



The Hon Greg Hunt MP

Minister for the Environment

MC16-004322

Mr Andrew Doig
Chief Executive Officer
Australian Sustainable Business Group
PO Box 326
WILLOUGHBY NSW 2068

20 APR 2016

Dear Mr Doig

A handwritten signature in black ink, appearing to read 'Greg Hunt', written over a horizontal line.

Thank you for your email of 1 April 2016 concerning your proposal for the adoption of a block chain method for carbon credit transactions.

The Government supports a mechanism for carbon credit transactions that is low-cost and safeguards against the risk of fraud. These principles were considered in the design of the Australian National Registry of Emissions Units (the ANREU) and the *Australian National Registry of Emissions Units Act 2011* (ANREU Act).

As you know, the ANREU was established to manage and track carbon credit units under the United Nations Framework Convention on Climate Change (UNFCCC). The ANREU Act incorporates international standards defined by the UNFCCC for the operation of national registry systems. These standards have been used to manage and track the ownership of Australian Carbon Credit Units (ACCUs), including the transfer of units. This has been done to minimise development costs and enable potential linking with other countries national registries that are based on the same standards.

The Clean Energy Regulator is responsible for the administration of the ANREU Act. It has advised that the ANREU Act does not support implementing the 'block chain' method, as it would remove the Regulator's role in managing settlement processes.

While your proposal is interesting, I am not considering changes to the ANREU Act or establishing a new registry at this time. The costs of establishing a system separate to the ANREU would be substantial and are not warranted by the relatively low volume of secondary market transactions in ACCUs. It is also not the Government's current policy to permit the international transfer of ACCUs.

I trust this information has been of assistance. Thank you for bringing these matters to my attention.

Yours sincerely

A large, stylized handwritten signature in black ink, appearing to read 'Greg Hunt', written over a horizontal line.

Greg Hunt