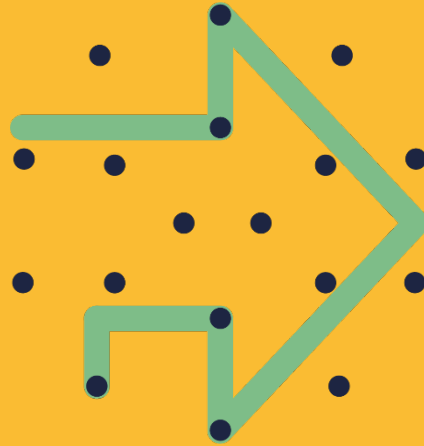




Consultation on the Climate Active Program submission

September 2026



Consultation on the Climate Active Program

submission

The Carbon Market Institute (CMI) welcomes the opportunity to respond to the Department of Climate Change, Energy, the Environment and Water on the Climate Active program (DCCEEW).

CMI is an independent, member-based institute that promotes the use of market-based solutions to support best practice in decarbonisation. Our membership includes 130+ primary producers, carbon service providers, First Nations organisations, legal and financial institutions, technology firms and emissions-intensive companies in Australia and Asia Pacific. The CMI Board updates CMI's Policy Positions¹ regularly, drawing on practical insights from—but ultimately independent of—members. CMI established the Australian Carbon Industry Code of Conduct (ACI Code) in 2018 to steward consumer protection and market integrity. The Code is now administered independently by the Australian Carbon Industry Code of Conduct Administrator Limited (CodeCo). CodeCo was launched in July 2025 to strengthen governance and oversight.²

Additionally, CMI convenes a Climate Active focus group which consists of CMI members who are invested in the positive outcomes brought about by the Climate Active program. The views and experience of this focus group as well as the broader membership have helped inform this submission. The positions put forward in this submission are informed by the focus group and broader membership but remain CMI's view and do not represent any individual, member company or industry sector.

Strategic Outlook

CMI welcomed the Government's 2035 Nationally Determined Contribution (NDC), committing to an emissions reduction target range of 62-70% (based on 2005 levels) and highlighted it should be considered a floor and not a ceiling to national ambition.³ The Climate Change Authority (CCA) acknowledged meeting the target won't be easy, highlighting a suite of reforms and activities are needed to meet even the bottom end of this range.⁴ This size of the challenge underlines the role of a durable carbon market and the importance of voluntary action.

Australia's Climate Active program (Climate Active) has played an important role since its inception in 2010 as the National Carbon Offset Standard (NCOS) by supporting voluntary or additional climate action and providing a government-backed standard with verification for suitable for organisations, large or small, to start their greenhouse gas emissions accounting and reduction journey. NCOS rebranded in 2019 as Climate Active to standardise carbon neutral claims. Climate Active's delivery of more than 700 certifications through till October 2023 was a testament to its ability to build capacity amongst Australian businesses and drive voluntary action. The Climate Active program was valued as an accessible standard for consumers looking to support organisations taking climate action beyond regulatory requirements and for those looking to take the voluntary action.

However, international best practice on transition planning and the use of carbon credits in support of a decarbonisation journey has evolved. Expectations for corporate Australia have likewise matured with the introduction of mandatory climate reporting through the Treasury's Australian Accounting Standards sustainability disclosures which commenced January 1, 2025.

¹CMI (2024) [CMI-Policy-Advocacy-Positions-October-2024.pdf](#)

² CMI (2024), 'Australian Carbon Industry Code of Conduct',

³ CMI (2025) [A floor not a ceiling for Australia's climate ambition](#)

⁴ CCA (2025) [2035 Emissions Reduction Targets Report | Climate Change Authority](#)



Climate active has not been updated to align with public expectations or international best-practice integrity frameworks and as a result is no longer fit for purpose, leaving those certified under Climate Active susceptible to greenwashing claims. Poor experiences with administration of the program in recent times, including limited support, slow response and time-consuming calculations have diminished its value in market and significantly reduced certification rates.

When appropriately governed, even in the presence of compliance obligations, voluntary action enables organisations to:

- Address ongoing emissions;
- Contribute to beyond value chain emissions abatement and
- Use credit purchasing to support broader sustainability goals through the purchase of carbon credits with demonstrated co-benefits, including First Nations, nature and regional development.

