

Climate Active
Department of Climate Change, Energy, the Environment and Water

Climate Active Program Direction Consultation 2023

Thank you for the opportunity to respond to the program direction [consultation](#) for Climate Active.

Australia has committed to achieving net zero emissions by 2050, and all emissions matter regardless of whether they are regulated. Voluntary abatement contributes to reducing emissions in Australia that are not subject to compliance obligations.

Voluntary action also offers a way for organisations not currently subject to compliance requirements to engage early and build their capacity in measuring, reporting and reducing their emissions.

Climate Active, as an Australian Government-backed program, plays a key role in incentivising voluntary abatement and providing guidance and credibility to climate-related claims.

Target alignment

Participants in Climate Active should have an emissions reduction strategy that aligns with Australia's emissions reduction targets and the goals of the Paris Agreement. It follows that participants should be required to review, and if necessary, realign their targets when Australia adjusts or adopts new targets.

Within their emissions reduction strategies, Climate Active participants should establish near-term (between 2025-2035) and long-term targets (between 2040 and 2050) against which progress is tracked and to support claims of transitioning towards net zero.

Offsetting

A key principle underpinning Climate Active certification is that businesses and organisations reduce emissions where possible, with only any remaining emissions 'cancelled out' through the purchase of carbon offsets. As the authority has stated previously, markets can smooth Australia's net zero transition by offering businesses a way to reduce their net emissions in the near term while they develop low or no emissions business models and commercial substitutes over the longer term.¹

Climate Active should continue to require that participants purchase program-verified offsets. Further, there should be transparent reporting for each participant of the use of offsets towards certification. This includes publishing detail on the extent to which gross emissions reductions are being supported by offsetting, including the type, provenance and vintage of credits used. In developing guidance, Climate Active should consider international voluntary carbon market guidance such as:

- the Voluntary Carbon Markets Integrity initiative's Claims Code of Practice, which requires entities follow a four-step process before a right to claim is permitted, and

¹ [Review of International Offsets](#) (2022)

- the Integrity Council for the Voluntary Carbon Market’s Core Carbon Principles for high-integrity units.

The authority recommended in its 2022 Review of International Offsets that the Climate Active program introduce a rolling 5-year vintage rule for offsets (Recommendation 17) and that there be a further review of eligible international units by 2025 (Recommendation 18).² This review could consider bringing the vintage rules into alignment with the Paris Agreement, changing to 5-year vintages aligned with Australia’s NDC periods as well as considering the types of units eligible for offsetting use under Climate Active by taking account of international developments.

The authority also recommended (Recommendation 5) that if voluntary offsetting contributes to Australia’s NDC, subsequent NDCs should be adjusted to be more ambitious to reflect voluntary action. This provides a pathway for voluntary offsetting to contribute to ratcheting up Australia’s ambition over time and encourages continued participation in Climate Active.

Reporting

A core component of setting a target is establishing credible pathways to achieve the target. Regular reviews of progress towards targets will inform assessments of the effectiveness of pathways. The government’s proposal that certification under Climate Active require evidence to demonstrate the credibility of efforts for meeting near-term emissions reduction targets is sound.

High standards of reporting under Climate Active will contribute to building emissions reporting capacity and support accurate tracking of participants’ progress to achieving their targets. Despite Climate Active being a voluntary program, the standard of reporting should seek to reflect reforms to corporate disclosures where possible, particularly where the Australian Government continues to provide carbon neutral accreditation through the program. In this context, the government’s proposal to develop additional guidance on emissions boundaries to support uptake and appropriate measurement of Climate Active-accredited activities has considerable merit.

The government should publish all the information used to inform the granting of a certification under Climate Active by default, with exceptions where commercial-in-confidence risks arise with disclosure. This serves to strengthen the scheme by:

- enabling other potential voluntary actors to understand best practice; and
- mitigating potential greenwashing claims.

I hope the above is of assistance to the government as it seeks to ensure Climate Active is a transparent and robust government-backed program that supports voluntary action in a carbon-constrained world.

Yours sincerely,



Brad Archer
Chief Executive Officer
22 December 2023

² [Review of International Offsets](#) (2022)

