EXPLANATORY STATEMENT

National Greenhouse and Energy Reporting Act 2007

National Greenhouse and Energy Reporting (Auditor Registration) Instrument 2010

Introduction

The National Greenhouse and Energy Reporting Act 2007 (the Act) establishes a national framework for reporting and dissemination of information related to greenhouse gas emissions, greenhouse gas projects and energy consumption and production by Australian corporations.

The Act established the position of Greenhouse and Energy Data Officer (GEDO). The GEDO is the regulator and administrative decision maker under the Act.

The Act establishes greenhouse and energy audits (audits under sections 73 to 74A) as a key measure in the area of compliance monitoring. Greenhouse and energy audits under the Act will also be used to underpin the audit provisions for the Carbon Pollution Reduction Scheme.

The Act allows for subordinate legislation to establish the requirements for carrying out greenhouse and energy audits and, for registration and maintenance of greenhouse and energy auditors referred to as the NGER audit framework.

The subordinate legislation consists of the National Greenhouse and Energy Reporting Regulations 2008 (the Regulations), the National Greenhouse and Energy Reporting (Audit) Determination 2009 (the Audit Determination), and the National Greenhouse and Energy Reporting (Auditor Registration) Instrument 2010 (the Instrument).

Subsection 75A(2) of the Act requires the GEDO to register an individual as a greenhouse and energy auditor if the individual has applied for registration in accordance with the Regulations and if the individual meets requirements set out in the Regulations or the Instrument, which is to be made in accordance with subsection 75A(4).

Subsection 75A(4) of the Act allows for the Regulations to provide for the GEDO to make the Instrument. The Instrument is to set some or all of the requirements that could otherwise be set out in the Regulations, or ways in which the requirements set out in the Regulations may be met.

Paragraph 6.72(2)(b) of the Regulations establishes that the GEDO may make this Instrument.

Generally speaking, the Instrument concerns matters of detail relating to requirements for qualifications, knowledge, training or experience requirements to be met by prospective applicants for registration as a greenhouse and energy auditor.

The Instrument is intended to be a dynamic document, and will be revised as details of appropriate additional kinds of training, qualifications or other matters have been assessed by the GEDO.
The Instrument will be a legislative instrument for the purposes of the *Legislative Instruments Act 2003*.

The Instrument will commence on the day after it is registered.

**Consultation**

During 2008, workshops with a range of stakeholders were held on the development of the greenhouse and energy reporting audit framework, including what qualifications, experience and training are required to be a registered greenhouse and energy auditor.

During July 2009, exposure drafts of the Audit Determination, and the *National Greenhouse and Energy Reporting Amendment Regulations 2009 (No. 2)* (the Amendment Regulations), which dealt largely with audit matters, were released for public comment on the Department of Climate Change website for a period of 4 weeks. In addition, comments were sought on the content of the Instrument.

This Instrument has been developed taking into consideration the information provided by stakeholders during the consultation process.

**Details of the *National Greenhouse and Energy Reporting (Auditor Registration) Instrument 2010***

**Section 1 – Name of Instrument**

This section specifies the name of the Instrument as the *National Greenhouse and Energy Reporting (Auditor Registration) Instrument 2010*.

**Section 2 – Commencement**

This section provides that the Instrument commences the day after it is registered on the Federal Register of Legislative Instruments.

**Section 3 – Definitions**

This section provides definitions to be used throughout the Instrument.

**Section 4 – Purpose of Instrument**

This section sets out the purpose of the Instrument, which is to set out ways in which the requirements of the Regulations in relation to auditing knowledge and experience may be met. The intention of listing relevant training courses and experience in the Instrument made by the GEDO rather than in the Regulations is to enable regular updates to the document to align with developments in the greenhouse and energy auditing industry.

**Section 5 – Degree or equivalent to be conferred by appropriate institution**

Regulation 6.11 requires that an individual applying for registration as a greenhouse and energy auditor must have a bachelor’s, master’s or doctoral degree (or equivalent) conferred by an appropriate university or an equivalent institution of higher learning.
Consistent with the intention of the regulation, namely that applicants will have reached a strong level of attainment in an academic discipline, this section identifies that an appropriate qualification will be a degree (or equivalent) obtained from either:

- In the case of Australian qualifications – table A and B providers (as listed in section 16-15 and section 16-20 of the Higher Education Support Act 2003; or

- In the case of international qualifications - an international institution listed in the International Handbook of Universities.

