



Submission to the Senate Environment and Communications Legislation Committee

The Carbon Market Institute (CMI) welcomes the opportunity to provide this submission to support the Senate Inquiry into the *Carbon Credits and Other Legislation Amendment (Integrity and Transparency) Bill 2026* (Bill), which was referred to the Senate Standing Committees on Environment and Communications for inquiry and report on 10 September 2026 for reporting on 24 November 2026.

CMI is an independent, member-based institute that promotes the use of market-based solutions and supports best practice in decarbonisation aligned to Paris Agreement goals. Our membership includes 130+ primary producers, carbon service providers, First Nations organisations, legal and financial institutions, technology firms, emissions-intensive companies and nature & conservation organisations in Australia and Asia Pacific. This broad membership, and expertise in the ACCU Scheme places CMI in a unique position to comment on and provide evidence to this Senate inquiry. The CMI Board develops CMI's Policy Positions, which draw on practical insights from, but are ultimately independent of, members.¹ CMI also established the Australian Carbon Industry Code of Conduct (ACI Code) in 2018 to steward consumer protection, market integrity and best practice across Australia's carbon market. The ACI Code is now administered through a dedicated entity to strengthen governance independence, oversight and confidence in the integrity of the market.²

1. Introduction

CMI supports the passage of the Bill. The Bill represents an important step in the continued improvement of the Australian Carbon Credit Unit (ACCU) Scheme and progresses implementation of recommendations from the 2022 Independent Review of Australian Carbon Credit Units (ACCU Review)³, as well as several recommendations from the Climate Change Authority's (CCA) 2023 Review of the ACCU Scheme⁴.

Timely implementation of review recommendations is essential to supporting confidence in the ACCU Scheme, its projects and outcomes. CMI therefore welcomes the Government's progress in bringing these reforms forward and considers that the Bill provides an important opportunity to strengthen integrity, transparency and investment certainty. CMI provided a detailed submission⁵ to DCCEEW on the exposure draft of the Bill in May 2026. That submission remains relevant to the Committee's consideration of the Bill, particularly in relation to implementation matters and reforms that sit outside the primary legislation.

CMI's position on the final Bill is informed by the significant number of CMI recommendations that have been incorporated, in whole or in part, and by the opportunities that remain to strengthen implementation through the Carbon Credits (Carbon Farming Initiative) Rules (CFI Rules), guidance and administrative arrangements.

2. Strategic outlook

The ACCU Scheme is an established and highly regulated component of Australia's climate policy architecture. It is also highly regarded internationally as a government-backed carbon crediting scheme with a robust integrity framework. Its longevity, statutory foundations, independent oversight, transparent methodology framework and regulatory architecture have contributed to its standing as an important reference point in international carbon markets. The ACCU Scheme provides an investment framework that can mobilise finance into Australian landscapes, support regional economies, diversify farm income, create opportunities

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

² CMI 2024, 'Australian Carbon Industry Code of Conduct', <https://carbonmarketinstitute.org/code/>.

³ See further, Australian Government, DCCEEW, <https://www.dcceew.gov.au/climate-change/emissions-reduction/accu-scheme/reviews-and-reforms/independent-review-accus>

⁴ See further, CCA, <https://www.climatechangeauthority.gov.au/2023-review-accu-scheme>

⁵ See further, CMI, <https://carbonmarketinstitute.org/app/uploads/2026/05/CMI-submission-ACCU-Scheme-Leg-Reforms-.pdf>



for First Nations participation and generate broader environmental and biodiversity outcomes. It is underpinned by the Offsets Integrity Standards, robust methodology requirements, auditing, regulatory oversight and independent expert oversight.

The Bill should therefore be understood as part of a process of continuous improvement, rather than a fundamental redesign of the Scheme. This is particularly important given the time that has elapsed since the ACCU Review and the CCA's 2023 Review. The CCA described the ACCU Scheme as fundamentally well designed while identifying targeted changes needed to ensure it remains fit for purpose, including more regular method review, greater transparency and stronger support for First Nations, rural, regional and remote communities.

