

27th March 2024

ESS Team  
IPART  
Level 16, 2-24 Rawson Place  
SYDNEY NSW 2000

## Consultation on Changing audit conditions and increasing certificate creation limits

Dear ESS team,

████████████████████ appreciate the opportunity to provide feedback on the consultation paper for changing audit conditions and increasing certificate creation limits.

In general, ██████ is in favour of the changes proposed by IPART in setting the certificate creation limit. This proposal not only ensures an efficient allocation of resources from both IPART and Auditors, but it also provides businesses with a more structured framework within which to operate. This is achieved by alleviating the high cost and time restrictions associated with an excessive number of audits. However, we strongly advocate for a rigorous initial process for new Accredited Certificate Providers (ACPs) to safeguard the integrity and reputation of the scheme, particularly during the initial stages of their involvement.

Please find our detailed responses to the consultation questions below:

### Response to the Consultation Questions

**1. Would the introduction of an application form for amendments pose any issues or challenges for your business? Please provide details or examples where possible**

**Answer:** ██████ supports the introduction of an application process for amendments. To further streamline this process, we propose the integration of the questionnaire and application process into the TESSA portal. This would enhance efficiency and reduce the need for manual paperwork.

**2. Do these proposed information requirements pose any issues or challenges for your business? Is there other information you could provide us to support your application? Please provide details or examples where possible**

**Answer:** We find the proposed information requirements reasonable and necessary for IPART's decision-making process. We do not foresee significant challenges in meeting these requirements.

**3. Does the proposal to automatically progress from pre-registration to periodic audit conditions (providing the first audit is satisfactory and there are no compliance issues) raise any issues or challenges for your business? Please provide details or examples where possible.**

**Answer:** We strongly advocate for the utilization of external audits as an invaluable tool in assisting Accredited Certificate Providers (ACPs) to assess and refine their processes. To mitigate the risks associated with inexperienced ACPs, we endorse the implementation of a staged approach to

[REDACTED]

volumetric limits. This entails imposing smaller and more stringent volumetric limits on new ACPs lacking prior experience, and gradually increasing these limits as they gain a comprehensive understanding of the risks inherent in their obligations under the schemes. Consequently, [REDACTED] does not support an automatic escalation from the pre-registration audit regime to a 25,000 ESC volumetric limit. Instead, we propose maintaining a stricter structure for the 0-50K ESC range. Below is a few reasons underscore the necessity for adopting the above mentioned approach:

1. The IPART audit serves as a valuable mechanism for ACPs to evaluate and refine their processes. New ACPs with no experience in the scheme must undergo a reasonable number of audits to improve their understanding of the scheme.
2. Organizations with limited experience may lack a comprehensive understanding of their risks. Their decisions may be solely influenced by certificate trades, without consideration for the associated risks of robust compliance and scheme integrity.
3. Vertically integrated businesses often exhibit a heightened appetite for risk, a trend that is becoming increasingly prevalent in the industry.
4. IPART's transition from a prescriptive method guide to a more flexible approach underscores the importance of implementing rigorous processes early on for new ACPs with minimal audit experience.
5. The automatic progression from a pre-registration minimum of 5,000 to a 25,000 ESC volumetric limit represents a significant financial credit of \$0.5 million, a figure of considerable magnitude. This unconventional approach, reminiscent of past instances observed under the VEU, poses substantial risks, potentially enabling opportunistic companies to exploit the scheme within a condensed timeframe.

**4. Are you likely to need to apply for limits higher than 200,000 ESCs or 2,000,000 PRCs? Do you see any challenges or issues with the proposed approach to setting audit conditions for these higher limits? Please provide details or examples where possible.**

**Answer:** [REDACTED] aims to surpass the 200,000 ESC limit. We find the proposed approach of considering higher limits on a case-by-case basis, coupled with time-based audits, reasonable and conducive to effective scheme management.

Kind Regards,

[REDACTED]  
[REDACTED]  
[REDACTED]