



Carbon Credits (Carbon Farming Initiative) Amendment (Audit) Rule 2021

I, Angus Taylor, Minister for Energy and Emissions Reduction, make the following instrument.

Dated: 17 June 2021

Angus Taylor
Minister for Energy and Emissions Reduction

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1 Name

This is the *Carbon Credits (Carbon Farming Initiative) Amendment (Audit) Rule 2021*.

2 Commencement

- (1) Each provision of this instrument specified in column 1 of the table commences, or is taken to have commenced, in accordance with column 2 of the table. Any other statement in column 2 has effect according to its terms.

Commencement information		
Column 1	Column 2	Column 3
Provisions	Commencement	Date/Details
1. The whole of this instrument	On the day after the instrument is registered.	

Note: This table relates only to the provisions of this instrument as originally made. It will not be amended to deal with any later amendments of this instrument.

- (2) Any information in column 3 of the table is not part of this instrument. Information may be inserted in this column, or information in it may be edited, in any published version of this instrument.

3 Authority

This instrument is made under section 308 of the *Carbon Credits (Carbon Farming Initiative) Act 2011*.

4 Schedules

Each instrument that is specified in a Schedule to this instrument is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this instrument has effect according to its terms.

Schedule 1—Amendments

Carbon Credits (Carbon Farming Initiative) Rule 2015

[1] Subsection 4(1)

Insert:

alternative assurance project has the meaning given by subsection 73(7).

[2] At the end of subsection 13(1)

Before the note add:

- ; (r) if the project proponent considers the project is an alternative assurance project—
information:
 - (i) to support that classification; and
 - (ii) necessary to meet any requirements for the project to be an alternative assurance project.

[3] At the end of subsection 70(2)

Before the note add:

- ; (m) if the project is an alternative assurance project and information must be included in an offsets report to meet any conditions for the project to be an alternative assurance project—that information.

[4] Paragraph 71(c)

Omit “time.”, substitute “time;”

[5] At the end of section 71

After the note add:

- (d) if the project is an alternative assurance project and a document must be included in an offsets report to meet any conditions for the project to be an alternative assurance project—that document.

[6] Paragraph 73(2)(a)

After “scheduled audits”, insert “(if any)”.

[7] At the end of subsection 73(2)

Add:

- ; and (d) if an alternative assurance project is required to undertake one or more scheduled audits—whether the first of those audits is an initial audit.

[8] Subsection 73(5)(a)

Repeal the paragraph, substitute:

- (a) if the Regulator amends the audit thresholds instrument—remove one or more subsequent audits that would not be required by the amended instrument;
- (aa) if the project becomes an alternative assurance project—remove one or more scheduled audits that would not be required for the project;

- (ab) if the project changes so that it is no longer an alternative assurance project or does not meet conditions to be an alternative assurance project—require one or more scheduled audits that would have been required if the project was not an alternative assurance project;

[9] At the end of section 73

Add:

- (7) A project is an *alternative assurance project* if:
 - (a) the applicable methodology determination for the project is prescribed by the audit thresholds instrument; and
 - (b) the project meets any criteria prescribed by the audit thresholds instrument for projects covered by the methodology determination; and
 - (c) the project proponent meets any conditions related to the operation, monitoring or reporting for the project specified by the audit thresholds instrument; and
 - (d) the project proponent requests, whether in an application or otherwise, for the project to be an alternative assurance project.

Note: An alternative assurance project is generally a low risk project which will have less or no audits because of its risk profile and other mechanisms the Regulator has available to address risks with the project.

- (8) A decision to vary an audit schedule under paragraph (5)(ab) is a reviewable decision under section 240 of the Act.

[10] Subsection 74(1)

Repeal the subsection, substitute:

- (1) Unless the project is an alternative assurance project—the first scheduled audit for an eligible offsets project must be an initial audit.

Note: If an alternative assurance project is required to undertake one or more scheduled audits, the audit schedule will specify whether or not the first schedule audit is an initial audit.

[11] After subsection 74(3)

Insert:

- (3A) However, if the initial audit is required after a variation to the audit schedule under paragraph 73(5)(ab), the audit must cover a period of not less than 6 months specified in the varied audit schedule provided under subsection 73(6).

[12] Subsection 75(1)

After “offsets project”, insert “(other than an alternative assurance project)”.

[13] Subsection 75(2)

Repeal the subsection.

[14] After paragraph 75(4)(b)

Insert:

- (ba) matters relating to alternative assurance projects for subsection 73(7);
- (bb) if an alternative assurance project is required to undertake one or more scheduled audits, whether the first of those audits is an initial audit;

[15] After subsection 75(4)

Insert:

- (4A) In making an instrument under subsection (4), the Regulator must take into account:
- (a) the proportionality of likely audit burden to risks associated with relevant classes of eligible offsets projects; and
 - (b) whether particular classes of eligible offsets projects should have more or less scheduled audits or no scheduled audits; and
 - (c) the likely effectiveness of any alternative assurance process that may be prescribed or specified for the purposes of paragraphs 73(7)(b) or (c); and
 - (d) the principle that any costs for a project proponent of being an alternative assurance project should be less than the costs of audits that would otherwise be conducted; and
 - (e) any other matter the Regulator considers relevant.