



# Audit Thresholds Instrument consultation

## Coversheet for submissions

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|--|-------------------------|
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| Do you want this submission to be treated as confidential? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> |                         |

## 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](mailto:StrategyCoordination@cer.gov.au). Please include this coversheet with your submission.

## Confidentiality and privacy

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*.

The agency will deal with personal information contained in, or provided in relation to, submissions in accordance with the [privacy policy](#).

# KIMBERLEY LAND COUNCIL

ABN 96 724 252 047 ICN 21



12 December 2024

Clean Energy Regulator

Via email: [StrategyCoordination@cer.gov.au](mailto:StrategyCoordination@cer.gov.au)

To Whom it May Concern

## KLC Submission on the ACCU Scheme Audit Thresholds Instrument

1. The Kimberley Land Council (KLC) is an Aboriginal organisation established in 1978 for the purpose of working for and with Traditional Owners to get back country, look after country and get control of the future. The KLC's mandate is driven by its strong membership of Kimberley Aboriginal people, and delivered by an Executive Board of culturally and regionally representative directors.
2. The KLC is the peak body in the Kimberley region representing the views of Traditional Owners in a culturally appropriate, informed and authoritative way, in collaboration with Kimberley prescribed bodies corporate. KLC provides carbon services, including offset report preparation and audit engagement and support for seven Indigenous owned ACCU Scheme projects in the Kimberley.
3. The following submission sets out the KLC's feedback on the public consultation paper seeking views from ACCU Scheme stakeholders on the Audit Thresholds Instrument. Overall, the KLC believes that the Audit Thresholds Instrument is reasonable for projects that the KLC supports, but notes several opportunities to increase efficiency and effectiveness.

### Scheduled audits

4. The KLC notes that some methods allow proponents to submit offset reports on a monthly basis. Project proponents operating projects under these methods may be able to avoid trigger audits by designing reporting schedules which never exceed the 100,000tCO<sub>2</sub>e thresholds.
5. In order to address this risk, the CER should set threshold audits on the basis of average annual abatement.

### Forward abatement estimates

6. There is no standardised procedure for determining forward abatement estimates (FAEs). To ensure that proponents do not circumvent scheduled audits, the CER should release guidance on determining FAE for high-volume and high-risk methods.
7. Where a proponent's FAE disagrees with the FAE worked out in accordance with the CER's guidelines, the Clean Energy Regulator (CER) should assume the project has the higher FAE.

## **Audit timing**

8. The Audit Schedule Instrument does not currently set out when audits for a project should be provided and as a consequence audits are set at the discretion of the CER. To provide increased clarity to proponents, the CER should provide information about how the Regulator schedules audits, either in the Audit Threshold Instrument itself, or in published guidance.
9. Some methods have variable annual abatement, and some projects (particularly savanna fire management projects) will not generate abatement during some reporting periods. It is possible that these projects may be subject to scheduled audits about reporting periods which have not yet generated abatement. Were this to eventuate:
  - a. It is unclear how materiality thresholds would be applied.
  - b. It may be impractical to undertake some testing which would ordinarily occur.
  - c. It would create regulatory burden for proponents who would not receive ACCUs.
10. The Audit Thresholds Instrument or legislative rules should have provisions to defer audits where the final net abatement amount for a reporting period is 0 tCO<sub>2</sub>e.

## **Projects transitioning from savanna fire management emissions avoidance methods to sequestration and emissions avoidance**

11. A new savanna fire management method is expected next year and this will likely lead to projects transferring to sequestration. Transferring to a new methodology involves risk as changes to a project's method means changes to processes and procedures for reporting and monitoring. To best manage this transition the KLC recommends the CER:
  - a. Considers audits for any projects which have changed methodology for the first reporting period, unless the changes are minor in nature.
  - b. Clarifies expectations with auditors and proponents relating to the scope of any audits for projects transitioning to the new savanna sequestration method in accordance with s77(4) of the CFI Rule.
  - c. Ensures that the Audit Thresholds Instrument does not unnecessarily increase audit burden for projects transferring from emissions avoidance to emissions avoidance and sequestration.

## **Alternative assurance**

12. The KLC supports measures to reduce costs for project proponents, however not at the expense of scheme integrity. If the CER decides to pursue alternative assurance it should undertake and publish a portfolio level analysis that clearly demonstrates there will be no impact to scheme integrity and consider alternative assurance arrangements accordingly.
13. In the context of the Kimberley, savanna fire management projects operate in very remote areas and are some of the most operationally intensive types of projects in the ACCU Scheme. The KLC expects that savanna fire management projects will also increasingly operate in low rainfall areas, on fragmented estates, leading to more variable ACCU generation.
14. The CER should consider alternative assurance arrangements for lower-productivity savanna fire management projects and undertake analysis to determine whether such arrangements would have a material impact on scheme integrity.

15. The CER should also ensure that its administration of reporting, monitoring and notification requirements considers the significant compliance and audit burden these can place on Indigenous participants operating in remote areas.

Yours Sincerely

A handwritten signature in blue ink that reads "spaniman".

Sarah Parriman  
Deputy CEO  
Kimberley Land Council