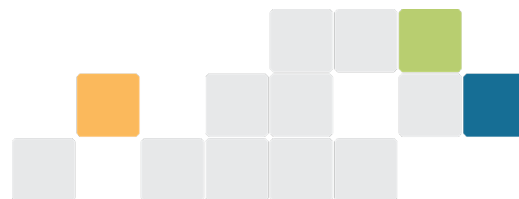


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Clean Energy Regulator



Audit Thresholds Instrument consultation

Coversheet for submissions

Contact details	
Name of organisation	Australian Forest Products Association
Contact person	Sara Bray
Phone number	+61402 465 349
Email	Sara.bray@ausfpa.com.au
Postal address	PO Box 239, Deakin West ACT 2600

Do you want this submission to be treated as confidential? Yes No

Submission instructions

Submissions are due by **5 pm AEDT, Sunday 15 December 2024**. Any submissions received after this date will be considered at the discretion of the Clean Energy Regulator. You can email your submission to StrategyCoordination@cer.gov.au. Please include this coversheet with your submission.

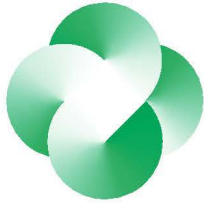
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The Clean Energy Regulator will treat all submissions as public documents, unless the author requests the submission be treated as confidential. Public submissions may be published in full on the Clean Energy Regulator's website. If published, the submission will include the individual's or organisation's name along with the relevant state or territory.

A request may be made under the *Freedom of Information Act 1982* (Cth) for a submission marked 'confidential' to be made available. Such requests will be determined in accordance with provisions under the *Freedom of Information Act 1982*.

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Australian
Forest
Products
Association

AUSTRALIAN FOREST PRODUCTS ASSOCIATION

Submission to Clean Energy Regulator

Audit Threshold Instrument

Due: 15 December 2024



15 December 2024

Clean Energy Regulator
GPO Box 621
Canberra ACT 2601

Email: StrategyCoordination@cer.gov.au.

To whom it may concern

Audit Thresholds

The Australian Forest Products Association (AFPA) welcomes the opportunity to provide feedback on the Clean Energy Regulator's (CER) consultation paper on the Carbon Credits (Carbon Farming Initiative) (Audit Thresholds) Instrument.

The forestry sector plays a central role in Australia's environmental and economic landscape, contributing to sustainable resource management, carbon sequestration, and rural employment. Through responsible forest management, the sector not only captures carbon but also generates valuable co-benefits, including boosting biodiversity and providing economic opportunity to regional and indigenous communities.

As the peak industry body representing the forest, wood, and paper products industries in Australia, AFPA supports robust compliance mechanisms that maintain scheme integrity while reducing unnecessary burdens on project proponents.

We respond to the consultation questions below.

Question 1. Is there any evidence that the audit thresholds or number of subsequent audits required for projects that meet each threshold should be changed to better support a risk-based approach to compliance?

AFPA Position:

AFPA supports a risk-based approach to compliance that balances integrity with efficiency. Based on industry experience, the current audit thresholds can be further refined to reduce administrative burdens without compromising integrity.

- **Medium Projects (50,001 - 150,000 tCO₂-e):** The current requirement for three subsequent audits is generally appropriate. However, applicants with proven compliance histories and projects using lower-risk methods which can be verified using alternative means (eg plantation forestry alternatively verified via remote sensing imagery) should have the option to apply for a reduction in on-site audit frequency.
Current remote sensing technology such as LIDAR can provide really good information on changes in forest condition that may, in fact, provide more accurate information than on-site visits. AFPA encourages the CER to continue to explore such options.
- **Large Projects (>150,000 tCO₂-e):** The requirement for five subsequent audits is generally appropriate. However, applicants with proven compliance histories and projects using lower-risk methods which can be verified using alternative means (eg plantation forestry alternatively verified via remote sensing imagery) should have the option to apply for a reduction in on-sit audit frequency.

Members have found in relation to plantation forestry that auditors currently undertake significant duplicative work already assessed by the CER that doesn't require a site visit. There could be a role for the CER on tightening the scope of auditors which will free up auditor time, lessen expense for applicants and make the system more efficient.

Recommendation: Introduce a mechanism for medium and large projects to reduce the number of subsequent audits for projects with low-risk methods, which can be verified by alternative means or strong compliance histories.

CER tighten scope of on-site audits to minimise unnecessary duplication of assessment by the CER and the on-site auditor.

Question 2. Is there any evidence that the trigger audit threshold should be changed to better support a risk-based approach to compliance?

AFPA Position:

The current trigger audit threshold of 100,000 tCO₂-e generally serves its purpose in identifying larger projects. However, this threshold imposes unnecessary audit requirements on projects with inherently low risks of non-compliance.

- **Project-Specific Risk Factors:** The threshold could better reflect project-specific risk factors, such as the method used, the complexity of abatement activities, and the proponent's compliance history.
- **Tiered Thresholds:** Consider introducing tiered trigger thresholds based on project type and risk profile. For example, projects using established and low-risk sequestration methods (e.g., plantation forestry) could have a higher trigger threshold, while more complex methods or higher-risk activities could retain the current threshold.

Recommendation: Maintain the 100,000 tCO₂-e trigger threshold for most projects but introduce tiered thresholds for low-risk methods to reduce unnecessary audit burdens.

Question 3. Should alternative assurance arrangements be extended to the new reforestation by environmental or mallee plantings method and, if so, are any changes required?

AFPA Position:

AFPA supports continuing alternative assurance arrangements under the new reforestation by environmental or mallee plantings method.

This method is well-understood and presents lower compliance risks due to its simplicity and the availability of geospatial monitoring tools.

AFPA is not aware of any issues arising from the use of the alternative assurance arrangement under the previous environmental plantings method.

Recommendation: Continue alternative assurance arrangements for the new reforestation by environmental or mallee plantings method, while maintaining clear eligibility criteria and leveraging geospatial monitoring for compliance oversight.

Conclusion

AFPA supports the CER's commitment to maintaining integrity in the ACCU Scheme while ensuring audit requirements are efficient and proportionate to risk. We encourage the adoption of flexible audit thresholds, tiered trigger thresholds, and the continuation of

alternative assurance arrangements to support the forest sector's contributions to Australia's emissions reduction goals.

We appreciate the opportunity to provide input and are available for further consultation or clarification if required.

Yours sincerely

Sara Bray
Senior Policy Manager
Australian Forest Products Association



**Australian
Forest
Products
Association**

AFFPA is the peak national industry body representing the resources, processing, and pulp and paper industries covering the forest products value chain.

AFFPA represents all elements of the value chain from the sustainable harvesting of plantations and multiple use natural forest resource including forest establishment and management, harvesting and haulage, processing of timber resources and manufacture of pulp and paper.