Australian Industry Greenhouse Network

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Department of Climate Change, Energy, the Environment and Water

Land, Forest and Blue Carbon Methods Team
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Subject: Consultation on draft Integrated Farm and Land Management Method

The Australian Industry Greenhouse Network (AIGN) welcomes the opportunity to comment on the draft Integrated Farm and Land Management (IFLM) Method under the Australian Carbon Credit Unit (ACCU) Scheme.

About AIGN

AIGN is a network of industry associations and corporations that provides a forum for discussion on key climate change issues, as well as information and analysis on national and international climate change policy, and the role industry can play in the transition to net-zero emissions by 2050.

We are committed to supporting cohesive and efficient climate policies that align with Australia's Paris Agreement targets. Our focus encompasses emissions reduction strategies, carbon markets, energy transition frameworks and regulatory standards to drive effective outcomes while maintaining competitiveness and investment certainty for industry.

Importance of ACCU Scheme

AIGN supports the ACCU Scheme as a cornerstone of Australia's climate policy architecture. A continuous improvement approach to method development will strengthen integrity and functionality so the Scheme continues to deliver credible, scalable abatement.

The Government has an essential role in maintaining a stable, credible ACCU market. This includes ensuring participants have access to high-quality information that supports confidence, competition and efficient investment decisions, and addressing misconceptions that can undermine market confidence.

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Market mechanisms enabling technology transition and emissions reduction

AIGN recognises the increasing importance of high-integrity ACCUs for covered entities under the Safeguard Mechanism as baselines decline and demand for credible units grows across compliance and voluntary markets, particularly while technologies enabling hard-to-abate sectors to reduce direct emissions are still developing. ACCUs support the Safeguard Mechanism in several practical ways:

- **Investment and technology incentive:** A stable and credible carbon market provides clear price signals that help guide investment decisions and incentivise high-quality abatement, including investment in cleaner technologies and operational improvements.
- **Environmental integrity and transparency:** Standardised units supported by strong scheme rules, measurement and verification settings provide an integrity benchmark for compliance use and support transparency and confidence in market functioning. The draft IFLM package's transparency settings (including intended publication of key project information) are consistent with this direction.
- **Smoothing the abatement curve where abatement is delivered in step changes:** Many facilities are managing practical lead times and step-change investment pathways. In that context, access to high-integrity credits helps manage inter-annual variability and provides flexibility while capital upgrades and transformative abatement are delivered.

Feedback on IFLM Method

The development of the IFLM Method is critically important for the ACCU sector, including its design as a modular framework that can streamline participation and enable additional activities and calculation approaches to be added over time.

However, the scope of the method should be broader and include activities such as soil carbon, avoided clearing and livestock emissions management.

AIGN strongly supports the Government's intent to ensure the integrity of all ACCU methods. However, integrity settings must be proportionate to risk, and they should not be so punitive as to discourage genuine abatement opportunities. We offer the following suggestions to improve clarity and proportionality, reduce uncertainty, and support high integrity and robust participation.

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Discounting settings: preserve conservatism while improving bankability

The proposed discount settings intended to manage uncertainty are overly punitive and erode the bankability of projects:

- an attribution discount (5–25%) applied until canopy cover/forest attainment thresholds provide greater confidence that growth is attributable to the project;
- a tree yield formula (TYF) uncertainty discount (40%), with certainty assessed and reconciled at year 25, and ACCUs returned at year 25 if minimum requirements are met.

The outline notes that the combined, sequential application of discounts can materially reduce early-period credited abatement (with an example indicating initial credited proportions could be materially below measured stock increases).

We encourage the Department to seek solutions that support market confidence while encouraging uptake of the method, such as:

Reconsidering the temporary attribution discount:
Review whether the FullCAM-Measure Hybrid approach within the method is robust enough to avoid long-dated discounts. FullCAM outputs have been extensively tested and verified through field-based-measurements, and have been found to be unbiased and conservative. Considering the requirement to measure abatement every five years (including a measurement approach for canopy cover), and the audit and gateway check regime, this provides a feasible, conservative approach that avoids net over-crediting. Adding the temporary attribution discount is a potential obstacle to participation.