The next important stage is implementation. With the CFI Rules due to sunset in April 2027, there is a timely opportunity to ensure that the detailed Rules, guidance and administrative arrangements provide the clarity, flexibility and safeguards necessary for the reforms in the Bill to operate effectively

The final Bill contains several significant reforms that align with CMI's advocacy and improve the framework proposed in the exposure draft. CMI offers the Senate committee two core recommendations, with supporting detail in an Annex that follows.

3. Recommendations

Recommendation 1: Pass the Bill

CMI recommends that the Senate pass the *Carbon Credits and Other Legislation Amendment (Integrity and Transparency) Bill 2026*.

The Bill represents an important and timely step in implementing recommendations from the ACCU Review and the CCA's 2023 Review. It incorporates a number of important reforms advocated by CMI, including the two-stage Native Title consent framework, establishment and expanded functions of CAIC, transfer of Government ACCU purchasing to DCCEEW, the value-for-money purchasing framework, allowing R&D on methods without it impacting newness tests, formalisation of a proponent-led method development process, and enabling integrated sequestration and emissions avoidance methods.

Recommendation 2: Strengthen implementation of Bill amendments through Rules, guidance and administrative arrangements

CMI recommends that the Senate Committee encourage Government to use the implementation phase, including the remake of the CFI Rules ahead of their April 2027 sunset, to address remaining Bill amendment implementation issues and provide greater clarity and certainty.

Priority matters should include Native Title consent implementation, value-for-money purchasing criteria, R&D and newness guidance, Method Transition Declaration safeguards, permanence period flexibility, section 88A relinquishment arrangements, and other operational matters identified through consultation.

CMI further urges the Government to continue progressing the broader ACCU reform agenda, including a National Data Platform, CAIC Secretariat independence, appropriate standards for carbon service providers and market advisers, and consideration of ACCU Scheme principles in the CFI Act.

4. Conclusion

CMI supports the passage of the Bill and welcomes the substantial progress it represents in the ongoing improvement of the ACCU Scheme. The Bill and its amendments demonstrate the value of progressing independent review recommendations in a timely manner. Continued implementation of the ACCU Review



and CCA recommendations is essential to supporting confidence and driving investment in the ACCU Scheme, its projects and outcomes.

The final Bill also demonstrates the value of consultation. Several changes directly respond to matters raised by CMI and other stakeholders during consultation, including the strengthened Method Transition Declaration safeguards and the important provision enabling future methods to incorporate both sequestration and emissions-avoidance activities.

CMI considers that timely implementation of recommendations from the ACCU and CCA 2023 reviews provides regulatory stability and an important signal of the Government's commitment to the Scheme's long-term integrity. At the same time, implementation should reflect current market conditions and operational realities. The objective should be to enhance existing integrity arrangements while providing clear and durable signals to project proponents, investors, landholders and ACCU buyers.

CMI looks forward to continuing to work constructively with Government, the Committee and market participants to support a high-integrity, transparent and effective ACCU Scheme. We would welcome the opportunity to provide the committee with deeper insights and evidence in a hearing. Should you have any questions about CMI's submission or wish to discuss it further, please contact me at sasha.courville@carbonmarketinstitute.org.

Yours sincerely

Sasha Courville

Chief Executive Officer



ANNEX

Key Bill reforms welcomed by CMI

a) Two-stage Native Title consent

CMI welcomes the Bill's establishment of an upfront, structured two-stage consent process for projects involving Native Title and claimed Native Title interests. The ACCU Scheme provides a mechanism for turning Indigenous land stewardship, traditional knowledge and carbon abatement into long-term economic opportunities. There are over 40 Indigenous-owned and operated carbon projects across Northern Australia having generated over 10 million credits and \$60 million annual revenue, alongside numerous partnerships with carbon project developers.

CMI has consistently supported removal of conditional project registration and considers the final approach in the Bill an important step towards strengthening First Nations participation and aligning the ACCU Scheme with Free, Prior and Informed Consent (FPIC) principles. The Bill also recognises Registered Native Title Claimants as eligible interest holders.

