Australian Industry Greenhouse Network

AIGN submission

Carbon Credits and Other Legislation Amendment (Integrity and Transparency) Bill

May 2026

1 Summary

AIGN supports improving the integrity and transparency of the ACCU Scheme and NGERS to support market confidence and investment certainty. The proposed amendments require further consultation and refinement to ensure these objectives are met.

Timing and sequencing of reforms
AIGN is concerned that the consultation period is too compressed, given the complexity and market sensitivity of the proposed reforms. The proposed amendments should be supported by clear consultation processes and adequate timeframes to allow stakeholders to provide considered feedback.

It should be clarified why these amendments need to proceed now, what must be settled by the Bill, what will be dealt with later through rules or guidance, and how further consultation will take place.

Design of integrity risk method declaration power
The proposed integrity risk method declaration power could result in significant unintended consequences and should be subject to a cost-benefit analysis before proceeding. If developed, the power should be used only for independently verifiable carbon abatement integrity risks and should be a measure of last resort, with a clear escalation pathway, prior consultation, a transparent process, and proportionate alternatives such as crediting adjustments, additional audits, or project-specific assessments. Publication of the Minister's decision should be structured and transparent to avoid adverse market impacts.

Native title and eligible interest holder consent
A clear, practical process should be applied to clarify when registered native title claimants must be treated as eligible interest holders. Worked examples should be provided for freehold land, partially extinguished native title, and mixed-tenure projects, so all parties can quickly and easily identify the correct consent pathway. The framework should also be designed to avoid unintended consequences for market participants that may arise from the interaction between consent requirements and competitive dynamics in project development.

Carbon Abatement Integrity Committee (CAIC)
CAIC membership should include expertise across a wide range of disciplines, including project implementation and demand-side ACCU use. In its work on methods, the CAIC should publish summaries of material information relied on (subject to confidentiality protections), and deliver a live method work program showing methods under development and expected timing.

Relinquishment and buyer confidence

Relinquishment powers should include clear evidence thresholds, procedural fairness and transparent criteria. Where ACCUs have already been sold or surrendered, a relinquishment obligation on a proponent should not cast doubt on the legitimacy of buyers who acted in good faith.

Government purchasing of ACCUs

A value-for-money purchasing framework should ensure Safeguard compliance flexibility is not affected and preserve the principle that each ACCU represents one tonne of carbon dioxide equivalent of abatement. Additional outcomes should be clearly identified and complementary to emissions reduction integrity.

Transparency and NGERS publication powers

Additional publication powers should be subject to further consultation and include what data may be published, why it is being published, and how it is presented. Publication of additional information must preserve privacy and commercial-in-confidence protections, as recommended by the independent review of the ACCU Scheme (the Chubb Review). ACCU project transparency would be improved by providing more detailed public information and by improving the presentation and accessibility of existing information.

Market-based scope 2 reporting

Certificate surrender within a reasonable post-period reconciliation window, as with ACCU surrender under the Safeguard Mechanism, would improve practicality and maintain integrity.

2 About AIGN

The Australian Industry Greenhouse Network (AIGN) welcomes the opportunity to comment on the proposed amendments to the *Carbon Credits (Carbon Farming Initiative) Act 2011* and the *National Greenhouse and Energy Reporting Act 2007* (NGER Act) to give effect to recommendations to make changes to the Australian Carbon Credit Unit (ACCU) Scheme.

AIGN is a network of industry associations and corporations that provides a forum for discussion on key climate change issues, as well as information and analysis on national and international climate change policy, and the role industry can play in the transition to net-zero emissions by 2050.

We are committed to supporting cohesive, efficient, and predictable climate policies that align with Australia's Paris Agreement commitments, including emissions reduction policy, carbon markets, energy transition settings and regulatory frameworks. AIGN's engagement is focused on supporting credible, workable policy settings that help achieve Australia's emissions reduction objectives while maintaining competitiveness and investment certainty for industry.

