarly result in unintended outcomes.

## 9. Ensure market participation and access through enhanced capacity building, and alignment with regional NRM plans. [Issues Paper question: 11]

Significantly expanding education and capacity-building programs for all stakeholders involved in ACCU projects, or that use credits generated, remains an important and ongoing priority. The need for targeted capacity building to uplift landholder participation in the ACCU Scheme is highlighted in the ACCU Review, which called for greater government support to build capacity and capability of rural and remote communities – including Indigenous Australians (recommendation 14).<sup>23</sup> DCCEEW's Implementation Plan includes recommendation 14 in its final implementation phase,<sup>24</sup> but we understand that the implementation of all ACCU Review reforms has been delayed.

CMI highlights that the Government's Carbon Farming Outreach Program (CFOP) provides a good national foundation for carbon market education among regional communities. CMI notes that there is still hesitancy from landholders over who to trust when assessing a potential project. Every effort should be made to ensure stakeholders across the value chain have access to clear, independent information, tools and resources.

Referring to the *Carbon for Nature* report, CMI notes that investing in NRM organisations to act as trusted advisers may support better alignment of carbon farming projects with regional NRM plans.<sup>25</sup> NRM plans take into account landscape-scale community and biodiversity considerations for projects, therefore providing an

<sup>21</sup> IATA, IATA and Industry Partners Urge Governments to Expedite Release of CORSIA Eligible Emissions Units, September 2025, <https://www.iata.org/en/pressroom/2025-releases/2025-09-29-01/>.

<sup>22</sup> IC-VCM, *Carbon Credit Program Assessment Status*, accessed 9 December 2025, <https://icvcm.org/assessment-status/>.

<sup>23</sup> Chubb et al. 2022, *Independent Review of ACCUs*, p. 29.

<sup>24</sup> DCCEEW 2023, *Independent Review of Australian Carbon Credit Units Implementation Plan June 2023*, p. 4, <https://www.dcceew.gov.au/sites/default/files/documents/accu-review-implementation-plan.pdf>.

<sup>25</sup> Carbon Market Institute and Natural Resource Management Regions Australia, *Carbon for Nature*, 2025, p. 10.



important input into project design. The CCA's 2023 Review of the ACCU Scheme recommended amendments to the CFI Act to expand the role of regional NRM plans and organisations but the government's implementation of the ACCU Review reforms and related required legislative changes remain incomplete.

## Conclusion: Future opportunities to leverage the ACCU Scheme for broader policy interactions

The ACCU Scheme has a critical role to play in supporting the Government's Net Zero Sector Plans, and the CCA's review is a timely opportunity to refine how the ACCU Scheme can be leveraged in this broader policy landscape.

10. The Government should develop a strategic approach to the role of markets in facilitating Australia's transition towards net zero and negative emissions, alongside meeting Global Biodiversity Framework targets and national adaptation plans. This would ideally be through a national carbon market strategy that articulates the role, scope, size and potential methods over time that underpin the contribution of carbon and broader environmental markets in achieving key national priorities in the short, medium and long term. The CCA's review should inform development of this roadmap outlining the contribution of markets, which should:

- a) support efficient domestic decarbonisation and nature repair;
- b) inform Australia's approach to participating in international carbon markets by assessing the costs and benefits of participation; and
- c) provide policy direction and transparency to investors, businesses and communities about the intended roles for carbon markets, crediting and trading.

This markets strategy roadmap could sit alongside chapter 9 of the Net Zero Plan: *The Role of Carbon Markets in Australia's Transition*, to provide analytical context and ensure the considered application of market-based approaches where appropriate, as one tool in Australia's broader climate policy suite. As a public-facing document, this would also support public and investor understanding of and confidence in the role of carbon markets, and environmental markets more broadly, in Australia's achievement of its short, and long-term emissions reduction and nature repair goals.

CMI suggests that as part of its review of the CFI Act, the CCA consider how market guidance for the Net Zero Plan could:

- strengthen the carbon price signal to fortify the decarbonisation investment imperative, particularly for entities covered by the enhanced Safeguard Mechanism;
- ensure alignment of the CFI Act with other market mechanisms such as the Nature Repair Market, or other emerging voluntary biodiversity crediting initiatives;
- highlight policy and regulation required to support the stability, efficacy and integrity of market-based schemes, and stimulate private sector investment into these schemes;
- inform clear objectives and guardrails to support decarbonisation outcomes, avoiding perverse social and environmental outcomes from market-based activities;
- complement the *Australian Carbon Dioxide Removal Roadmap* published by CSIRO,<sup>26</sup> by setting targets and establishing incentives to scale investment in carbon removal projects with durable storage;

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<sup>26</sup> CSIRO 2025, Australian Carbon Dioxide Removal Roadmap.



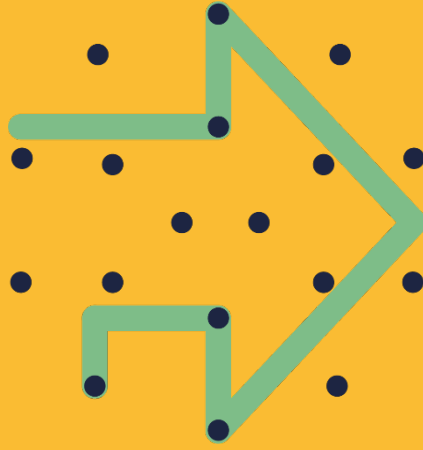


- ensure that the above does not lead to perverse outcomes – such as prolonging or expanding fossil fuel use – by establishing a governance framework to consider opportunity to restrict use of such credits in these circumstances;
- identify opportunities to scale up methods that support adaptation and climate resilience outcomes – here, CMI recalls the National Adaptation Plan, published by DCCEEW in September 2025,<sup>27</sup> which highlights the role of nature-based solutions in strengthening ecosystem resilience while also reducing susceptibility to natural disaster-related damages; and
- explore opportunities for Australia to engage with international carbon markets as both a cooperative approach, and as an export opportunity, including any Scheme-level changes that may be required to enable these opportunities (**see Recommendation 7**).

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<sup>27</sup> DCCEEW 2025, National Adaptation Plan, p. 31, <https://www.dcceew.gov.au/sites/default/files/documents/national-adaptation-plan.pdf>.





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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 low carbon economy.