Many of CMI's detailed implementation recommendations necessarily sit outside the primary legislation. These should now be addressed through the CFI Rules, guidance and implementation arrangements, including:

- clear and practical consent timelines and extension mechanisms;
- guidance on the mapped engagement and consent process;
- funding support for Native Title Claimants, Native Title Holders and landholders;
- appropriate mediation and dispute-resolution pathways;
- guidance on co-design, benefit sharing and monetary rights;
- clear processes where new claimants emerge after project commencement; and
- alignment with consent arrangements under the Nature Repair Market.

Addressing these matters will be important to ensuring that the legislative reform works effectively in practice and does not create unnecessary uncertainty or administrative burden.

b) Establishment and expanded role of the Carbon Abatement Integrity Committee (CAIC)

The role of the Emissions Reduction Assurance Committee (ERAC) has been particularly important to the integrity and credibility of the ACCU Scheme. As an independent statutory committee, ERAC has provided expert scrutiny of ACCU methods against the legislated Offsets Integrity Standards, advised on the development and variation of methods, undertaken periodic reviews, supported public consultation and, more recently, played a central role in the proponent-led method development process. Its published guidance and assessment work have also contributed to greater transparency and public confidence in the Scheme.

CMI therefore welcomes the transformation of ERAC into the Carbon Abatement Integrity Committee (CAIC). The transition provides an opportunity to build on ERAC's established expertise and independence while giving the integrity body an expanded and more clearly defined role for the next phase of the ACCU Scheme, including increasing transparency provisions. The Bill expands CAIC's functions to include advice on method expiry and the prioritisation of new methods and variations, alongside its existing integrity assurance functions. This is particularly important as the Scheme moves towards continuous improvement and a more proponent-led approach to method development. A strong, expert and transparent CAIC will be critical to ensuring that new and amended methods continue to meet the Offsets Integrity Standards while supporting innovation and the development of new sources of high-integrity abatement. The establishment of CAIC



provides an opportunity to strengthen the integrity assurance function and gives it the mandate and capabilities needed for the Scheme's next phase. CMI continues to support measures that strengthen the functional independence of the CAIC Secretariat and ensure the Committee is appropriately resourced to perform these expanded functions.

c) Government ACCU purchasing and value for money

CMI welcomes the transfer of responsibility for ACCU purchasing from the Clean Energy Regulator to DCCEEW and strongly supports the shift from a "least cost abatement" framework to "value for money". These changes align with CMI's May 2026 submission and the broader direction of the ACCU Review. They recognise the changing role of Government purchasing as private demand for ACCUs grows and allow purchasing decisions to consider factors beyond price. While cost-effectiveness should remain an important consideration in public expenditure, the ACCU market and the role of Government purchasing have evolved significantly. The Bill recognises this by enabling Government to consider a broader range of environmental, social, economic and First Nations cultural benefits when determining value for money.

CMI recommends that implementation now provide a clear definition and transparent assessment framework for "value for money". This should outline how Government purchasing can meet broader policy objectives and help catalyse projects that deliver multiple public benefits, provided the underlying carbon abatement continues to meet the Scheme's integrity requirements. For example, targeted Government purchasing could be designed to support: First Nations economic development; biodiversity and nature outcomes; agricultural stewardship; regional and rural economic development; innovation and market development.

d) Newness and R&D

CMI welcomes the final Bill's retention and refinement of flexibility in the newness requirements for research and development. Importantly, the final approach removes the need to cease and restart relevant activities in order to preserve eligibility, addressing a concern raised by CMI during consultation.

The remaining issue is implementation. The Rules and guidance should clearly establish what constitutes eligible R&D, what records proponents should retain, and how R&D interacts with project commencement and method development. This will allow the reform to support innovation without creating uncertainty for proponents.

e) Proponent-led Method Development

CMI welcomes the formalisation of the Proponent-led Method Development (PLMD) process and the strengthened role for CAIC in determining method priorities. A transparent pathway for proponents to develop methods can support innovation and ensure the ACCU the Scheme evolves in response to emerging technologies, market conditions and Australia's changing abatement needs.

