DRAFT Policy

Carbon Offset Procurement

2023

Information about this document

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Further Document Information and Relationships

Related Legislation	Local Government Act 1993 Local Government (General) Regulation 2021
Related Policies	Purchasing and Procurement Policy 2022 Business Ethics Statement Council Investments Policy 2019 NSW Government Climate Change Policy Framework
Related Standards, Procedures, Statements, documents	Byron Shire Council Net Zero Emissions Strategy for Council Operations 2025 Byron Shire Council Net Zero Emissions Action Plan for Council Operations 2025 Byron Shire Council Procurement Guidelines

Note: Any reference to Legislation will be updated in the Policy as required. See website *http://www.legislation.nsw.gov.au/* for current Acts, Regulations and Environmental Planning Instruments.

1. Introduction

1.1 Objectives

The purpose of this Policy is to provide a framework for Council to purchase verified carbon offsets in order to achieve its climate change mitigation commitments, whilst having due consideration of financial risk, reputation and environmental responsibility.

The policy's objectives are to:

- Ensure that Council's decision-making regarding the procurement of carbon offsets considers relevant verification standards, additionality, permanence, measurability, transparency, and other co-benefits.
- Demonstrate leadership in Council's own decision-making in responding to climate change on a corporate level and continue to be a progressive and transparent environmental leader.

1.2 Scope

The policy applies to all Council staff involved in the procurement of carbon offsets to balance Council's operational emissions boundary, as defined using the Australian Government's Climate Active Standard.
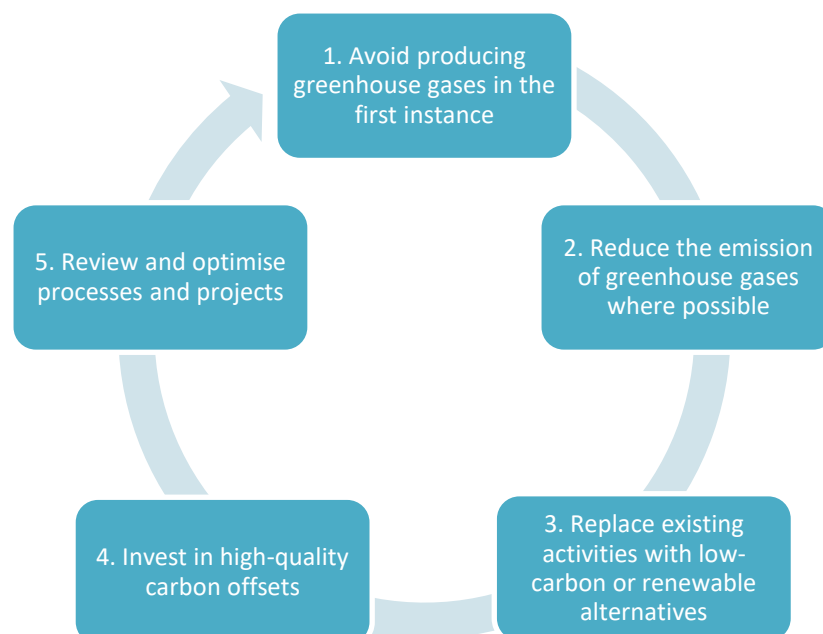
1.3 Definitions

Policy term	Definition
Additionality	The concept that the carbon emissions reductions achieved by a carbon offset project must be beyond business as usual, or 'additional'. For example, if an area of forest is declared as being protected from deforestation and creates carbon offsets, it must be an area that was at threat from being cleared as opposed to it never being in danger in the first place.
Carbon Emission	The direct or indirect release of greenhouse gases into the atmosphere in terms of the equivalent impact that carbon dioxide would have on global warming, usually expressed in tonnes (also referred to a carbon dioxide equivalent or CO_2e-), as defined by the NSW Government.
Carbon Neutrality or Carbon Neutral	Carbon neutrality is achieved when all Council's CO_2e- emissions are balanced by purchasing standard carbon offsets.
Carbon Offset	A tradable financial instrument that when purchased and retired represents a unit of CO_2e- emissions that is reduced, avoided or sequestered to compensate for emissions occurring elsewhere. As defined by the United Nations Environmental Program.
Climate Active	Australian Government carbon neutral certification program.

