



Carbon Offset Handbook: Empowering Local Government

2025

Published April 2025



Carbon offsetting 101

What is a carbon credit?

Carbon credits are a market-based tool for investing in projects that contribute to reducing the amount of greenhouse gases in the atmosphere. This is done by either removing or avoiding emissions that would otherwise have occurred.

Each carbon credit represents the avoidance or removal of one metric tonne of greenhouse gas emissions from the earth's atmosphere. Carbon credits were formalised by the United Nations (UN) Kyoto Protocol. This UN body also developed the key principles and rules guiding verified credits.

Today, there are a multitude of carbon credit standards, which require carbon projects to undergo independent verifications to ensure the project's activities are permanent and additional among other critical environmental and social considerations. Carbon credits also represent more than just carbon. High integrity carbon projects also provide a range of economic, social, cultural and health benefits to the communities where they operate, these are referred to as co-benefits.

Co-benefits explained

By supporting carbon projects with a range of co-benefits your investment can also contribute more broadly to your ESG and other strategic goals. Co-benefits include:



Social, health and cultural

Employment for local people, improved health and education, and access to clean and affordable energy.



Biodiversity

Protecting 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.



Economic

Employment and community empowerment, improved infrastructure and increased economic activity.

Learn more about [carbon credits via our FAQs](#).

Carbon offsetting 101 cont.

How does this fit in your sustainability strategy?

Carbon credits aren't a replacement for direct emissions reduction initiatives. They are a vital complement to these activities by accounting for the unavoidable and hard to abate emissions in the transition to Net Zero. Achieving Net Zero by 2030 is a common goal for many Councils, and therefore utilising a range of solutions in tandem is fundamental in meeting this target and generating the greatest impact. This means implementing direct emissions reductions activities and scaling them year-on-year, and then utilising carbon credits to invest in high integrity carbon projects to address residual emissions.

Carbon project quality – what to look out for

Not all carbon projects are created equally. High quality projects must be additional, permanent, and accurately accounted for. They should also be accredited under a recognised national or international standard such as Gold Standard, VERRA, Plan Vivo and the Clean Energy Regulator. Due diligence is crucial, so partnering with a trusted carbon solutions provider ensures you procure credits that align with your sustainability goals. Learn more about our approach to due-diligence here: [Our approach - Tasman Environmental Markets \(TEM\)](#)

Market outlook

The carbon market operates like any other market with pricing fluctuating depending on supply and demand. Demand for offsets is expected to continue to rise as more organisations adopt net zero commitments.

➡ The Australian Carbon Credit Unit (ACCU) Scheme

The first compliance window under the reformed Safeguard Mechanism drove a 49% surge in ACCU demand in 2024, pushing traded value to a record \$1.1 billion (RepuTex Energy, 2024). Demand is expected to remain strong as high-emitting facilities must cut emissions by 4.9% annually until at least 2030. While the market is well-supplied in the short term, potential supply constraints may arise from FY28 due to project issuance and method development delays.

➡ The International Voluntary Carbon Market (VCM)

While supply in the voluntary carbon market is abundant, demand remains strong in key segments, leading to divergent pricing. Nature-based removals, credits with co-benefits, recent vintages, those endorsed by integrity standards like the [ICVCM](#), and credits eligible under Article 6 have seen price premiums. Allied Offsets (2025) forecasts a 4.5 x increase in credit demand by 2040, with an average price of US\$35/ton, potentially scaling to over US\$63/ton if engineered removal projects become profitable sooner.

Procurement: what to consider

Procurement options

There are several ways to invest in high-integrity carbon projects. The options in order of level of investment are:

Spot purchase	Purchasing for immediate delivery at the current market price.
Forward contract	An agreement to buy carbon credits at a set price, with delivery and payment at a future date/s.
Long-term offtake	An agreement to purchase carbon credits over an extended period, typically years.
Equity Investment	Providing capital for a stake in the project, typically earning returns from a share of the credits.
Project Investment	Funding a project that generates carbon credits, with returns tied to a share of the credits.

Spot purchases offer enhanced flexibility and require fewer resources, making them ideal for immediate needs. Long-term procurement strategies involve higher upfront capital investment but offer predictable pricing and supply continuity.

Local government alliances have also been exploring group offsetting procurement which may have potential price benefits from purchasing a larger volume. However, managing different council preferences and coordination may be challenging.



Tips for tendering

A common way Councils choose their carbon offset solutions provider is through a request for tender process (RFT). Before going out to tender for your carbon offsetting needs it is important to:

- Properly define your climate action strategy and priorities in line with your Council Plan.
- If you are [Climate Active](#) certified, there are specific buying requirements you will need to follow.
- Have readily available and accurate emissions reporting – this is where engaging a carbon accounting organisation can be helpful.
- Decide what's more important, price, local impact or somewhere in between. For example, do you have more available capital to support a local project or is your goal to keep costs down while remaining focused on high integrity. Providing an indicative budget as part of your tender is always helpful.
- Consider the [project type](#) you may be after:
 - Avoidance vs removal projects
 - Activity type e.g. clean cooking, nature-based solutions
 - Australian vs International based projects
 - Co-benefits: do you have a preference for supporting First Nations communities, improving biodiversity or providing positive social outcomes.
 - Vintage preferences
- Consider the quality of the certification standard eg. Verra, Gold Standard
- Request details from the supplier to support the projects claims of credibility and quality, such as a project fact sheet.
- Ensure the supplier can provide evidence of retirement, and provide documentation around project particulars of the credits retired (e.g., location, type, serial numbers, vintage, co-benefits)

Explore high integrity projects

Explore high integrity national and international climate action projects and gain access to custom portfolios and pricing via [TEM Enterprise](#).

Who we work with

TEM is experienced in supporting local government in procuring carbon credits in line with their Council Plans, addressing their residual emissions to complement their direct emissions reduction efforts. We understand the unique sustainability challenges of local government areas and work closely with our customers to choose the projects right from them. We've worked with:

- Logan City Council
- Blacktown City Council
- Whitehorse City Council
- Surf Coast Shire Council
- Darebin City Council
- Waverley Council
- Hume City Council
- City of Whittlesea
- City of Adelaide
- City of Sydney
- City of Rockingham



Contact us

About TEM

TEM is a leading Asia-Pacific carbon offsetting solutions provider, across voluntary and compliance markets, including being the largest provider of voluntary Australian carbon credits.

Since 2014, TEM has helped finance more than 300 carbon projects in 30 countries, reducing over 15 million tonnes of carbon emissions, as well as providing community and biodiversity benefits.

TEM only supports carbon offset projects that are verified at the highest international standards, like the [VCS Program](#) and the [Gold Standard](#) to ensure that once projects have been certified against rigorous criteria, project developers can then be issued tradable carbon offsets.

We go beyond international requirements by carrying out our own extensive due diligence for every project to ensure this. See [our approach](#) for more information.

We have extensive experience working closely with local government to understand their procurement needs.



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