3 Importance of ACCU Scheme

AIGN supports the ACCU Scheme as a cornerstone of Australia's climate policy architecture. A continuous improvement approach to method development will strengthen integrity and functionality so the Scheme continues to deliver credible, scalable abatement.

The Government has an essential role in maintaining a stable, credible ACCU market. This includes ensuring participants have access to high-quality information that supports confidence, competition and efficient investment decisions, and addressing misconceptions that can undermine market confidence.

3.1 ACCU Scheme and Safeguard Mechanism

AIGN recognises the increasing importance of high-integrity ACCUs for covered entities under the Safeguard Mechanism. This reflects growing demand for alternative abatement options across compliance and voluntary markets as baselines decline. This is particularly important while technologies enabling hard-to-abate sectors to reduce direct emissions are still developing. ACCUs support the Safeguard Mechanism in several practical ways:

- **Investment and technology incentive:** A stable and credible carbon market provides clear price signals that guide investment decisions. It also incentivises high-quality abatement, including investment in cleaner technologies and operational improvements.

- **Environmental integrity and transparency:** Standardised units supported by strong scheme rules, measurement and verification settings provide an integrity benchmark for compliance and support transparency and confidence in market functioning. The draft IFLM package's transparency settings (including intended publication of key project information) are consistent with this direction.
- **Smoothing the abatement curve where abatement is delivered in step changes:** Many facilities are managing practical lead times and step-change investment pathways. In that context, access to high-integrity credits helps manage inter-annual variability and provides flexibility while capital upgrades and transformative abatement are delivered.

4 Consultation process, timing and sequencing

AIGN appreciates the Department's engagement with stakeholders on ACCU Scheme reforms over recent years. However, consultation on broad topics or reviews in 2022 and 2023 (when detailed proposals and exposure drafts were not available) is not a substitute for consultation on legislative amendments.

The Bill addresses a range of issues, including native title consent, governance of the Carbon Abatement Integrity Committee (CAIC), proponent-led method development, integrity risk declarations, relinquishment, government purchasing, ACCU Scheme administration and NGER publication powers. These matters materially interact with the Safeguard Mechanism, the forthcoming remaking of the Carbon Credits (Carbon Farming Initiative) Rule 2015 ahead of its scheduled sunsetting in April 2027, registry and exchange reforms, climate-related financial disclosure, the Guarantee of Origin Scheme and emerging sector plans.

Given this, further clarity is required on why amendments need to proceed now, which decisions must be settled by this Bill, which matters will be dealt with by subordinate legislation or guidance, and how subsequent consultation will occur.

The current consultation period is very compressed, especially for reforms of this complexity and market sensitivity. This rushed consultation process was not foreshadowed in the Department's February 2026 progress report on reforming the ACCU Scheme, which only noted that consultation would occur, without any detail on the proposed approach or timing.[1]

The approach to this legislation falls short of good practice. Consultations on legislative amendments affecting carbon markets should be detailed in a clear plan and allow for sufficient consultation time for stakeholders to provide considered feedback. It is also inconsistent with the Treasurer's commitment in his 2026–27 Federal Budget address to

[1] https://www.dcceew.gov.au/sites/default/files/documents/progress-report-reforming-accu-scheme-2026.pdf

make it easier to work with government, including reducing, streamlining and simplifying red tape.[2]

5 Feedback on proposed legislative amendments

AIGN encourages the Department to allow sufficient time to genuinely address questions arising from the proposed amendments, including the following.

5.1 Integrity risk method declaration

AIGN recognises the need for the Government to have tools to respond to genuine, material integrity risks that could undermine the ACCU Scheme.

In its 2026 progress report on ACCU Scheme reforms, the Department said it was considering options to require existing projects to transfer to new or varied methods, *"...taking into account factors such as the impact on investment and business certainty for project proponents, and the possible role of ERAC in providing advice to the Minister on integrity issues associated with transitioning, or not transitioning, to varied methods."*[3]

The proposed integrity risk method declaration (IRMD) power could represent an extreme form of market intervention, and it is one of the most significant market-facing elements of the Bill. A detailed cost-benefit analysis is required to assess the need for this power and examine how its design will affect existing mechanisms that support integrity.

