

27 February 2009

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## Comments on the National Carbon Offset Standard Discussion Paper

CPA Australia, the Institute of Chartered Accountants in Australia and the National Institute of Accountants (the Joint Accounting Bodies) welcome the opportunity to comment on the National Carbon Offset Standard Discussion Paper. The Joint Accounting Bodies represent over 180,000 professional accountants in Australia. Our members work in diverse roles across public practice, commerce, industry, government and academia throughout Australia and internationally.

There are two matters to which we would like to draw your attention regarding the verification of carbon footprint calculations:

1. While Section 5.4 of the draft Standard acknowledges the audit provisions of CPRS and NGERs (which have not yet been finalised), the requirement nevertheless appears to be that verification is required under the *International Standard ISO 14064* series. This is inconsistent with the requirements for assurance under the emissions-intensive trade-exposed (EITE) assistance program (per the Guidance Paper issued February 2009). It is also inconsistent with what we understand are the overall audit and assurance requirements being considered by the CPRS and NGERs teams within the Department of Climate Change (DCC). The EITE Guidance Paper contains the requirement for assurance engagements to be conducted in accordance with relevant auditing and professional standards as promulgated by the Australian Government's Audit and Assurance Standards Board (AUASB).

We acknowledge that each branch within the DCC is working hard to finalise the details relating to climate change. However, achieving and maintaining consistency between the assurance/verification requirements within the various branches of the DCC is extremely important. Failure to do so is not, in our view, in the public interest and is likely to lead to confusion amongst stakeholders about the nature and level of assurance which various arms of the DCC are seeking to require.

To assist in achieving consistency regarding the assurance/verification requirements of the various DCC branches, we strongly recommend that this draft Standard include the AUASB Standard on Assurance Engagements *ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information* as a standard in accordance with which assurance/verification may be conducted.

Representatives of the Australian Accounting Profession



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2. The third paragraph of Section 5.4 of the draft Standard infers that the assurance/verification engagements may only be undertaken by entities accredited under *International Standard ISA 14065*.

As mentioned above, we strongly recommend that the draft requirements contained in the EITE Guidance Paper be referred to regarding the persons who will be accredited to perform audit and assurance engagements. These require a registered company auditor, leading an appropriately skilled team, to conduct the audit and assurance engagements in accordance with relevant auditing and professional standards as promulgated by the Australian Government's Audit and Assurance Standards Board (AUASB).

We reiterate our view that consistency of requirements for the standards under which assurance/verification engagements, as well as those who are to be accredited to conduct these engagement, is vital.

If you have any questions regarding this submission, please do not hesitate to contact either Gary Pflugrath (CPA Australia) at 02 9375 6244, Andrew Stringer (Institute) at 02 9290 5566, or Tom Ravlic (NIA) at 03 8665 3143.

Yours sincerely



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