The complete withdrawal of the Climate Active program would leave a significant gap for demand- side integrity measures which are:

- Suitable for small to medium enterprises;
- Easily recognisable and understandable for consumers;
- Government backed;
- A source of credible scope 3 information for mandatory climate reporting and
- Able to support transparency in market sectors not covered by mandatory reporting.

Leaving the gap created by complete removal of Climate Active unaddressed risks a loss of confidence in the voluntary carbon market. Loss of the voluntary market as a demand driver puts the continued development of First Nations businesses and benefits to rural and regional communities in jeopardy. The carbon market provides an unparalleled opportunity to underpin First Nations Economic Sovereignty through indigenous-led methods and projects; the closure of Climate Active creates an existential threat to the demand for these projects. Similarly, given that least cost abatement is not the main driver in the voluntary carbon market, the closure of Climate Active will stop significant investment into biodiversity conservation and nature repair through carbon markets. Climate active also provided an education pathway organisations on emissions reduction opportunities and the purchasing of high integrity of carbon credits.

In order to fill this gap and support Climate Active users, CMI strongly recommend:

1. **DCCEEW retains and updates standards and select guidance** so as to provide Government backed guidance on emissions reporting and reductions for entities not subject to regulatory obligations (option 2). Retained standards and guidance need to be designed and maintained in a way that facilitates assurance of compliance to the standards by a third party. While audit and assurance pathways can be undertaken by non-governmental organisations, a strong government-backed standard is critical.
2. **Retained standards and guidance are updated and maintained** through regular review driven by a newly formed multi-stakeholder advisory group containing a cross section of the carbon market ecosystem including environmental NGOs and end users to derisk use of the standards and insulate users against legal claims
3. **Provide safe harbour where Government backed standards and guidance** have been applied in good faith. This is a growing area of focus in carbon markets with jurisdictions such as California introducing legislation to protect businesses when making claims backed by qualifying highly vetted



carbon credit programs. Participating countries in the Coalition to Grow Carbon Markets engage in a workstream focused on developing harmonised safe harbour regimes.

4. **Extend transition period** to align with the end of contracts where award was based on climate active certification and allow for an orderly transition to a new arrangement.

While government-backing is seen by CMI and its members to be a critical design feature in a successful new initiative, in the event option 2 is not deemed viable, it is imperative that a new initiative be developed that would fill the gap in the market left by the closure of Climate Active. Given the decline in confidence and users of Climate Active, any new initiative would require government support in the form of a grant or partnership agreement to enable appropriate design, governance and standards-setting for a new initiative alongside technical in-kind support to leverage valuable elements of the Climate Active program and transition Climate Active users to the new initiative as seamlessly as possible. With appropriate financial and technical support, CMI would be willing to lead a multi-stakeholder partnership in such an initiative to fill the critical gap in the carbon market. This would restore confidence and underpin corporate action to support demand side integrity and the pipeline of high co-benefit ACCUs through the ACCU scheme. The partnership should be resourced to ensure the required oversight in administering, monitoring and enforcing a best-practice, stringent voluntary climate action standard. Creating a replacement for Climate Active, which moves beyond carbon neutral certification and aligns with maturing international best practice on net zero would help build investment and community confidence in private sector climate action and support integrity in the use of carbon markets. CMI welcomes the opportunity to share the design principles developed by our focus group which could support evolution of Climate Active or creation of a new demand side integrity initiative.

In parallel to updating the existing standards and guidance CMI urge the Australian Government to engage with initiatives seeking to support additional climate action and carbon market integrity, such as 'Coalition to Grow Carbon Markets'. This would inform the domestic program reform and allow Australia to contribute its experience guiding voluntary climate action to global efforts to scale private sector investment in climate action.

CMI offers more specific answers to relevant question in Appendix A. In general answers reflect the experience of its member group rather than CMIs own Climate Active certification journey.

Should you wish to discuss CMI's submission in more detail, please contact Kelly Smith (kelly.smith@carbonmarketinstitute.org).

Yours sincerely,

Sasha Courville

CEO



Consultation questions

Part 2: Options for program direction

2) Do you support Option 1 (Close the program) or Option 2 (Close the Climate Active program but the department retains some voluntary standards and select guidance)?

