

17th March 2022

Guidelines required to maintain the integrity of globally respected and successful Australian carbon market

Climate Friendly is proposing industry and the Australian Government develop guidelines to support the orderly implementation of [recently announced](#) changes to fixed Carbon Abatement Contracts (CACs) and stabilise Australia's carbon market.

Climate Friendly supports the Australian Government's aim to reduce emissions through land sector carbon farming projects, which will play a crucial role in achieving the country's target of net zero emissions by 2050.

With its Emissions Reduction Fund and Carbon Abatement Contracts, the Australian Government has built a globally recognised, high integrity national carbon abatement scheme, which has exceeded expectations in the volume of emissions reductions generated to date from the land sector. Because of its success, it is attracting increased attention from the private sector locally and internationally.

Critical to the market's success is that Australian land managers and farmers are properly incentivised to commence new carbon farming projects which will help to contribute to a net zero Australia by 2050. This requires access to a stable, regulated carbon market with transparency and high integrity. This provides the certainty required for land managers to make long-term decisions to change their land management practices and invest in carbon farming projects.

The guard rails to keep the market on track

That's why Climate Friendly is seeking to work with partners and the Australian Government to implement the following recommendations:

1. Defer any changes until 1st July 2022 (beginning of the new financial year), giving all market participants the time to adjust to new requirements and enabling orderly administration of the new policy.
2. Between now and 1st July, undertake and complete a more comprehensive industry consultation on the draft guidelines. Climate Friendly welcomes the planned consultation on benefit sharing to ensure appropriate benefit sharing is in place for any ACCU price upside, but urge that consultation is conducted on all aspects of the changes, including eligibility requirements for determining who has standing to participate.
3. Place a cap on volume to be released in any specific exit window, determined each window through analysis by the CER of current levels of demand from safeguard and other voluntary buyers. For example, market analysis suggests that surplus short-term demand is currently between 5 and 20% of the volume due for delivery by June 2022.

About Climate Friendly

Climate Friendly is Australia's foremost provider of project services to a range of carbon farming project-owners, including farmers, foresters, traditional custodians and carbon purchasers and investors. Climate Friendly partners with our carbon farming clients from project feasibility and property management planning, all the way through project implementation and carbon credit management. The business has supported registration of over 130 carbon farming projects, covering more than 10 million hectares of land. Climate Friendly has helped achieve more than 20 million tonnes of greenhouse gas reductions by 2020, with the goal of abating up to 100 million tonnes by 2025.

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