

Mr Grant King  
Chair  
Climate Change Authority  
51 Allara Street  
CANBERRA ACT 2601

Via email: [enquiries@climatechangeauthority.gov.au](mailto:enquiries@climatechangeauthority.gov.au)

Dear Mr King,

**Re: Climate Change Authority Review of international offsets**

Green Building Council of Australia (GBCA) welcomes the opportunity to provide input to the review of international offsets. GBCA's purpose is to lead the sustainable transformation of the built environment. We do this primarily through three core functions:

- We rate the sustainability of buildings, fitouts and communities through Australia's largest national, voluntary, holistic rating system – Green Star.
- We educate industry, government practitioners and decision-makers, and promote green building programs, technologies, design practices and operations.
- We advocate policies and programs that support our vision and purpose.

Green Star is Australia's most widely used sustainability rating system for the design, construction and performance of buildings, fitouts and communities. Green Star aims to transform the built environment by:

- reducing the impact of climate change
- enhancing our health and quality of life
- restoring and protecting our planet's biodiversity and ecosystems
- driving resilient outcomes for buildings, fitouts, and communities
- contributing to market transformation and a sustainable economy.

GBCA worked closely with the Australian Government in the development of the Climate Active Carbon Neutral Standard for Buildings. The Green Star rating system is aligned with Climate Active as well as the NABERS ratings tools.

Green Star is on a trajectory to rapidly decarbonise the built environment by ensuring all buildings and communities certified with the rating tool are net zero carbon in operations by 2030 and existing buildings and communities by 2040 or earlier.

Key to achieving these objectives are credits within the rating tools that require and/or encourage projects to take the following approaches:

1. **Reduce** scope 1, 2 and 3 emissions: Through reducing upfront emissions (better material choice for new buildings and major upgrades of existing buildings) and increased efficiency measures to reduce operational energy-related emissions and enable transformation of the grid.
2. **Eliminate** emissions within and outside of the value chain: By removing fossil fuels, moving to low impact refrigerants, avoiding the creation of lock-in effects, and moving to renewables to eliminate emissions from energy consumption.
3. **Compensate** and neutralise emissions through natural and technical removals within and outside the value chain: Primarily Green Star and GBCA promote investment in nature-based carbon removal projects, but also recognise investment in credible long-term carbon removal projects.

GBCA makes the following comments on the terms of reference for this review:

- ***the most important criteria for accepting emissions offsets for use in Climate Active and as part of Indo-Pacific Carbon Offsets Scheme (IPCOS), including considering emissions offset claims from within and across different carbon accounting frameworks***

GBCA considers the following considerations to be critical in accepting offsets for use in Climate Active and as part of IPCOS:

- **New project** - Implementation of the project has not yet started or is within the grace period according to the standard.
  - **Additionality** - The project has only been implemented thanks to revenue from emission reduction certificates. In general, this means that the project is
    - not economically feasible without carbon revenues
    - not considered common practice
    - not required by law
  - **Permanence** - The project needs to ensure that emissions are kept out of the atmosphere for a reasonable length of time.
  - **No double counting** - The emission reductions claimed do not conflict with claims made by any other organisations.
  - **Sound monitoring** - Emission reductions can be measured and verified.
  - **Recognised methodology** - The project is in line with the requirements and principles set by a recognised GHG accounting standard.
  - **Co-benefits** - Not all ACCUs or nature-based offsets are equal. Co-benefits may include the provisions of local jobs, demonstrable improvement of bio-diversity etc. A project should be able to deliver measurable and verifiable co-benefits.
- ***to what extent the vintage of units (such as relating to abatement, project registration or issuance) should be relevant to the use of those offsets***

GBCA currently aligns its requirement for Green Star offset vintage year with that of the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), to be compliant with the requirements for CORSIA Eligible Emissions Units. Given the evolving nature of offsets markets and guidance, GBCA believes it is important to take advice from credible leaders in this area. For example, Science Based Targets Initiative (SBTI) is exploring introducing a three-year vintage requirement. As such, we intend to update the Green Star offset vintage year requirement from 2023 as international guidance is developed.

GBCA takes this opportunity to emphasise the critical importance of a robust and transparent governance framework for ACCUs, the Emissions Reduction Fund, the Clean Energy Regulator, Climate Active and the Australian Carbon Market (due to be introduced in 2023). The rigour, integrity and independence of these frameworks and institutions must be above reproach if Australia is to make meaningful progress on its emissions reduction targets, protect and enhance its natural environment, safeguard taxpayer dollars and take advantage of the valuable co-benefits that investment in credible offsets can bring.

Even with various sectors, such as the built environment, making huge efforts to reduce and eliminate emissions, offsets are going to play a critical role in Australia's collective effort to reach net zero carbon no later than 2050. Sudden rule changes to Australia Government carbon CORSIA policy and agreements create uncertainty and will have a negative impact on demand for offset projects.

GBCA welcomes further consultation. Please do not hesitate to contact Katy Dean, Policy Adviser, via email at [katy.dean@gbca.org.au](mailto:katy.dean@gbca.org.au), should you require any further information or to arrange further discussion.

Yours sincerely



Davina Rooney  
Chief Executive  
Green Building Council of Australia