Should further data expose robust evidence that additional discounting is justified, AIGN recommends providing project proponents the option of investing in on-ground vegetation monitoring techniques, such as those endorsed by multiple state regulators, to improve data granularity and avoid additional discounts. This will both address any legitimate uncertainty in proposed projects and lower implementation costs as the surveys grow datasets over time.

Providing more standardised pathways to reduce uncertainty:
Practical guidance on sampling design, measurement protocols, calibration approaches and audit expectations can reduce variability in outcomes and help ensure discounts reflect residual uncertainty rather than implementation ambiguity. This aligns with AIGN's broader position that clear guidance and capacity building strengthen confidence and participation.

Aligning discount design with market confidence objectives:
Where credits are withheld for integrity reasons, providing transparent rules and

predictable pathways for release supports market confidence and more efficient investment decisions.

Baseline period settings: operationalise the intent through clear, consistent evidence expectations

The outline proposes extending the baseline period for regeneration on suppressed land from 10 years to 20 years to capture a wider range of climatic conditions and strengthen confidence that credited growth is attributable to management change rather than natural climate variation.

It also indicates that eligibility requirements include demonstrating that, on average, vegetation cover was flat or declining over the baseline period, and foreshadows supplementary guidance on 'multiple lines of evidence' to demonstrate these requirements.

AIGN suggests these solutions to support workable and auditable baseline settings:

Publish clear guidance on acceptable evidence and interpretation rules:
Guidance should cover how to demonstrate 'on average flat or declining' vegetation cover over extended periods, and how the Regulator will interpret variability within the baseline window.

Provide worked examples and decision rules across rainfall zones:
This will promote consistent interpretation, reduce transaction costs, and improve auditability.

Leverage digital monitoring and data integration:
Investment in digital tools, automation, and better data integration can lower participant burden while enhancing transparency and assurance. The resolution of National Vegetation Inventory layers contributes to uncertainty. This should be addressed, rather than adding more integrity controls that reduce the commercial viability of projects.

Several online portals offer access to high-resolution satellite imagery with in-built change detection and remote sensing capabilities. Access to this technology should be centrally facilitated for project proponents (e.g. via an industry-wide subscription).

Consultation approach: ensuring adequate industry and scientific input

AIGN supports targeted reforms to the draft IFLM Method to ensure it is viable and able to support credible land-based abatement projects across Australia. We encourage the Emissions Reduction Assurance Committee (ERAC) to form a stewardship advisory committee that includes relevant industry and scientific expertise to provide advice for a revised draft. Depending on the extent of revisions recommended to the current draft,

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a revised draft of the IFLM Method should be the subject of a second consultation period.

Broader enabling measures to support IFLM effectiveness

AIGN supports several measures to assist with method implementation and confidence across the ACCU Scheme. These were highlighted in AIGN's submission to the Climate Change Authority's December 2025 consultation on the 2026 ACCU Scheme Review:

- Greater policy alignment across intersecting frameworks (ACCU Scheme, Safeguard Mechanism, NGERS, Guarantee of Origin and others) to reduce duplication and support efficient investment decisions.
- Streamlined administrative and assurance processes to reduce timeframes and costs while enhancing transparency and assurance.
- Consideration of a national carbon market strategy to improve cross-policy alignment, coordination and capacity, and to clarify how the ACCU Scheme and related instruments fit within the Net Zero Plan and sector plans.

AIGN considers these measures complementary to the draft IFLM Method and supportive of high-integrity outcomes at scale.

Conclusion

AIGN supports the ACCU Scheme and the draft IFLM Method as a constructive opportunity to expand access to high-integrity abatement and strengthen confidence in project-level crediting. More broadly, high-integrity and workable ACCU Scheme methods support orderly compliance and investment decision-making under the Safeguard Mechanism as part of an economy-wide, proportional approach to achieving net zero emissions by 2050.

Thank you for the opportunity to comment.

Kind regards,

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