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COMPLETE

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Page 3: Personal information

Q1

Please provide the following.

Name of your organisation (if applicable):	Nexsys Industries Consulting
Full name of the best contact person for this consultation submission:	Scott McArdle
Phone number of the contact person:	[REDACTED]
Email address of the contact person:	[REDACTED]

Q2

If applicable, which ACCU Scheme method areas does your organisation participate in?	Agriculture methods, Vegetation methods
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Q3

Do you want this submission to be treated as confidential?	No
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Page 4: Consultation question 1 - Subsequent audits

Q4

Should the audit thresholds be changed to better support a risk-based approach to compliance?	No
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Q5

Please specify why you answered 'yes', 'no' or 'unsure' in your previous answer and include relevant evidence.

I believe the audit thresholds are adequate for risk-based assurance. The CER has demonstrated willingness to identify and vary the audit thresholds for projects that are considered low risk. The integrity of the ACCU Scheme is crucial in underpinning our carbon scheme and its performance. As increasing focus on integrity of carbon units and reporting is mandated, there is the potential for low integrity credits to be introduced or sought to be registered that the audit process is built identify.

There has been public uncertainty regarding the quality and integrity of carbon credits - in my consultancy work we have been asked to heavily lean on the audit and assurance processes undertaken by the CER as a key communication and validation tool for community members uncertain about the quality or long term prospects of the scheme. The assurance and oversight that comes with the audit process has been one of the key factors that eases public perception of project validity and performance, as well as the requirements of project proponents in terms of their land management and performance over time.

There is an ongoing concern from proponents regarding the cost of audit and assurance, especially for smaller agricultural and vegetation methods, and this is preventing some projects from progressing. Unfortunately under the risk-based approach of the CER, all the audit risk is held by the auditors, dramatically increasing the cost of audit.

Q6

Unsure

Should the number of subsequent audits required for projects that meet each threshold be changed to better support a risk-based approach to compliance?

Q7

Please specify why you answered 'yes', 'no' or 'unsure' in your previous answer and include relevant evidence.

This question has a number of factors that need consideration, which is why a definite yes or no is not feasible for me. Different methods carry different risk profiles and thus assurance approaches. In general, the higher the abatement, the greater the risk and thus greater the assurance/audit requirement - this stands true and is a critical component of ensuring public trust in the process. Also, the larger the abatement, the greater the return potential for that process, so the easier it is to factor in audit costs into a project business model. For high integrity, low risk methods, then a lower audit threshold is appropriate.

Page 5: Consultation question 2 - Trigger audits

Q8

Unsure

Should the trigger audit threshold be changed to better support a risk-based approach to compliance?

Q9

Please specify why you answered 'yes', 'no' or 'unsure' and include relevant evidence.

I have little experience in managing or developing projects that interact with trigger audit thresholds, so am not qualified to answer in an informed manner.

Page 6: Consultation question 3 - Alternative assurance

Q10

Yes

Should alternative assurance arrangements be extended to the new reforestation by environmental or mallee plantings method?

Q11

Please specify why you answered 'yes', 'no' or 'unsure' in your previous answer and include relevant evidence.

This is a crucial and critical component of activating smaller and regionally based vegetation method projects, and has made the scheme accessible to proponents that would otherwise not have participated. I have a pipeline of projects waiting for the new method and an extension of the alternative assurance requirements to be made in order to proceed. Very few if any of these projects will proceed without this measure. The method suits small scale as well as large scale landings, and many landholders, once they understand the options available, have been willing to proceed. The cost to these smaller projects of audit under the base method is disproportionately large against the implementation costs and returns of utilising the method. The alternative assurance process has made these projects financially viable and I strongly support continuance of the approach with the new method. if it is not continued, most if not all of these projects will not proceed.

Q12

No

Are any changes required to the arrangements?

Q13

Please specify why you answered 'yes', 'no' or 'unsure' in your previous answer and include relevant evidence.

The arrangements under the Environmental Plantings Pilot were excellent and well supported by the CER. Given the newness and prior history of a project site requirements, the arrangements are suitable for providing a high degree of assurance against risk profiles of these projects.

Page 7

Q14

Do you have any additional comments or feedback?

PLEASE apply the alternative audit requirements to the Reforestation by Environmental or Mallee Plantings method. This has huge potential to support multiple, smaller scale projects being activated and can make these projects viable in an environment where audit costs are disproportionate to the cost of project implementation. Well done on developing and applying this under the pilot in the first place. Our business is only just starting to vbreak through with farmers in this region as to the availability and viability of this approach, building awareness of the potential and breaking through the disinformation and confusion surrounding the ACCU Scheme and the viability of environmental plantings, and to have the alternative assurance process removed would put an almost immediate stop to the pipeline development underway of ACU projects.

None of my projects have received abatement claim stages, so I cannot comment on the process for transacting ACUs with the Government and the efficacy of this process, but the alternative assurance process is brilliant in opening up this method for access. Any process that increases access to project proponents is worth support I believe.