If not carefully designed, the existence or use of the power could increase investment risk across the scheme, affect project developers' financing costs, and create reputational risk for ACCU buyers who have relied on units in good faith. This would be a major consideration for future ACCU projects, which must be viable over long timeframes (up to 25 years for some projects).

The consultation paper indicates that, after a transition period, an IRMD would prevent projects from continuing to earn ACCUs under the method to which it applies. This could be highly consequential for existing projects, forward contracts, finance arrangements and compliance strategies. AIGN therefore supports a stronger statutory and administrative framework for the power. If the Government proceeds with the IRMD after a robust cost-benefit analysis, the following issues must be addressed..

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[2] https://budget.gov.au/content/bp1/download/bp1_2026-27.pdf, p 2 & 18

[3] https://www.dcceew.gov.au/sites/default/files/documents/progress-report-reforming-accu-scheme-2026.pdf, p17

5.1.1 Threshold and definition of material risk

The Bill should clarify that the threshold for an IRMD is an independently verifiable carbon abatement integrity risk. Public controversy, reputational concern, stakeholder criticism or untested allegations should not, by themselves, be sufficient.

A 'material risk' to the integrity of the ACCU Scheme must be clearly defined as a material risk relating to matters such as additionality, permanence, measurement, verification, accurate quantification, eligible carbon abatement, project emissions, or the evidence base supporting the method. This would align the IRMD power with the Offsets Integrity Standards and avoid the risk of the IRMD process becoming a mechanism for responding to reputational issues rather than to genuine abatement integrity issues.

5.1.2 IRMD escalation pathway and consultation

An IRMD should be a measure of last resort. Before an IRMD is made, the Department and CAIC should be required to consider if the integrity concern can be addressed through less disruptive measures, such as further evidence gathering, method variation, targeted audit, additional reporting, conservative crediting adjustments, temporary suspension while evidence is tested, or a project-level remedial plan.

AIGN recommends that a process diagram be developed and published explaining the escalation pathway, including investigation, evidence testing, CAIC advice, stakeholder consultation, Ministerial consideration, publication of reasons, transitional arrangements, and post-declaration off-ramps.

Consultation should occur before a declaration is made. Once a method is publicly associated with an integrity risk declaration, market damage may be difficult to reverse even if the concern is later narrowed, resolved or found not to affect project types.

5.1.3 Consequences, off-ramps and proportionate alternatives

The Bill should provide a clear explanation of what happens after an IRMD, including how projects may transfer to a new or varied method, which standards will apply, if grandfathering will be available for investments made in good faith, and how the Department will manage transitional and contractual impacts.

AIGN recommends considering proportionate alternatives to a requirement that all affected projects adopt a replacement method. Depending on the integrity concern, alternatives could include a crediting adjustment, revised reporting and monitoring, additional audit requirements, conservative default factors, or a project-specific assessment pathway. These options may mitigate risk while avoiding unnecessary project stranding.

Clarification is also required as to whether the relevant Offsets Integrity Standards are those in force at the time a project was registered, at the time the method was made, or at the time the declaration is considered. Retrospective application of updated expectations can materially affect investment certainty. Grandfathering or transitional treatment should be available where proponents invested and contracted in good faith under the rules that applied at the time.

5.1.4 Market communication and publication

Publishing only the Minister's decision to make an IRMD is unlikely to be sufficient for the market. AIGN supports structured communication that provides timely, factual and non-prejudicial information on the scope of the concern, the evidence base, the methods and project types affected, the status of already issued ACCUs, the intended transition pathway and the implications for buyers who have purchased or surrendered affected units.

Market-sensitive announcements should be carefully timed and coordinated to avoid disorderly market outcomes. The Department should publish reasons that are sufficiently detailed to support confidence in the decision, while protecting confidential project and commercial information.

