



Board Meeting Summary Paper

Subject: National Greenhouse and Energy Reporting Scheme

Date: 13 July 2009

AUASB
AGENDA
ITEM NO.

11

Meeting Date:
20-21 July

2009

Action Required

For Information Purposes Only

Agenda Item Objectives

To provide an update on developments at the Department of Climate Change with respect to assurance under the National Greenhouse and Energy Reporting Scheme (NGERS), Emissions-intensive Trade-exposed (EITE) industry assistance program and the Carbon Pollution Reduction Scheme (CPRS).

Background

The AUASB Technical Group have been advising the Department of Climate Change (DCC) on three core aspects of the development of the regulatory framework for their three schemes, being:

1. External Audit Legislative Instrument (LI) – requirements for the conduct of audits and preparation of auditor's reports under NGERS. This will also underpin the audits for the purposes of CPRS.
2. NGER Regulations – primarily for the registration of auditors who may conduct audits under NGERS.
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 under the EITE program.

Matters to Consider

The DCC drafted a number of amendments to the NGER Act in order for the audit framework to be robust enough to also support the CPRS, which were introduced to Parliament in March 2009. The bill of amendments was debated in the House of Representatives in the last sittings and will continue in the next sittings of Parliament scheduled to commence on 11 August 2009.

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.

The subordinate legislation, being the NGER Audit Determination 2009 (the LI), for the conduct of audits and preparation of audit reports under the NGER Act, and NGER Amendment Regulations 2009, outlining the requirements for auditor registration, has been drafted and the AUASB was allowed a very brief comment period in the week commencing 13 July, prior to the exposure drafts being released for public comment. The public comment period will be one month, during which time the AUASB may submit any further comments.

The next stage in the DCC's work will be to develop a Guide or Handbook for the conduct of NGER audits.

With respect to the EITE program, the DCC consulted with the AUASB on assurance aspects of the EITE guidance paper and addressed concerns raised by us and other stakeholders by issuing frequently asked questions which clarified the assurance requirements for data submitted for the assessment of activities as EITE. Following the submission of applications for assessment as EITE, certain activities were approved by the DCC and activity definitions issued. The DCC also consulted the AUASB on the assurance requirements for applications for EITE assistance to be contained in EITE regulations. Assistance for eligible EITE activities will be in the form of free emissions permits.

The DCC released an exposure draft of the Carbon Pollution Reduction Scheme Regulations 2009 for public comment in June 2009, with the comment period ending on 14 August 2009. The regulations identify EITE activities, provide activity descriptions and basis for allocation of free Australian emissions units for each activity and set out the requirements for eligibility, applications for assistance, assessment of applications and calculation of free units. The draft regulations also contain requirements for the audit of the application (clause 603). The regulations specify who may conduct the audit, auditor independence requirements, conduct of the audit in accordance with the NGER LI or the AUASB Standards and the audit opinion to be obtained (clause 604).

Staff Recommendations

The AUASB will submit initial comments on the draft LI and NGER regulations prior to public consultation and follow up if necessary with more detailed and considered comments within the public comment period. The AUASB will seek to participate in the development of the audit Guide or Handbook, as previously agreed with the DCC.

The draft CPRS regulations for the EITE program have already incorporated the AUASB's comments made prior to public exposure, however should further comments be considered necessary on closer review these will be made within the comment period.

Notes

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