

MEDIA RELEASE



Climate Change Authority releases Review of International Offsets

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Released today, the Climate Change Authority's Review of International Offsets finds the international carbon market is still evolving in response to the Paris Agreement and calls for publication of a National Carbon Market Strategy that makes the most of this opportunity for Australia to accelerate ambition on emissions reduction.

The review finds that while carbon is priced and traded in Australia, the market is fragmented, inefficient and complicated.

Parts of the market that contribute to meeting Australia's emissions reduction target, such as the Safeguard Mechanism, are isolated from the voluntary market used by companies and other organisations. And the voluntary market is largely remote from the high-quality, transparent emissions measurement systems that countries use in their national emissions inventories.

"It makes sense – and it is in Australia's national interest – to play a leading role in the development of a liquid, high integrity and effective global carbon market," said Climate Change Authority CEO Brad Archer.

"Bringing voluntary and compliance carbon markets together could help accelerate global decarbonisation and enhance the integrity of carbon offsets."

The Authority is recommending the Government publish a National Carbon Market Strategy, including to:

- make Australia's carbon price more visible, understandable, and certain, helping to embed decarbonisation in everyday decision-making;
- uphold the integrity of offsets – in both the ways they are generated and the ways they are used – to build confidence and trust in Australia's approach; and
- clarify the role of domestic and international units in the mix of voluntary action and compliance mechanisms to help smooth and accelerate Australia's decarbonisation.

In responding to the terms of reference, the Authority puts forward 18 recommendations for the Government to consider, relating to:

- the evolving rules for international carbon trading being put in place to achieve the goals set out in the Paris Agreement, the implications for compliance and voluntary action contributing to national emissions targets, and the opportunities presented to enhance the integrity of carbon offsets;
- setting out the Government’s strategy for the role of carbon markets in contributing to achieving Australia’s Nationally Determined Contribution (NDC) under the Paris Agreement; and
- the eligibility criteria for units accepted under Climate Active and the Indo-Pacific Carbon Offsets Scheme (IPCOS), including introducing a phase out of older units and reviewing others again by 2025.

“While achieving deep emissions reductions is critical, carbon offsets are an important and complementary part of the approach to reaching net zero emissions and beyond”, Mr Archer said.

“High integrity offsets allow nations and companies to set more ambitious targets and accelerate decarbonisation beyond what’s achievable from direct emissions reductions.

“This is particularly the case for very hard-to-abate emissions. Offsets can help smooth the transition away from emissions intensive activities, and put the necessary ‘net’ in net zero emissions by 2050.

“Carbon markets also provide a means of channeling public and private finance to support our regional neighbours leapfrog the emissions-intensive economic development trajectories of industrialised nations.

“With Australia adopting a more ambitious 2030 emissions reduction target on the way to net zero emissions by 2050, we can turn our minds to how governments and businesses can collaborate to achieve those goals as soon as possible and ensure Australia’s future prosperity,” Mr Archer said.

“It’s important that offsets have integrity and that they are not double counted, for example. Our review of the criteria applied to international carbon offsets will provide confidence in the quality and integrity of carbon offsets being used here.”

Background

The Climate Change Authority’s *Review of International Offsets* responds to a request from the former Government to provide advice – in the context of the Paris Agreement rules – on the criteria that should be applied to international offsets under the Government’s Climate Active carbon neutral certification program, the Indo-Pacific Carbon Offsets Scheme, and for other uses.

Download the [Review of International Offsets](#) from the Climate Change Authority’s website.

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