5.2 Native title and eligible interest holder consent

AIGN supports strong engagement with native title holders, registered native title bodies corporate and registered native title claimants, and recognises the importance of Free, Prior and Informed Consent in projects that affect land and rights.

AIGN understands the policy objective of ensuring that native title holders and registered native title claimants are appropriately involved in ACCU Scheme projects affecting land in which they hold, or may hold, native title rights and interests. This provision should explain how the new eligible interest holder consent requirements apply where a registered native title claim overlaps land tenure on which native title may have been extinguished, including some forms of freehold tenure. Further clarification is required that the existence of a registered native title claim, by itself, does not require consent for land where native title has been legally extinguished. A clear and practical test for proponents to determine when a registered native title claimant must be treated as an eligible interest holder would be helpful, including worked examples for freehold land, partially extinguished native title, and mixed-tenure project areas.

The consent framework should be clear such that proponents, native title parties, landholders and the regulator can identify the correct consent pathway without unnecessary delay, duplication or uncertainty. This is especially important where projects are already subject to other land access, cultural heritage, environmental approval and community consultation processes.

AIGN encourages further consideration of how the design of the consent framework might inadvertently create perverse incentives, for example, when consent requirements interact with competitive dynamics in project development. Clear guidance on the scope and purpose of consent obligations would help ensure they operate as intended and avoid unintended consequences for market participants.

5.3 Carbon Abatement Integrity Committee

The proposed changes to independent expert oversight through transitioning the Emissions Reduction Assurance Committee to the Carbon Abatement Integrity Committee (CAIC) is an opportunity to support integrity, method development, market confidence and continuous improvement.

The CAIC's membership should collectively include expertise in carbon science, method development, measurement and verification, First Nations engagement, environmental markets, finance and project implementation. It should also include demand-side experience, including from compliance buyers and entities that rely on ACCUs to manage Safeguard Mechanism obligations. This breadth of expertise would mean the CAIC's advice reflects both the technical integrity of projects and the practical consequences for the market participants who rely on them.

The proposed amendments appear to broaden the range of information and advice that CAIC may draw on. This should be accompanied by transparency safeguards - the CAIC should be required, subject to confidentiality and public-interest protections, to publish a list or summary of material information sources it relied on when providing advice to the Minister. This would demonstrate that the advice is evidence-based and allow for constructive dialogue when stakeholders believe more appropriate or complete information is available.

The CAIC should have a clear role in supporting the availability of methods and replacement methods. The ACCU market requires a credible pipeline of new and varied methods, particularly where methods are due to expire or where demand is expected to increase. AIGN recommends that the CAIC publish or contribute to a live method work program that identifies methods under development, their stage, expected timing, and whether replacement methods will be available before existing methods sunset or expire.

5.4 Relinquishment and buyer confidence

AIGN supports compliance and enforcement tools that maintain scheme integrity. The proposed relinquishment powers should be designed to avoid creating avoidable market uncertainty for project proponents, financiers and ACCU buyers.

Where relinquishment is sought because abatement has not been achieved, or because information provided to the CER was incorrect, the Department should ensure there are clear evidence thresholds, procedural fairness, rights to respond, timeframes, and transparent criteria for determining whether relinquishment is necessary.

Particular care is needed where ACCUs have already been sold, surrendered or voluntarily cancelled. The consultation paper indicates that proponents may need to acquire replacement ACCUs from the market to meet a relinquishment obligation.

It should be clear that a relinquishment obligation imposed on a proponent does not automatically mean that buyers who purchased or surrendered ACCUs in good faith have acted improperly, or that their climate claims should be retrospectively questioned.

5.5 Government purchasing of ACCUs

AIGN understands the rationale for reviewing the Government's role in ACCU purchasing as private sector demand, particularly from Safeguard Mechanism facilities, becomes a more significant driver of market liquidity and price formation.

AIGN does not, in principle, oppose the Commonwealth considering broader value-for-money factors when purchasing ACCUs. However, the proposed move from least-cost abatement to value for money requires more distinct parameters and robust analysis of implementation considerations (including to support productivity). This is needed to clarify that each ACCU represents one tonne of abatement; while additional factors may add value to ACCUs for certain buyers, it is important that the Government (as well as the CAIC) continue to stand behind the integrity of all ACCUs.

