

Submission by the Climate Change Authority ACCU Review Discussion Paper

September 2023

Thank you for the opportunity to respond to the government's ACCU Review Discussion Paper.

The Climate Change Authority is currently undertaking its fourth review of the *Carbon Credits (Carbon Farming Initiative) Act 2011* (CFI Act), the legislation that enables the Australian Carbon Credit Unit (ACCU) scheme.

In this review, we are looking at the ACCU scheme in the 2023 context:

- the ACCU scheme is undergoing change from the implementation of the recommendations from the recent Independent Review of Australian Carbon Credit Units (the ACCU Review);
- Australia now has a legislated net zero emissions target;
- the Safeguard Mechanism will drive increasing private demand for ACCUs;
- international and voluntary carbon markets are evolving under the Paris Agreement.

In recognition of the changing environment for the ACCU scheme and the implementation of the ACCU Review recommendations, we are focusing on the following issues:

- *Securing integrity* – focusing on additionality, permanence and leakage.
- *Managing supply and demand* - including ACCU Scheme participation and land use competition in the context of changing demand.
- *Valuing non-carbon outcomes* – including First Nations people's engagement.
- *Scaling emissions removals* – including how the scheme can support engineered approaches to removing carbon from the atmosphere.
- *Alignment with the Paris Agreement* – including international trade considerations.

We intend to submit our review to the Minister for Climate Change and Energy in December 2023 and would be happy to provide you with further briefing as our research and analysis progresses in the meantime.

Yours sincerely



Brad Archer

Chief Executive Officer 27 September 2023

