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Review of International Offsets Consultation

The Minerals Council of Australia (MCA) is the peak body of Australia's minerals exploration, mining and processing industry. The MCA and all of its members are taking serious action on climate change and are committed to the Paris Agreement and its goal of net zero emissions.

In June 2020, the MCA launched the *MCA Climate Action Plan* as a clear commitment to do the work needed to achieve net zero emissions. To reach this objective, the industry continues to invest in research and technical development to better understand the technologies and practices that will be necessary to achieve decarbonisation across the sector.

In October 2021, the industry committed to an ambition to achieve net zero emissions by 2050.

This ambition can only be achieved through significant investment in technology development and member companies are proactively adopting or considering a range of technologies including those that are already available and others where breakthrough development is still required.

The MCA supports the Australian Government's Emissions Reduction Fund (ERF) and safeguard mechanism as key components of Australia's climate policy architecture. Both policies contribute to helping set trajectories, identify abatement opportunities, and start the process of transition without penalising jobs or investment.

The MCA supports access to international credits with the aim of achieving least cost abatement. Under net zero targets, there is a need for an expanded supply of Australian Carbon Credit Units (ACCUs) to be created. In the last two ERF auctions, ACCUs have averaged \$17/t with the current market price well above this level. MCA supports expanding the supply of ACCUs in the domestic market in addition to access to international credits.

The MCA supports a consistent approach to international and domestic credit integrity standards. The objective is that the quality of internationally transferred mitigation outcomes (ITMOs) and voluntary carbon credits should be consistent with that for ACCUs so that they can be used for compliance purposes.

Voluntary carbon credits and Article 6, paragraph 4, emissions reductions (A6.4ERs) should be additional to the Nationally Determined Contributions (NDC) of the exporting country. A corresponding adjustment (CA) – a mechanism to avoid double counting – may be the best option to ensure that credits are additional to NDCs. A failure to achieve the NDC and the additional amount of abatement exported – the CA – could make the exported voluntary carbon credits or A6.4ERs inadmissible for compliance purposes if they are deemed as double counted.

The MCA supports the harmonization of standards between ACCUs, A6.4ERs, and voluntary carbon credits. Ideally the voluntary credits should be aligned with developing international rules and an internationally accepted equivalency should be established between A6.4ERs and voluntary market

credits. This is important if voluntary credits are going to be accessible to Australian companies for compliance purposes.

The MCA strongly supports the need for a nationally coordinated approach to addressing access to carbon credits. Reform of state-federal approaches in this area is required so that companies are not locked into buying ACCUs from a highly segmented state based ACCUs market without access to international credits.

The current situation of all states and territories unilaterally adopting emissions reduction targets, and implementing an assortment of uncoordinated localised policies and programs, is suboptimal and does not efficiently complement national measures or ensure national emissions track dependably to international pledges at the lowest national economic cost.

Yours sincerely

A handwritten signature in black ink, appearing to read 'DZ', with a horizontal line extending to the right.

DANIEL ZAVATTIERO

GENERAL MANAGER – CLIMATE AND ENERGY