



Board Meeting Summary Paper

Subject: National Greenhouse and Energy Reporting Scheme and Carbon Pollution Reduction Scheme update

Date: 23 November 2009

AUASB
AGENDA
ITEM NO.

6(a)

**Meeting Date:
7 December**

2009

Action Required

For Information Purposes Only

Agenda Item Objectives

To provide the Board with an update of progress by the Department of Climate Change in developing the audit framework for the National Greenhouse and Energy Reporting Scheme (NGERS), Carbon Pollution Reduction Scheme (CPRS) and related assistance schemes, Emissions-Intensive Trade-Exposed (EITE) and Electricity Sector Adjustment Scheme (ESAS).

Background

The AUASB Technical Group has been advising and making submissions when possible to the Department of Climate Change on the following aspects of the development of the regulatory framework for assurance under NGERS and CPRS, being:

1. National Greenhouse and Energy Reporting (Audit) Determination 2009 (NGER Determination) – a legislative instrument containing requirements for the conduct of audits and preparation of auditor's reports under NGERS. This will also underpin audits for the purposes of CPRS. The draft Determination was exposed in August 2009 and the AUASB made a confidential intra-government submission. The DCC has been working with the Office of Legislative Drafting and Publishing (OLDP) to consider the submissions and finalise the draft Determination. The DCC anticipates lodging the Determination for Parliamentary approval before year end. The DCC have engaged a consultant to draft an audit handbook to provide guidance to auditors in conducting engagements under the Determination. This handbook is expected also to be completed by the end of the year.
2. National Greenhouse and Energy Reporting Amendment Regulations (NGER Regulations) – Draft Regulations, primarily containing the requirements for registration of auditors who may conduct audits under NGERS, were exposed in August 2009. The registration scheme is broadly consistent with the Registered Company Auditor scheme. The DCC and the OLDP have been amending the Regulations to address the submissions received and plan to lodge the Regulations before year end.

This document contains preliminary views and/or staff recommendations to be considered at a meeting of the AUASB, and does not necessarily reflect the final decisions of the AUASB. No responsibility is taken for the results of actions or omissions to act on the basis of reliance on any information contained in this document (including any attachments), or for any errors or omissions in it.

3. EITE activity assessments and EITE Regulations – assurance requirements for data submitted for the initial assessment of activities as EITE and development of activity definitions, as well as EITE regulations for the annual applications for assistance by way of free CPRS emissions units. Draft CPRS Regulations 2009 were exposed in August 2009 on which the AUASB Technical Group provided written comments.
4. ESAS applications – assurance requirements for data submitted for annual ESAS assistance in meeting CPRS requirements have been drafted as CPRS Regulations 2009. The Regulations were exposed in October 2009.
5. CPRS amendments – assurance requirements for pre-submission audits of NGER reports submitted for CPRS.

Matters to Consider

The AUASB Technical Group has conducted on-going discussions with the DCC on each of these matters:

1. NGER Determination – the DCC and OLDP have been amending the draft Determination to address matters raised in the submissions. The DCC have given the AUASB Technical Group further opportunities to comment informally on the revised drafts and the AUASB have been seeking to ensure that its key concerns are addressed in the final Determination. The DCC have offered to consult the AUASB on drafts of the Handbook when they become available.
2. NGER Regulations – the AUASB Technical Group has had a further opportunity to comment on the draft Regulations prior to those Regulations being finalised.
3. EITE – the AUASB Technical Group has been providing input to the DCC on requirements for auditor’s reports on production data and projections to be presented in applications for EITE assistance under the CPRS. The approach taken by the DCC for EITE applications is consistent with the AUASB Standards. The CPRS Amendment Regulations 2009 for EITE will be lodged in Parliament following approval of the CPRS Bill which is currently in the Senate.
4. ESAS – the AUASB Technical Group made confidential intra-government comments on the CPRS Regulations for ESAS in November 2009 and has been advising the DCC on amendments to the Regulations to address that submission. Once finalised the CPRS Amendment Regulations 2009 for ESAS will be lodged in Parliament following approval of the CPRS Bill which is currently in the Senate.
5. CPRS – the AUASB Technical Group has provided comments to the DCC on technical aspects of draft amendments to the proposed CPRS legislation, currently before the Senate, which provides requirements for pre-submission audits of NGER Reports and anticipates further consultation as drafting progresses. The existing Carbon Pollution Reduction Scheme legislative package comprising of 11 Bills, which failed to be passed by the Senate in August, was reintroduced to the Senate in November and is hoped to be passed before the end of the year.

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