



AUASB Board Meeting Summary Paper

AGENDA ITEM NO. **10(c)**
Meeting Date: 2 December 2013
Subject: Clean Energy Regulator Update
Date Prepared: 25 November 2013

Action Required

For Information Purposes Only

Agenda Item Objectives

To provide the AUASB with an update on developments in relation to the schemes which the Clean Energy Regulator administers and identify possible implications for the AUASB.

Background

The Clean Energy Regulator (CER) is responsible for the regulation of schemes related to climate change. These schemes currently include:

- Carbon pricing mechanism (CPM)
- National Greenhouse and Energy Reporting Scheme (NGERS)
- Jobs and Competitiveness program (JCP)
- Renewable Energy Target (RET), including partial exemption certificate (PEC) relief
- Carbon Farming Initiative (CFI)

The Department of Environment, established on 18 September 2013, is responsible for policy development in relation to climate change.

Assurance and agreed-upon procedures engagements on information and data submitted to the CER are provided for under each scheme. These engagements are explained in Guidance Statement GS 021 *Engagements under the National Greenhouse and Energy Reporting Scheme, Carbon Pricing Mechanism and Related Schemes* and also in the CER's Audit Determination Handbook, which was revised in September 2013. The Handbook references AUASB pronouncements, GS 021 and ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements*.

This document contains preliminary views and/or AUASB Technical Group 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.

Direct Action Plan

The first period for reporting under the CPM and meeting of carbon price liabilities ended on 30 June 2013 and the first assurance reports under the CPM are to be lodged with the emissions report by 31 October 2013. However, following the recent change of Government in Australia, it has been proposed that the carbon tax (CPM) be repealed and the Climate Change Authority, which established on 1 July 2012 to provide independent advice on the operation of Australia's carbon price, emissions reduction targets, caps and trajectories and other Australian Government climate change initiatives, be abolished. An exposure draft of the legislation to repeal the carbon tax and a consultation paper was issued by the Australian Government, on which submissions closed on 4 November 2013.

In place of carbon tax, the Direct Action Plan is proposed, which includes an Emissions Reduction Fund (ERF). The government sought submissions in November on the terms of reference for the ERF as a basis for developing a green paper in December 2013 followed by a white paper and exposure draft legislation in early 2014.

The Government intends to commence the proposed Emissions Reduction Fund on 1 July 2014, at which time the existing CPM will cease.

Greenhouse and Energy Auditor Inspection Program

The CER continue their NGER audit program which consists of CER initiated audits of NGER registered corporations consisting of small, medium and large companies across multiple industry sectors. Whilst the CER may select any NGER registered corporation for audit, the focus in the current year is on entities not required to obtain and lodge GHE auditors' reports under the CPM.

AUASB Pronouncements

GS 021 will remain relevant to the extent that it provides guidance on assurance under NGERS and CFI which will, it would appear, remain in place as a means of reporting emissions and energy and carbon offsets. This emissions, energy and offsets data will still be needed for the purposes of any new schemes which may result from the Direct Action Plan. However, the other schemes are likely to change or be replaced from 1 July 2014. The explanations about any schemes which are withdrawn or replaced will need to be amended in the introductory sections of GS 021 as well as the explanations regarding how to report under each scheme. Amendments to GS 021 will not be possible or necessary until the new schemes have been developed and legislated, which is not anticipated before mid-2014.

Matters to Consider

On 14 November 2013, the Senate referred the Clean Energy Legislation (Carbon Tax Repeal) Bill 2013 and related bills to the Environment and Communications Legislation Committee for inquiry and report by 2 December 2013.

The AUASB Technical Group will continue to monitor developments with respect to the proposed Direct Action Plan and maintain a dialogue with the Department of Industry and the Clean Energy Regulator to provide advice and support in the development and implementation of policy relevant to assurance so that:

- Assurance requirements arising from the Direct Action Plan and related ERF are consistent with AUASB Standards.
- The AUASB is informed as to when it is appropriate or necessary to revise GS 021 to reflect the changes in government policy.

Material Presented

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