

7 April 2009

Ms Christine McDonald
Committee Secretary
Standing Committee on Finance and Public Administration
Parliament House
CANBERRA ACT 2600

Dear Ms McDonald

RE: INQUIRY INTO THE NATIONAL GREENHOUSE AND ENERGY REPORTING AMENDMENT BILL 2009

National Australia Bank Limited ("NAB") welcomes the opportunity to comment on the National Greenhouse and Energy Reporting Amendment Bill 2009 ("NGER Amendment Bill").

NAB understands that the intention of the NGER Amendment Bill was to amend the National Greenhouse and Energy Reporting Act 2007 ("the Act") following public consultation on the proposed audit framework so as to clarify the requirements and administration of the Act and meet the needs of the regulator, reporting entities, auditors and markets.

The views of the NAB on the amendments to the Act are set out below:

Section 7

NAB supports the additions and deletions to the definitions in Section 7 of the Act as these help to clarify what is meant by "audit information" and clearly define the role of individuals taking part in an audit of greenhouse and energy information clearer.

Section 16

NAB is generally supportive of adding to the powers of the Greenhouse and Energy Data Officer ("GEDO") so that the results of greenhouse and energy audits are included in the National Greenhouse and Energy Register ("the Register"). NAB considers that disclosure of outcomes of audits to the public in the form of an audit statement will improve transparency around the reliability and consistency of published greenhouse and energy data.

NAB is of the view that the results of the audit entered into the Register should be a high level statement indicating whether the audit results were satisfactory or not, and whether the auditors provided any qualifications to their opinion. We are also supportive of a copy of the audit statement being uploaded as an attachment to the Register.

The attached audit statement should be in a similar form to the audit or assurance statements included in annual or corporate responsibility (CR) reports. Creating consistency between the energy and greenhouse audit statement and CR and financial assurance statements will encourage user confidence and certainty in the credibility and accuracy of the statement as required by the Act.

NAB notes that it is typical, following an audit of financial or CR reports, for the auditor to provide an assurance statement and a detailed report to management regarding areas of best practice and recommendations for improvement. NAB does not believe that it is appropriate for the Act to require the detailed report to management or to the GEDO to be published. As the intended "audience" of the

report is management or the GEDO, the report is a highly technical and detailed document. For this reason, NAB considers that it may be difficult for the public to read such a report and as such, its publication may create a risk of misinterpretation.

Section 23

NAB supports the administrative changes to Section 23 to ensure consistency with the changes in definitions. NAB also supports the inclusion of the requirements for audit team members to be bound by the secrecy provisions in Section 23.

It is appropriate that all parties engaged in an audit (team leader and members) treat as confidential any information to which they gain access in connection with an audit.

Section 56

NAB supports the proposed amendment to Section 56 regarding decisions of the GEDO in relation to not registering or deregistering auditors reviewable by the Administrative Appeals Tribunal (AAT). NAB believes it is appropriate that an auditor that has been refused registration or deregistered has a right to appeal the decision and to demonstrate their competence to the AAT.

Section 73

NAB supports the current repeal and substitution outlined in the Exposure Draft of the NGER Amendment Bill 2009 in relation to the requirement to appoint an audit team leader outlined in paragraph 73 (2) (a).

NAB also considers it appropriate that measures be taken to ensure competitive pricing given that there will be a panel of preferred auditors. NAB suggests that the GEDO allow an entity to select from amongst three audit team leaders as one possible measure.

NAB notes that creating a "panel" of audit team leaders where the company has the discretion to make the ultimate audit team leader selection may create a risk of there being a conflict in the review and decisions of the audit team leader if there is a pre-existing relationship with the entity to be audited. To avoid potential conflicts of interest, it is recommended that, when an audit team leader is appointed, the entity to be audited be required to disclose any pre-existing relationships and their nature, with all potential audit team leaders and other auditor team members that could be involved in an audit of that entity.

NAB recommends in relation to the requirement in paragraph 73 (2) (c), that it would be useful to have some clear guidelines that specify the contents required for a report on an audit written by an audit team leader for a corporation.

NAB also recommends, in relation to the requirements in paragraph 73 (4), that it would be useful to have some clear guidelines that specify the definition of 'reasonable facilities and assistance', so these expectations are clear and all audited entities are held to a similar standard of support for lead auditors and audit teams.

Section 73A

NAB supports the proposed inclusion of the new section 73A. However, given our comments above on Section 16, we recommend that in sections 73A (2) (c) and 73A (3)(b), and others as appropriate, that the wording be changed as follows:

73A (2) (c)

Arrange for the audit team leader to give the person a written statement setting out the results of the audit.

73A (3) (b)

(3) the notice must specify the:

(b) form of the audit statement and the kinds of details it is to contain.

As stated in response to the amendments to Section 16, this recommendation will provide consistency between the audit statement and the assurance statement provided in financial and CR reporting. A separate report to management and the GEDO could also be provided.

Section 74A

NAB is supportive of the inclusion of Section 74A as there may be other parties responsible for provision of information under the Act to the GEDO.

Section 75A

NAB is supportive of the inclusion of Section 75A. NAB considers it important that the requirements for audit team leader's and audit team member's qualifications, knowledge, expertise, competence, independence or other matters need to be determined by the GEDO or an SES/acting SES employee, and not an accreditation body that may have a vested interest in setting requirements that will only be met by its members.

Once these requirements have been determined, NAB supports delegation of the GEDO's other functions or powers under this section of the Act, to an existing accreditation body for management of the registration process and the Register, providing this will improve the efficiency of the process and reduce costs associated with the audits.

Consequential changes to sections as a result of the insertion of new terms including 'audit team leader', 'audit information' and 'audit team member'.

NAB is supportive of the addition of these terms as they provide added clarity to the requirements of the Act and the role of auditors in carrying out audits under the Act.

Other comments

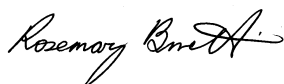
NAB has also supported proposed changes to amend the Act by removing the requirements for the GEDO to publicly disclose corporate-level energy production data.

NAB is supportive of the proposed changes to the public disclosure of corporate energy level production data, particularly as there are other well regarded sources of energy production information available in the public domain and the amendment will minimise the potential for misleading energy production data to be disclosed in the public domain. NAB believes that meaningful and consistent energy production data is critical for good decision-making.

NAB acknowledges that collection of energy production data remains an important component of the Act to provide the GEDO and other relevant officers of the government with access to information on energy flows within facilities.

NAB is pleased to be able to contribute to the government's inquiry into the NGER Amendment Bill. Should you have any queries regarding the content of this submission, please do not hesitate to contact me on +61 3 8634 1505 or by email: rosemary_a_bissett@national.com.au.

Yours sincerely,



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