The Bill, Rules or guidance should ensure that a value-for-money purchasing approach does not affect Safeguard compliance flexibility and does not undermine the principle that each ACCU represents one tonne of carbon dioxide equivalent abatement. Multiple existing functions can be directed to fund or incentivise additional attributes (e.g. biodiversity, First Nations outcomes, regional employment, novel technologies), including through the Australian Renewable Energy Agency, the Clean Energy Finance Corporation, the Powering the Regions Fund, and the National Reconstruction Fund, to name a few. These options have the benefit of avoiding distortionary impacts on competitive markets.

Where the Government chooses to pay above the least cost for additional attributes, they should be clearly identified, objectively assessed, transparently verified and communicated to the market. Additional attributes should be complementary to, not a substitute for, robust emissions reduction outcomes.

The Department should consult further on procurement guidance before the new purchasing approach is used.

5.6 Transparency, ACCU project information and NGERS publication

AIGN supports transparency that improves confidence in the ACCU Scheme and NGERS. Reforms must be targeted, proportionate and mindful of contractual obligations, and commercial and market sensitivities.

The proposed publication powers should be subject to consultation before they are exercised, consistent with other sections of the NGER Act that require consultation before a power is used. Consultation should address what data may be published, the purpose of publication, aggregation levels, timing, confidentiality protections, data security, quality assurance, correction processes and how the information may be interpreted by the market and the public.

Data held by the Regulator includes commercially sensitive information. Therefore, the rationale for publishing new classes of facility-level data must be clearly explained and applied consistently across sectors. Publication should not create misleading comparisons, disclose commercially sensitive operational information, or duplicate other reporting frameworks.

It should not be assumed that publishing additional information will automatically improve data availability. Some AIGN members report challenges accessing and using data from the Clean Energy Regulator’s platform (e.g., prohibitions against automating the validation, extraction and analysis of data). If these are addressed, the publication of additional information may no longer be deemed necessary. Improving how existing information is presented and accessed should be a priority before new publication powers are exercised.

Transparency in ACCU project information should also be addressed. International carbon markets often provide access to project documents, monitoring and verification reports, and audit material, subject to confidentiality redactions. AIGN believes ACCU project transparency could be materially improved by publishing more detailed project, offset report, and audit information, while protecting confidential and culturally sensitive information. Improved transparency would support confidence in high-integrity projects.

While not the explicit subject of this consultation, AIGN draws attention to the need for the Commonwealth to actively engage with the States and Territories that have or are introducing emissions reporting obligations. It is important that inconsistencies and duplication of effort for companies be minimised.

5.7 Market-based scope 2 reporting

The Department should consider simplifying market-based scope 2 reporting under NGERS. Under many reporting frameworks, certificate surrender or cancellation for renewable electricity claims can occur within a reasonable period after the reporting period, allowing reconciliation of actual electricity use and certificate holdings.

Under NGERS, however, the in-period surrender requirement can make it difficult for entities to match 100 per cent of renewable electricity use, because the reconciliation task is necessarily completed after the reporting period. AIGN recommends allowing certificate surrender within a reasonable post-period reconciliation window, similar in principle to the surrender window for ACCUs used to meet Safeguard Mechanism obligations. This would improve practicality while preserving integrity.

6 Conclusion

AIGN supports the Government's objective of maintaining and improving the integrity and transparency of the ACCU Scheme and NGERS. These frameworks are critical to Australia's climate policy architecture and to the confidence of project proponents, compliance buyers, investors and the broader community.

The proposed amendments should be refined to ensure that integrity powers are used transparently, proportionately and only where justified by independently verifiable evidence. The Government should continue to defend the integrity of eligible ACCUs while improving transparency, method development, market information and administrative efficiency.

AIGN welcomes further engagement with the Department on these matters.