



CONTROLLER AND AUDITOR-GENERAL  
Tumuaki o te Mana Arotake

## Auditor-General's overview

### The Emissions Trading Scheme - summary information for public entities and auditors.

New Zealand's Emissions Trading Scheme (ETS) has been operating since 2008. This document provides public entities that have ETS responsibilities and my auditors with our views about accounting for and auditing of ETS matters. It also summarises how the ETS has developed, because it is hard to write about the accounting and auditing aspects without first setting out how the ETS works.

We have written this document using information that is available from the government departments that administer the ETS (their websites provide more detailed information). The later sections of this document set out how we see the ETS affecting public entities as they account for their ETS transactions. It also sets out what my auditors will be considering when carrying out their statutory audits of public entities.

This document does not provide "all the answers", as there is no authoritative guidance on how to account for emissions trading schemes. The International Accounting Standards Board and the International Public Sector Accounting Standards Board have yet to provide that guidance, so we discuss the likely accounting approaches that various sectors might need to apply when accounting for ETS transactions. Our views are not a substitute for professional advice about your ETS obligations and decision-making, but we offer an informed view for consideration.

Finally, in 2011 especially, there are critical ETS deadlines that public entities might need to factor into their financial decision-making and planning. I trust that this document will help entities, and their auditors, to be more informed about the relevant ETS obligations and opportunities.

Lyn Provost  
Controller and Auditor-General

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