Co-benefits	Additional benefits from carbon offset projects that go beyond direct greenhouse gas mitigation. Benefits could include economic, environmental, or socio-cultural benefits.
Greenhouse Gases	The atmospheric gases responsible for causing global warming and climate change. The Kyoto Protocol lists six greenhouse gases – carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur-hexafluoride (SF_6) – with the addition of nitrogen trifluoride (NF_3) from the beginning of the protocol's second commitment period.
Net Zero	Net Zero is achieved when Council reduces its CO_2e- emissions to the lowest amount before balancing its residual CO_2e- emissions, by purchasing carbon removal offsets as a last resort.
Permanence	The emissions reduction achieved from a carbon offset must be considered a permanent removal or reduction in greenhouse gases and avoid the risk of "reversal". For example, if an area of forest is affected by bushfire, then all the carbon captured is released back into the atmosphere and the offset no longer exists.

2. Statement

Byron Shire Council is committed to meeting its voluntary climate change mitigation commitments.

Council utilises the following decision-making principles to ensure its goals are achieved in a responsible and credible manner:

Figure 1. Council's five-step climate change mitigation decision-making hierarchy.

2.1 Carbon Offset Procurement

When identifying carbon projects and selecting carbon offsets, Council will use the principles outlined in this Policy to guide the procurement and evaluation process.

As per Council's climate change mitigation decision-making hierarchy in Figure 1, Council will always seek to maximise its action under steps 1 (avoid) and 2 (reduce) in order to minimise its action under step 4 (offset).

At a minimum, Council must only purchase carbon offsets or invest in carbon offset projects that are verified and eligible under the Climate Active standard at the time they are purchased.

Furthermore, Council will endeavour to:

- Purchase carbon offsets in alignment with its environmental, economic, and social values, as described in the Community Strategic Plan;
- Prioritise local and Australian carbon offsets over international offsets where possible, and proportionally aim to purchase at least 10% carbon offsets from Australian carbon projects;
- Ensure it purchases offsets that have undergone a thorough due diligence process;
- Consider local offsetting options as the market becomes more viable; and
- Make these purchases in line with the Procurement and Purchasing Policy, meaning the offset types may change from year to year.

3. Legislative and strategic context

3.1 Community Strategic Plan

Council's Carbon Offset Policy supports the effective governance, environmental advocacy, and financial management of Council. Specifically, the following values:

1. *Effective Leadership* – we have effective decision making and community leadership that is open and informed.

    - Enhance trust and accountability through open and transparent leadership
    - Engage, inform, and involve community in decision making
    - Ethical and efficient management of resources
    - Enhance organisation capability through innovative practices and regional partnerships
    - Empower community leadership through collaboration, capacity building, and cultivating community driven initiatives

3. *Nurtured Environment* – We nurture and enhance the natural environment

    - Support and empower the community to adapt to, and mitigate the impact on climate change

3.2 *Net Zero Emissions Strategy for Council Operations 2025*

The application of this Policy is intended to positively impact Council's emissions reduction and Net Zero goals, as well as contributing towards the NSW Government's state-wide goal of net zero emissions by 2050.

4. Sustainability co-benefits

Purchasing carbon offsets will often enable Council to support projects with additional socio-cultural, environmental, and economic co-benefits.

Economic benefits occur when income from the sale of offset credits flows to the community where a project is located and often translates into employment and community support, improved infrastructure, technology transfer, and increased economic activity.

Environmental benefits include increased biodiversity, maintaining habitat for native animal and plant species, improved local air and water quality, avoiding vegetation clearance, re-establishing vegetation on previously cleared areas, and improved environmental management.

Socio-cultural benefits are the positive aspects for communities where a project is based, such as employment for local people, living and working on country, capacity building, improved health and education, and access to clean and affordable energy.