



Australian Government



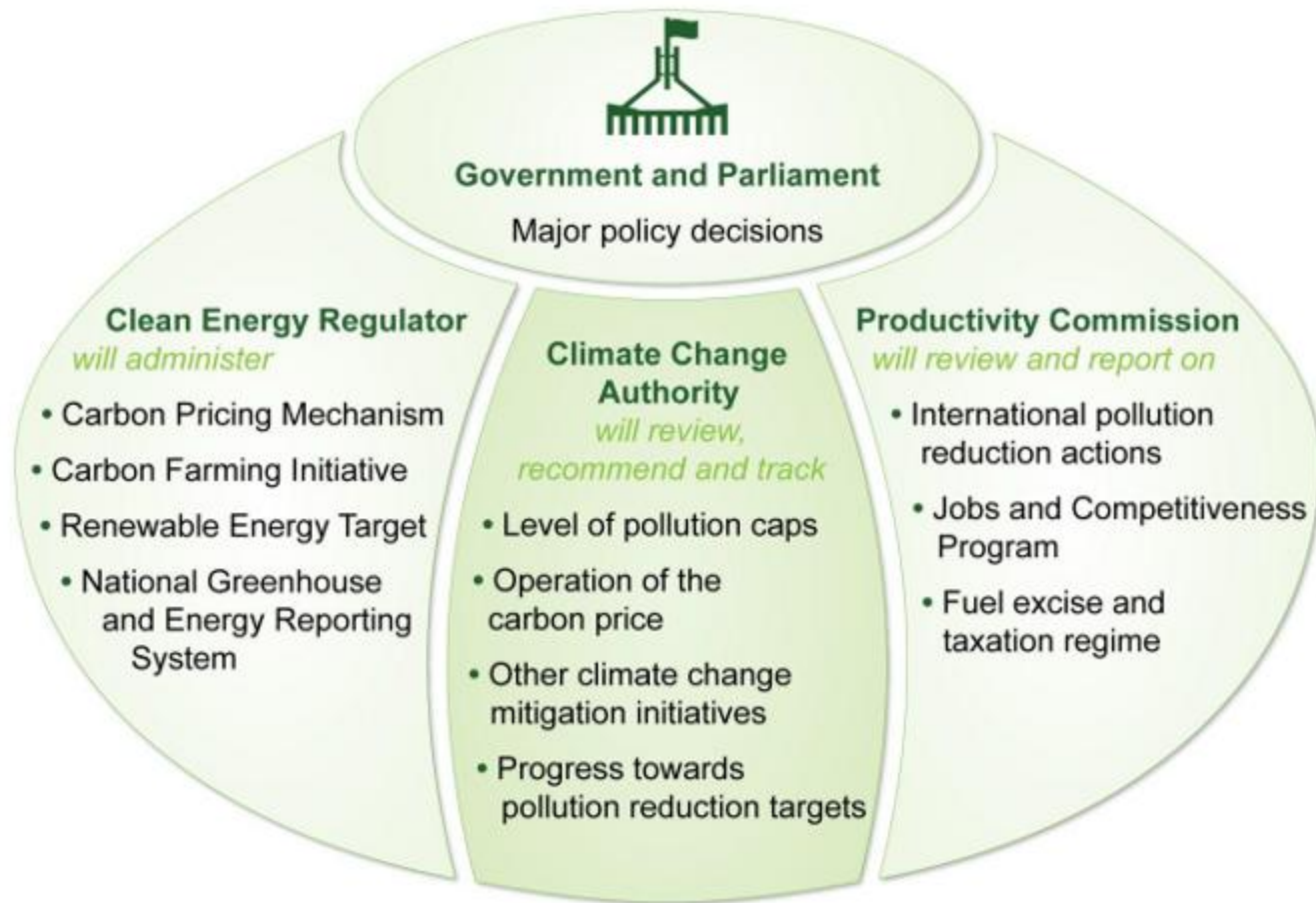
Australia's Carbon Pricing Mechanism – Institutional Arrangement

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Institutional Arrangements

Governance: Rule-making & reviews



Emissions MRV

- National Greenhouse and Energy Reporting System (NGERS)
 - Set up in 2007
 - Detailed Measurement Determination
 - Electronic reporting system ‘OSCAR’
 - First reports in 2008-9 financial year
- Adapted for Australian ETS
 - Registration, reporting, disclosure, penalties
 - New mandatory pre-submission audits

Registry

- Australian National Registry of Emission Units
 - Electronic registry: CFI, ETS, Kyoto Protocol
 - Set up in 2009 under Executive powers
 - Legislation in 2011 (CFI then ETS)
- Anti-fraud provisions
 - Identity requirements
 - Fit and proper person test
 - Suspend registry, suspend, restrict or close accounts, correct registry, delay or refuse transactions (if fraud suspected)
 - Related market protection provisions

Registry - technical

- Defence Signals Directorate IT security requirements
- UNFCCC standards
- Australian Govt Protective Security Policy
 - Hosting, passwords, logon procedures
- Proof of identity
 - Anti money-laundering and counter-terrorism financing guidelines

Market oversight

- Carbon units:
 - Financial products
 - Personal property
- Australian Securities and Investments Commission
 - Market misconduct & manipulation
- Australian Competition and Consumer Commission
 - Consumer protection - fraudulent claims
- Austrac
 - Anti-money laundering and counter-terrorism financing

Taxation treatment

- Carbon units excluded from GST (indirect tax)
 - Mainly for efficiency reasons
 - Also avoids potential for ‘carousel fraud’
- Special income tax provisions
 - Clarify and simplify rules for carbon unit holders

Compliance – non-surrender

- Shortfall charge:
 - 200% of benchmark average auction price per allowance not surrendered
 - Additional late payment penalty
- No ‘make-good’ provision

Compliance - other

- Broad investigation and enforcement powers
- Range of penalties under Act:
 - Infringement notices (up to \$220,000)
 - Civil penalties (up to \$1.1m or 3 x benefit)
 - Criminal prosecution for fraud or dishonesty
 - Up to 10 years in prison

Questions?

Further information about climate change and renewable energy is available online at:

- www.climatechange.gov.au
- www.cleanenergyfuture.gov.au
- www.livinggreener.gov.au.

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