



# Plantation forestry – Alternative assurance arrangements public consultation

## Coversheet for submissions

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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 AEST, Wednesday 1 May 2024. Any submissions received after this date will be considered at the discretion of the Clean Energy Regulator (the agency). It is preferred that submissions be submitted electronically 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](#).



To whom it may concern,

My name is Chris Honig. We have family plantations of *Pinus radiata* and *Eucalyptus regnan*. Our first family plantations were first started by my father in the 1980s. We also have a recent (86ha) R1 pine plantation, which we have registered with the CER for ACCUs, under Schedule 1 with a 25 year permanence period. So we are small private plantation owners, with some history in the industry, who would like to participate in the carbon market.

From the perspective of our business, we make the following points related to the draft amendment to the audit threshold instrument for an alternative assurance arrangement:

1. A single audit makes sense. We think the proposal for a reduction in the number of audits, for small plantations (<200ha), to be in line with the Environmental Plantings methodology, is a logical change. Farmers and landholders have additional commercial incentives, over and above ACCU generation, to ensure the plantation is properly managed (compared to environmental plantings). The costs of audits also makes it difficult for small land holders to participate in the scheme, as the audit costs are largely independent of the plantation size. A single audit is still required to confirm legislative compliance and FullCAM settings. We think this will enable other farmers to participate with small plots of land (eg steep land suitable for forestry that may not be viable for grazing). So we are strongly supportive of this change: it just makes sense.
2. Clarify ACCU risk. After audit expense, the second biggest challenge for our business is *risk* associated with catastrophic event (like bushfire, windage, disease) that means we cannot meet our carbon obligations. The outcomes of this event are unclear: would we need to repurchase ACCUs at the current market price; would the permanence period be extended to allow us to meet the agreed carbon offsets; would the CER forgo the obligations for small growers? To mitigate and understand these risks the CER could just provide more clarity. How would an event like this be handled, specifically, with respect to awarded ACCUs?
3. Extend the timeframe for the first audit. We think later audit dates lead to a higher fidelity FullCAM modelling, provided they occur before the first thinning. Why must the audit be completed within the first 5 years, as opposed to 'before the first thinning'? Because of uncertainty around ACCU obligations from a catastrophic event, we prefer to hold some ACCUs (in the event they must be returned). Therefore we prefer to delay our first audit (discounted time value of capital), as we may not convert ACCUs immediately anyway. The current system forces growers to conduct audits sooner than they may otherwise choose to, meaning they incur the audit expense sooner and also have a less reliable accounting of the carbon.
4. Begin the permanence period from the planting date, not the first audit date. Firstly we think it is just logical that the permanence period would be determine by the plantation age, rather than an arbitrary date of audit. But like point (3), initiating the permanence period at the first audit creates a commercial incentive to move forward the audit date, resulting in less reliable FullCAM accounting. For growers like us, who may not want to convert ACCUs immediately, this drives forward the audit costs, within our discounted cashflow model.

I am happy to speak further on any of these matters.

Thank you for taking the time to conduct a public consultation.

All the best,  
Chris.