

Australia's reporting of carbon emissions and carbon reduction scheme

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Australia's move to deal with greenhouse gases including carbon emissions started in a legislative sense well before the election of the Rudd federal government in late 2007. The former Howard led federal government enacted key legislation, which is now the current federal government's underpinning legislation. This legislation started the reporting process and was a precursor to the adoption of the Kyoto Protocols, proposals from the Garnaut Report and the Carbon Reduction Scheme released by Minister Penny Wong.

While the transitional reporting obligations for greenhouse gas emissions are comparatively light from 1 July 2008, these become increasingly complex and more stringent within the next three to five years. These reporting obligations will establish the basis upon which the 'polluting entities' will account for their emissions and

be exposed to substantive penalties if they do not acquire eligible carbon credits under authorised cap and trade schemes.

It is fair to note that the government still has two years to clearly enunciate its policies and convert these into legislation. Industry needs time to put into place the systems for data collection, reporting, taxation and cap and trade systems, meaning delays in the initial application of the new Carbon Reduction Scheme.

Despite lengthy reports, reporting obligations to the federal government, the expected 'cap and trade' system that the federal government will introduce and the likely associated taxation system lacks real administrative detail. Already an industry is being constructed around the Carbon Reduction Scheme, so a new collection of jargon will soon be out there to challenge the commonsense of Australian accountants.

There are holes in the policies which will need legislative fixes, particularly for legal, taxation and accounting issues. There is an expansive range of problems that exist under current Australian Accounting Standards and state and federal income and other taxation systems to be clarified and solved.

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