



Have your say to improve the integrity of carbon offsets

The [Carbon Credits and Other Legislation Amendment \(Integrity and Transparency\) Bill 2026](#) (**Bill**) has been introduced into federal parliament. The Environment and Communications Legislation Committee is undertaking the inquiry and has invited public submissions. **Submissions close on 9 October 2026.**

Access more information and make your submission [here](#).

About the Bill

The Bill aims to strengthen the integrity, transparency and effectiveness of key federal climate policies. It proposes amendments to three pieces of legislation: *Carbon Credits (Carbon Farming Initiative) Act 2011* (**CFI Act**), *National Greenhouse and Energy Reporting Act 2007* (**NGER Act**) and the *New Vehicle Efficiency Standard Act 2024* (**NVES Act**). EDO's recommendations, outlined further below, mainly focus on the proposed amendments to the CFI Act and issues regarding integrity of the ACCU Scheme.

Key changes proposed in the Bill:

- Changes to consent requirements for native title holders and claimants.
- Replacement of the Emissions Reduction Assurance Committee (**ERAC**) with the new Carbon Abatement Integrity Committee (**CAIC**) to assess new Australian Carbon Credit Units (**ACCUs**) Scheme method proposals and rules and advise the Minister for Climate Change and Energy on making, varying or revoking methods.
- Introduction of new powers for the Minister to make a Method Transition Declaration (**MTD**) which will allow for carbon credit projects under methods which have been found to not meet key criteria to transition to another method.
- Changes to requirements for Research and Development (**R&D**) participants.
- Enabling methods to include both emissions avoidance activities and sequestration activities under the same project.

Integrity issues with carbon offsets must be adequately addressed in the Bill

The Bill does not adequately address the key issue with the CFI Act - the failure to ensure sufficient integrity in carbon offsets in Australia. The lack of offset integrity combined with Australia's over-reliance on offsets is undermining Australia's emissions reductions efforts. The ACCU carbon offsetting scheme is heavily relied upon by the Safeguard Mechanism and Australia's transition to net zero. ACCUs are 'credits' created by offset projects designed to avoid the release of emissions, or remove and sequester carbon from the atmosphere. EDO and relevant experts have consistently raised concerns about the 'integrity' of many carbon offset projects – i.e. whether offsets are functioning to actually compensate for emissions. These concerns relate to, for example, issues regarding 'realness', 'additionality' and 'permanence' of credited abatement. In Australia's policy response to climate change, particularly under the Safeguard Mechanism, there is an over reliance on carbon offsetting instead of on-site abatement and avoidance of emissions. Integrity issues are particularly problematic where high emitting projects are allowed to continue on the basis that carbon offset projects are functioning to adequately compensate for their emissions. There are integrity issues inherent to all carbon offsets which are incapable of being completely regulated out.¹ Ultimately, the only guaranteed way to meaningfully reduce emissions is to reduce them at source and prevent new emissions from being released.

¹ Joseph Romm, Stephen Lezak and Amna Alshamsi, 'Are Carbon Offsets Fixable?' (2025) 50 Annual Review Environment and Resources 649.



EDO recommends the ACCU Scheme and methods be reviewed and redeveloped in line with transparent and verifiable expert scientific advice that meets best practice.

Reliance on low integrity methods must be prohibited

There is evidence that due to integrity issues the vast majority of ACCUs surrendered for compliance under the Safeguard Mechanism are not resulting in real emissions reductions. In the Safeguard Mechanism's second year, three methods - human-induced regeneration (HIR) projects, landfill gas projects and avoided deforestation projects - cumulatively provided 82% of the ACCUs surrendered.² Accordingly, more than three-quarters of ACCUs surrendered were issued under methods that are widely viewed as having serious ongoing integrity issues.³ While the Bill provides a pathway for projects to transition from methods where they do not meet integrity standards, **EDO recommends further amendments to ensure that all ACCUs generated under spurious methods are no longer able to be relied upon to compensate for emissions.**

EDO key recommendations:

- **ACCUs must deliver real carbon abatement:** The ACCU Scheme and methods must be reviewed and redeveloped in line with transparent and verifiable expert scientific advice that meets best practice. ACCUs developed under methods found to not actually be compensating for emissions must be cancelled.
- **Strengthen the Free, Prior and Informed Consent (FPIC) requirements** in the Bill and consider whether the ACCU Scheme can provide more opportunities for First Nations participation - subject to First Nations stakeholder views and expertise on these recommendations.
- **Improve the integrity of the CAIC**, including by strengthening expertise requirements, strengthening conflict of interest rules, improving public consultation requirements and increasing independent review powers.
- **Remove proponent-led method development** and create an independent expert panel, given the risk of proponents being motivated to advance industry interests.
- **Ensure MTD process design is guided by whether the ACCU Scheme delivers real carbon abatement and meets Australia's emissions reduction targets** consistent with its international obligations. MTDs should be made on the basis of scientific evidence and advice only.
- **Methods should not be allowed to include both emissions avoidance activities and sequestration activities** in order to maintain integrity of the ACCU Scheme.
- **Address issues regarding the integrity of methodologies and rules**, in particular the use of carbon capture and storage (CCS) which is not an effective or environmentally sound solution for emissions reduction.⁴ A robust review of all methods and rules is needed.
- **Prohibit the use of international carbon offsets** due to integrity concerns and the need to prioritise domestic emissions reduction.
- **Include third-party enforcement or merits appeal rights on key decisions under the CFI Act** to increase accountability, integrity, transparency and public trust.

Any questions? Please contact EDO: <https://www.edo.org.au/>

² Naru Research, 'Reflections on the Operation of the Safeguard Mechanism after Two Years of Public Data' (26 April 2026) 6 <<https://naresearch.com.au/wp-content/uploads/2026/04/Safeguard-2024-25-data-release.pdf>>.

³ Andrew Macintosh et al, 'Carbon Credits are Failing to Help with Climate Change — Here's Why' (2025) *Nature*, 646, 545; Naru Research *ibid*.

⁴ See Environmental Defenders Office 'Submission to the inquiry on the Environment Protection (Sea Dumping) Amendment (Using New Technologies to Fight Climate Change) Bill 2023' (6 July 2023) <<https://www.edo.org.au/publication/edo-submission-to-the-inquiry-on-the-environment-protection-sea-dumping-amendment-using-new-technologies-to-fight-climate-change-bill-2023/>>.