



AUASB Board Meeting Summary Paper

AGENDA ITEM NO. **11(c)**
Meeting Date: 28 October 2013
Subject: Clean Energy Regulator Update
Date Prepared: 21 October 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 Industry, Innovation, Climate Change, Science, Research and Tertiary Education (DIICSR) 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*.

Carbon Pricing Mechanism

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.

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.

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.

Matters to Consider

The CER issued a revised Audit Determination Handbook in September 2013 in consultation with the AUASB and other stakeholders. The Handbook has been expanded to include assurance engagements and assurance report templates for each of the schemes administered by the CER. The Handbook references ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements* and GS 021. See Agenda Item 11(c).1.

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 has since been issued by the Australian Government. The Consultation paper invites submissions on the repeals by 4 November 2013. See Agenda Item 11(c).2.

In place of the carbon tax, the new government propose the Direct Action Plan which includes an Emissions Reduction Fund. Earlier in October, the government issued Terms of Reference with respect to the proposed Emissions Reduction Fund. The government is seeking submissions on the terms of reference 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. Submissions are due by 18 November 2013. See Agenda Item 11(c).3.

The existing CPM will continue in operation until 30 June 2014.

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 will not be before mid-2014.

The AUASB Technical Group will continue to monitor developments with respect to the proposed Direct Action Plan so that the AUASB can consider when it is appropriate or necessary to revise GS 021 to reflect the changes in government policy.

Material Presented

Agenda Item 11(c)	AUASB Board Meeting Summary Paper
Agenda Item 11(c).1	NGER Audit Determination Handbook – September 2013 (electronic only)
Agenda Item 11(c).2	Australian Government Repeal of the Carbon Tax – Exposure Draft Legislation and Consultation Paper – October 2013 (electronic only)
Agenda Item 11(c).3	Australian Government Emissions Reduction Fund – Terms of Reference – Oct 2013