The effectiveness of the PLMD framework will, however, depend heavily on its implementation. A formal process alone will not be sufficient if proponents face uncertainty about how proposals are assessed, what information is required, how priorities are determined or the likely timeframe for progressing a method.

CMI recommends the Government establish a transparent, consistent and adequately resourced process for PLMD, including:

- clear eligibility and assessment criteria for proposals, including transparent criteria for determining whether a proposed method should proceed;



- consistent assessment and decision-making processes, with proposals assessed against published criteria and proponents provided with clear reasons for decisions;
- published timeframes and milestones for each stage of method development, including indicative timeframes for assessment, CAIC consideration, consultation and Ministerial decision making;
- appropriate resourcing and technical support for proponents, particularly smaller proponents, First Nations organisations, landholders and emerging technology providers that may not have the resources of larger market participants;
- clear allocation of responsibilities between proponents, DCCEEW, the Regulator and CAIC throughout the method development process;
- transparency regarding method development priorities, including publication of the areas or method types being prioritised and the rationale for those priorities; and
- appropriate feedback mechanisms, so that proponents whose proposals do not progress can understand the reasons and, where appropriate, refine and resubmit their proposals.

CMI also considers that Government should ensure that CAIC and DCCEEW have sufficient resources and technical expertise to assess proposals efficiently. A well-resourced PLMD process avoids the development pipeline becoming constrained by administrative capacity rather than the availability or quality of viable method proposals.

CMI encourages Government to build on this reform by publishing a forward pipeline of method priorities and indicative development timelines.

f) Integrated sequestration and emissions avoidance methods

CMI particularly welcomed a significant improvement in the final Bill, amendments enabling future methods to include both sequestration and separate emissions avoidance activities within a single project, where the requirements of the Offsets Integrity Standards are met. Both sequestration and emissions avoidance activities are important to Australia's emissions reduction pathway and should be supported through the ACCU Scheme. Sequestration activities increase and maintain carbon stored in vegetation, soils and other carbon pools, while emissions avoidance activities prevent emissions that would otherwise occur, and halt the destruction of standing vegetation, or in the case of savannah fire management, hot, destructive fires.

Enabling methods to incorporate both activities directly responds to an issue CMI identified in its May submission, which called for amendments to enable integrated methods and specifically identified the Integrated Farm and Land Management (IFLM) method as an important use case. The reform provides greater flexibility for land managers and creates scope for more coherent, scalable and stacked project structures. CMI welcomes this outcome and encourages Government and CAIC to progress the IFLM method as a priority.

g) Method Transition Declaration

CMI's position on the final Method Transition Declaration is more positive than its position on the exposure draft's proposed Integrity Risk Method Declaration. CMI did not support the original mechanism because of concerns that a broad intervention power could create unnecessary uncertainty for projects operating under approved methods. CMI encourages the Committee to consider potential unintended consequences and market signalling of a well-intended intervention whereby the existence of such a mechanism could unduly undermine confidence and certainty for investors. Under the ACCU Scheme, long-term investment decisions are based on the expectation that compliance with approved methods and measurement tools provide



regulatory certainty and that ACCUs generated in accordance with Scheme rules will retain their integrity and value. The Method Transition Declaration mechanism risks weakening this regulatory compact by shifting disproportionate responsibility for evolving integrity concerns onto proponents, despite Government retaining responsibility for method development, approval and oversight.

The final Bill includes important safeguards regarding the use of Method Transition Declarations. A Method Transition Declaration can only be made where the relevant method does not comply with the Offsets Integrity Standards and continued issuance would pose a material risk to Scheme integrity. Before making a declaration, the Minister must have regard to advice from CAIC and the Regulator, undertake public consultation, consider adverse environmental, economic and social impacts, and be satisfied that affected projects can transition to an alternative method. Declarations also have delayed commencement arrangements. These changes shift the mechanism towards an intervention used in exceptional circumstances or being a circuit-breaker, rather than a routine method transition tool.

CMI welcomes this strengthened approach. Implementation should nevertheless provide transparency around the evidentiary threshold, consultation process, transition arrangements and treatment of affected projects. Clear guidance and worked examples would assist proponents and investors to understand how the mechanism is intended to operate.