The GEDO will be able to accept qualifications which are equivalent to a degree if satisfied these are equivalent, such as professional qualifications attained prior to formal degrees being offered in certain disciplines.

Similarly, if an applicant has obtained qualifications from an institution which does not meet one of these criteria (for example, if they have obtained a qualification from an Australian institution which was subsequently renamed, amalgamated with another body, or closed), the GEDO may accept qualifications from institutions which are equivalent to those specified.

In the case of qualifications obtained from international institutions, the GEDO will need to be satisfied that the institution is equivalent to one of those named in the International Handbook of Universities. One method which might provide satisfactory evidence would be an education assessment of the qualification by the National Office of Overseas Skills Recognition within the Department of Education, Employment and Workplace Relations.

**Section 6 – Knowledge of NGER legislation for category of auditor**

Regulation 6.14 specifies that an applicant must have knowledge of the National Greenhouse and Energy Reporting (NGER) legislation which is relevant to the category of auditor for which the applicant is applying.

This section sets out which provisions of the NGER legislation are relevant to applicants for Category 1 (technical), Category 1 (non-technical), Category 2 and Category 3.

The intention of specifying different knowledge requirements is to ensure that applicants are not obliged to become familiar with all provisions of the legislation, but rather only with those provisions which will be relevant to the category of greenhouse and energy auditor for which they are applying.

**Section 7 – Evidence for knowledge of NGER legislation**

Subregulation 6.14(2) specifies that an applicant must provide appropriate evidence that they have knowledge of relevant provisions of the NGER legislation.

This section specifies that appropriate evidence will consist of a statement provided by the applicant in their application for registration setting out details of their knowledge of the legislation and how this was obtained.
Section 8 – Demonstrating knowledge of auditing

Regulation 6.15 specifies all applicants to demonstrate appropriate knowledge of auditing. This knowledge requirement is in addition to the knowledge requirements which all applicants must hold regarding the NGER legislation as outlined in section 6 above.

There are two types of evidence that will satisfy this requirement:

- Evidence of having completed appropriate training (as specified in section 9 below); or
- Evidence of holding certain qualifications (as specified in section 10 below).

If an applicant is not able to demonstrate having completed training or that he or she holds qualifications as above, the applicant may, as an alternative, demonstrate experience as an auditor. This is discussed further in section 11 below.

Section 9 – Evidence of knowledge of auditing - training

This section lists training courses which an applicant may have completed to satisfy the requirement that they have knowledge of auditing. Such courses must be delivered by a competent training provider, as defined in section 3 of the Instrument.

If the GEDO becomes aware of additional courses which would also be satisfactory, these may be added to future versions of the Instrument.

Section 10 – Evidence of knowledge of auditing - qualifications

This section lists qualifications which an applicant may hold that will satisfy the requirement that they have knowledge of auditing, as an alternative to having completed one of the courses listed in section 9.

If the GEDO becomes aware of additional qualifications which would also be satisfactory, these may be added to future versions of the Instrument.

Section 11 – Evidence of knowledge of auditing - experience

Subregulation 6.15(3) specifies that if an applicant does not supply evidence of having audit knowledge referred to in subsection 6.15(2) (in other words, does not supply evidence of having completed one of the training courses listed in section 9 or holding one of the qualifications listed in section 10 of this Instrument), then they may as an alternative demonstrate their knowledge of auditing under subregulation 6.15(4).

Subregulation 6.15(4) allows applicants to provide evidence of prior experience as an auditor. Paragraph 6.15(4)(a) specifies that this will include having completed an appropriate kind and number of audits for an approved period.

This section specifies that an applicant must have undertaken at least 5 audits specified, for a period totalling at least 350 hours. It also specifies the kinds of audits which will meet the requirement.

Should the GEDO become aware of additional types of suitable experience to meet this requirement, these may be added to future versions of the Instrument.
Section 12 – Knowledge of audit team leadership and assurance – Category 2 and 3 applicants

Subregulation 6.16(1) requires applicants for registration as a Category 2 or Category 3 auditor must have knowledge of audit team leadership and assurance. This knowledge requirement is in addition to the knowledge requirements which all applicants must have in relation to auditing (see section 8) and the NGER legislation (see section 6).

An applicant who has attained one of the qualifications or training requirements listed in subsection 12(1) will be deemed to have met the requirement to have knowledge of both audit team leadership and assurance.