CMI strongly supports option 2, where the department retains some voluntary standards and select guidance. Noting, Option 2 can only support organisations in reporting and reducing their emissions if the Government commits to **updating** and **maintaining** the standard and guidance, so they align with best practice and community expectations. The voluntary standards and guidance should be updated under the direction of a newly formed advisory group containing a cross section of the carbon market ecosystem to derisk use of the standards and insulate users against legal claims. The corporate standards for Science Based Targets Initiative (SBTi V2), the draft ISO Net Zero Standard, Greenhouse Gas Protocol and the ICVCM Core Carbon Principles provide an initial base for this important work. To support this work and de-risk the initiative from reputational risk, CMI suggests that a multi-stakeholder advisory group be created to work with government in the updating of standards and guidance to meet current national and international best practice.

a) Please provide a short summary of your reasoning.

Originally launched as the National Carbon Offset Standard (NCOS) in 2010, the Government program was a world-leading program to drive voluntary climate action through enabling businesses to measure and manage their environmental footprint including emissions reductions and offsetting. The NCOS was rebranded in 2019 as Climate Active to standardise voluntary carbon-neutral claims.

When it was introduced, the Climate Active program it filled a domestic policy need and was taken up by hundreds of Australian brands across corporate, Government and civil society sectors. It has also been highly valued by small to medium sized businesses who genuinely want to be able to take climate action but have not regulatory framework for reference.

Key strengths of the Climate Active program were:

- Accessibility for organisations starting their emission accounting and reduction journey
- Simplicity of the claim for consumer understanding
- Security of Government backing

However, the Climate Active program has not kept pace with international best practice or consumer expectations, reducing demand for the program and increasing the risk of greenwashing claims for those certified by the program.



Revamping, rather than closing the Climate Active program provides more immediate solutions to these problems. Complete cessation of the program leaves a substantial gap in the market for:

- Organisations at the start their emissions documentation and reduction journey
- Certifications standards easily understood by consumers
- Voluntary action which goes beyond lowest-cost market engagement which supports First Nations, nature and regional opportunities in the carbon market.

Most of the demand for ACCUs with significant First Nation co-benefits has been driven through Climate Active, and without the program or a replacement, there is a significant challenge to realising the full economic opportunity that the carbon market offers to First Nations communities. Similarly, voluntary demand is critical for investment in higher cost carbon projects with significant biodiversity and nature co-benefits. Unlike in the compliance market through the safeguard mechanism, lowest cost abatement is not the key driver in the voluntary landscape.

Removal of Government-backed standards and guidance at a time when organisations are likely to be seeking support and certainty will act to dilute the previously strong signals the Government created regarding voluntary action. For those not subject to mandatory climate disclosure, Climate Active provided one of the few tangible options for small and medium sized businesses wanting to do something to address climate change but without all the levers of bigger organisations. Discontinuing the program completely, without providing any guidance risks creating a vacuum that deters voluntary private sector engagement with carbon markets and contributes to “green chilling” in this critical decade for climate action.

The introduction of mandatory disclosure, where companies are required to disclose market interaction and decarbonisation initiatives, supports the need for clear guidance rather than reducing it.

Option 1: Close the Climate Active program after a transition period

3) What impact would Climate Active’s closure have on your organisation?

The closure of Climate Active leaves organisations without well recognised standard in the Australian market which:

- Encourages voluntary action for the Australian Government’s NDC range
- Drives transparency in market sector not covered by compliance drivers
- Drives purchase of high-co-benefit ACCUs
- Create a credible source of scope 3 information for MCR reporters and
- Provides vetted carbon inventory calculators.

This can leave organisations, particularly small to medium category, without a suitable certification option and unable to meet sustainable procurement policies which are part of the Australian business landscape.

Additionally, complete closure of the Climate Active program removes an education pathway on purchase of credible carbon credits as the Technical Manual provided guidance on purchasing carbon credits. In the absence of this guidance, organisations may look to create purchasing criteria, which while well intentioned are not fit for purpose and perpetuate misconceptions regarding the generation and accounting for carbon credits.



a) Aside from the Climate Active program, what Australian Government guidance, tools or support have been useful to help your organisation reduce your carbon footprint?

CMI recognises there is range of tools available to organisations across market in navigating emissions reductions and the associated need to make appropriate claims to market. These include mandatory compliance and reporting frameworks as well as voluntary standards. Mandatory and compliance frameworks include NGERs, the Safeguard Mechanism, mandatory climate-related financial disclosure and regulatory guidance issued by ASIC and the ACCC. Voluntary standards called upon include Science Based Targets Initiative (SBTi V2), the draft ISO Net Zero Standard, Greenhouse Gas Protocol, VCMI and the ICVCM Core Carbon Principles. Nevertheless, these tools don't fill the material gap in Australia's climate policy suite for building corporate capacity and enabling additional action. The introduction of mandatory climate disclosure, where companies are required to disclose their market interactions and decarbonisation plan acts to increase the need for guidance on carbon credit purchasing like that provided in the Climate Active Technical manual rather than reducing it.

Additionally, the Climate Technical Active standard played a potentially underappreciated role in guiding credible purchasing of carbon credits. The Technical Standard contained a detail list of items participants should consider, including location of project, vintage, credentials of carbon service provider, economic and cultural considerations, which is not otherwise readily accessible. While the removal of this guidance is significant for small to medium organisations it is arguably even more important for organisations covered under mandatory climate disclosure as they navigate purchase and reporting of carbon credits.

Option 2: Retain some voluntary standards and select guidance

4) Would you use Australian voluntary standards once certification ends?

CMI's survey of members suggests the demand for Government to provide voluntary standards and select guidance remains. While there is a strong preference to update, resource and retain Climate Active, including the certification, the lack of suitable alternatives for organisations not currently subject to compliance climate obligations and enterprises looking to undertake credible action provision remains meaning there is demand for Government backed standards and guidance.

a) Please provide a short summary of your reasoning.

See reasoning in question 2.

5) We would like your feedback about the current program's standards, tools and guidance:

a) What elements of the current suite of Climate Active's standards, tools and guidance do you find useful and not useful?

All elements of the current suite of Climate Active standards are useful.

b) Which elements should the Government consider maintaining after Climate Active certification ends?

CMI recognises there are inherent risks the in the Government providing standards, tools and guidance. However uncertain times are when credible guidance from authoritative sources is needed. Risks associated with providing tools and guidance could be managed by:

- Updating and maintaining all standards all retained standards and guidance to align with international best practice;
- Creating a multi-stakeholder based advisory body as previously described to oversee the update of the standards; and
- Allocating sufficient resourcing to support users of the guidance and standards.



As CMI highlighted in our letter to Assistant Minister Wilson in July 2025, in parallel with developing and supporting the updated guidance, the Australian Government should engage in international initiatives that seek to support additional climate action and carbon market integrity. This would inform domestic program reform and allow Australia to contribute its experience guiding voluntary climate action to global efforts to scale private sector investment in climate action.

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', following on from the UK Government's COP29 announcement of its 'Principles for voluntary carbon and nature market integrity'. 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.

CMI understood from Assistant Minister's letter to CMI dated 1 August 2025, that the Australia Government would consider its position on joining the Coalition after the outcome of the Climate Active reform process is settled.

6) What are your views on NABERS and the Green Building Council of Australia (GBCA) undertaking the certification pathway for buildings?

While CMI is not able to comment on the details of the NABERS and GBCA certification pathway for buildings, this certification pathway is generally held in high regard and NABERS' and GBCA's programs and expertise could be leveraged to support new certification pathways for other sectors under option 2.

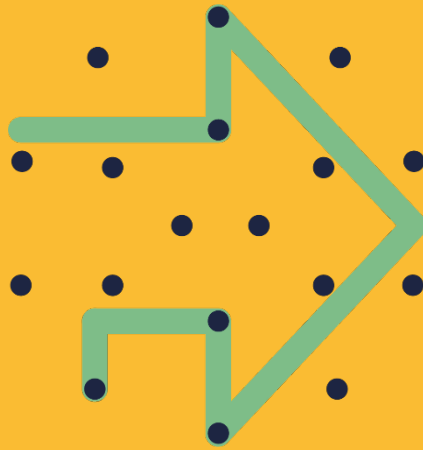
Part 3: Transitional arrangements

7) Would program closure raise any issues for your organisation

Program closure raises issues listed above regarding the gaps in the marketplace without a credible Government backed standard.

8) Do you have any other feedback on the proposed transitional arrangements?

Some organisations, including the Australian Government, mandate or give preference to supplier who are Climate Active certified to meet sustainable procurement policies. With no obvious successor, the proposed transition period of 12-18 months is too short to support organisations where Climate Active certification was a prerequisite for contract or other business award. DCCEEW could benefit from a broad review of market to identify the use cases realistic timelines for organisations to find suitable alternatives.



for more information, please contact

Kelly Smith

Net Zero Engagement Manager e

Kelly.smith@carbonmarketinstitute.org

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.