Alternatively, subsection 12(2) lists ways of demonstrating knowledge of audit team leadership only. Subsection 12(3) lists means of demonstrating knowledge of assurance.

If a person does not satisfy subsection 12(1), they will need to be able to meet one of the alternatives under both subsections 12(2) and 12(3) in order to meet the requirements of subregulation 6.16(1).

Should the GEDO become aware of additional ways to meet this requirement, these may be added to future versions of the Instrument.

Section 13 – Auditing experience requirements for applicants for Category 1 registration – auditing and preparing audit reports

Subregulation 6.19(1) requires applicants for category 1 registration to hold appropriate kinds and periods of experience in auditing and preparing audit reports.

This section specifies that the appropriate period to meet this requirement will be 350 hours. This section also lists the kinds of experience that will be seen as appropriate kinds of experience.

Should the GEDO become aware of additional ways to meet this requirement, these may be added to future versions of the Instrument.

Section 14 – Auditing experience requirements for applicants for Category 2 registration – auditing and preparing audit reports

Subregulation 6.20(1) requires applicants for category 2 registration to have an appropriate kind and period of experience of auditing and preparing audit reports.

Subsection 14(1) lists the types of audits in which experience in auditing and preparing audit reports will be deemed appropriate. It also specifies that an applicant for this category will need to demonstrate a minimum of 700 hours experience in these activities, either as an audit team leader or as a professional member of the audit team.

As subsection 14(2) states, the experience described must be equivalent to conducting a reasonable assurance engagement or a limited assurance engagement under the Audit Determination. The Audit Determination describes the requirements for both types of engagement at some length. This is to ensure that applicants for Category 2 have significant experience in conducting audits that involve assurance audit processes.
Should the GEDO become aware of additional ways to meet this requirement, these may be added to future versions of the Instrument.

**Section 15 – Auditing experience requirements for applicants for Category 2 registration – audit team leadership**

Subregulation 6.20(2) requires that an applicant for Category 2 registration must also have the appropriate kind and period of experience in audit team leadership in addition to the general audit experience outlined in section 14 above.

This section lists the kinds of experience which will be deemed appropriate for the purposes of subregulation 6.20(2). It also specifies that the applicant must have at least 490 hours experience as an audit team leader of a team which includes three or more other members in any of the listed kinds of audit. This is to ensure that applicants for Category 2 have significant experience in leading large audit teams.

Should the GEDO become aware of additional ways to meet this requirement, these may be added to future versions of the Instrument.

**Section 16 – Auditing experience requirements for applicants for Category 3 registration – auditing and preparing audit reports**

Paragraph 6.21(1)(a) of the Regulations requires applicants for Category 3 registration to have an appropriate kind and period of experience of auditing and preparing audit reports.

Subsection 16(1) lists the types of audits in which experience in auditing and preparing audit reports will be deemed appropriate. It also specifies that an applicant for this category will need to demonstrate a minimum of 700 hours experience in these activities, either as an audit team leader or as a professional member of the audit team.

As subsection 16(2) states, the experience described must be equivalent to conducting a reasonable assurance engagement or a limited assurance engagement under the Audit Determination. The Audit Determination describes the requirements for both types of engagement at some length.

The requirements for auditing experience for Category 3 registration outlined in section 16 of the Instrument are identical to those outlined for Category 2 in Section 15 above. The experience requirements for Category 2 and Category 3 applicants do, however, differ in that paragraph 6.21(1)(b) of the Regulations imposes an additional requirement for a Category 3 auditor, i.e. that the applicant must also have completed at least two greenhouse and energy audits. This will ensure that Category 3 auditors have auditing experience specific to the NGER requirements.

Should the GEDO become aware of additional ways to meet this requirement, these may be added to future versions of the Instrument.

**Section 17 – Auditing experience requirements for applicants for Category 3 registration – audit team leadership**

Subregulation 6.21(2) requires applicants for Category 2 registration to have an appropriate kind and period of experience in audit team leadership.
This section lists the kinds of experience which will be deemed appropriate for the purposes of subregulation 6.21(2). It also specifies that the applicant must have at least 490 of experience as an audit team leader of a team which includes 3 or more other members in any of the listed kinds of audit.

Similar to section 16, this section is identical to the requirements for registration as a Category 2 auditor, the only difference between the two categories being specific auditing experience under the Act.

Should the GEDO become aware of additional ways to meet this requirement, these may be added to future versions of the Instrument.